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TOWN OF DELHI, LOUISIANA

FINANCIAL REPORT

SEPTEMBER 30, 1999

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Release Date 3-22-00

TOWN OF DELHI, LOUISIANA

**FINANCIAL REPORT
SEPTEMBER 30, 1999**

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TOWN OF DELHI, LOUISIANA

**FINANCIAL REPORT
SEPTEMBER 30, 1999**

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MARTIN, HARRISON & SMALLWOOD, L.L.P.

CERTIFIED PUBLIC ACCOUNTANTS

2808 KILPATRICK BLVD., P.O. BOX 4044 - MONROE, LA 71211-4044 - (318) 388-0500
302 DEPOT STREET, SUITE A - DELHI, LA 71232 - (318) 878-5573

INDEPENDENT AUDITORS' REPORT

December 22, 1999

The Honorable James A. Hopson, Mayor,
and the Members of the Board of Aldermen
Delhi, Louisiana

We have audited the accompanying general-purpose financial statements of the Town of Delhi, Louisiana, as of and for the year ended September 30, 1999, as listed in the table of contents. These general purpose financial statements are the responsibility of the Town of Delhi, Louisiana's management. Our responsibility is to express an opinion on these general-purpose financial statements based on our audit.

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

Governmental Accounting Standards Board Technical Bulletin 98-1, *Disclosures about Year 2000 Issues*, requires disclosures of certain matters regarding the year 2000 issue in order for financial statements to be prepared in conformity with generally accepted accounting principles. Such required disclosures include:

- any significant amount of resources committed to make computer systems and other electronic equipment year 2000 compliant;
- a general description of the year 2000 issue, including a description of the stages of work in process or completed as of the end of the reporting period to make computer systems and other electronic equipment critical to conducting operations year 2000 compliant; and
- the additional stages of work necessary for making the computer systems and other electronic equipment year 2000 compliant.

The Honorable James A. Hopson, Mayor,
and the Members of the Board of Aldermen
Delhi, Louisiana
December 22, 1999

The Town of Delhi, Louisiana has omitted such disclosures. We do not provide assurance that the Town of Delhi, Louisiana is or will be year 2000 ready, that the Town of Delhi, Louisiana's year 2000 remediation efforts will be successful in whole or in part, or that parties with which the Town of Delhi, Louisiana does business with will be year 2000 ready.

In our opinion, except for the omission of the information discussed in the preceding paragraph, the general-purpose financial statements referred to above present fairly, in all material respects, the financial position of the Town of Delhi, Louisiana, as of September 30, 1999, and the results of its operations and the cash flows of its proprietary fund type for the year then ended in conformity with generally accepted accounting principles.

In accordance with *Government Auditing Standards*, we have also issued our report dated December 22, 1999, on our consideration of the Town of Delhi, Louisiana's internal control over financial reporting and our tests of its compliance with certain provisions of laws, regulations, contracts and grants.

Martin, Harrison + Smallwood, LLP

TOWN OF DELHI, LOUISIANA

COMBINED BALANCE SHEET - ALL FUND TYPES AND ACCOUNT GROUPS
SEPTEMBER 30, 1999

| | <u>GOVERNMENTAL FUND TYPES</u> | |
|---|--------------------------------|----------------------------|
| | <u>GENERAL</u> | <u>SPECIAL REVENUE</u> |
| ASSETS | | |
| Cash | 101,583 | 386,930 |
| Certificates of deposit | 386,830 | 290,610 |
| Receivables | | |
| Services | - | 5,000 |
| Accrued interest | 2,986 | 4,616 |
| Tobacco tax | 4,024 | - |
| Franchise & privilege fees | 20,528 | - |
| Sales tax | - | 44,114 |
| Other taxes | 3,027 | - |
| Grant | 7,486 | - |
| Employees | 384 | - |
| Due from other funds | 18,908 | 8,368 |
| Other assets - meter deposits | 10 | - |
| Restricted Assets: | | |
| Cash | - | - |
| Certificates of deposit | 15,486 | - |
| Investment in LAMP | - | 1,306,922 |
| Accrued interest | - | - |
| Fixed assets | - | - |
| Amount available in debt service fund | - | - |
| Amount to be provided (in excess) for retirement of long-term debt | - | - |
| TOTAL ASSETS | <u>561,252</u> | <u>2,046,560</u> |

| PROPRIETARY FUND TYPE ENTERPRISE FUND (WATER SYSTEM) | ACCOUNT GROUPS | | 1999 | 1998 |
|--|----------------------------|------------------------------|--------------------------------|--------------------------------|
| | GENERAL FIXED ASSETS | GENERAL LONG-TERM DEBT | TOTALS (MEMORANDUM ONLY) | TOTALS (MEMORANDUM ONLY) |
| 86,123 | - | - | 574,636 | 467,597 |
| 382,361 | - | - | 1,059,801 | 878,695 |
| 71,923 | - | - | 76,923 | 72,095 |
| 4,407 | - | - | 12,009 | 11,658 |
| - | - | - | 4,024 | 4,024 |
| - | - | - | 20,528 | 18,190 |
| - | - | - | 44,114 | 35,679 |
| - | - | - | 3,027 | 1,558 |
| - | - | - | 7,486 | 28,900 |
| - | - | - | 384 | 454 |
| 27,392 | - | - | 54,668 | 42,973 |
| - | - | - | 10 | 10 |
| 56,962 | - | - | 56,962 | 87,779 |
| 96,222 | - | - | 111,708 | 180,914 |
| - | - | - | 1,306,922 | - |
| - | - | - | - | 252 |
| 2,564,005 | 8,786,902 | - | 11,350,907 | 11,205,685 |
| - | - | - | - | - |
| - | - | 1,300,000 | 1,300,000 | - |
| <u>3,289,395</u> | <u>8,786,902</u> | <u>1,300,000</u> | <u>15,984,109</u> | <u>13,036,463</u> |

TOWN OF DELHI, LOUISIANA

COMBINED BALANCE SHEET - ALL FUND TYPES AND ACCOUNT GROUPS
SEPTEMBER 30, 1999

(Continued)

| | <u>GOVERNMENTAL FUND TYPES</u> | |
|--|--------------------------------|----------------------------|
| | <u>GENERAL</u> | <u>SPECIAL REVENUE</u> |
| LIABILITIES AND FUND EQUITY | | |
| LIABILITIES | | |
| Accounts payable | 40,475 | 23,343 |
| Refunds payable - Due to Tifton | - | - |
| Payroll taxes payable | 2,269 | - |
| Due to retirement systems | 6,920 | - |
| Due other funds | 27,392 | 18,908 |
| Certificates of indebtedness | - | - |
| Payable from restricted assets: | | |
| Customer deposits | - | - |
| TOTAL LIABILITIES | <u>77,056</u> | <u>42,251</u> |
| FUND EQUITY | | |
| Contributed capital - grants | - | - |
| Investment in general fixed assets | - | - |
| Retained earnings | | |
| Reserved for: | | |
| Insurance claims | - | - |
| Unreserved | - | - |
| Fund balance | | |
| Reserved for streets, drainage and other capital improvements | - | 1,306,922 |
| Reserved per sales tax ordinance | - | 652,923 |
| Unreserved | | |
| Designated for community and economic development | 15,486 | 44,464 |
| Undesignated | 468,710 | - |
| TOTAL FUND EQUITY | <u>484,196</u> | <u>2,004,309</u> |
| TOTAL LIABILITIES AND FUND EQUITY | <u><u>561,252</u></u> | <u><u>2,046,560</u></u> |

(Concluded)

See accompanying notes to financial statements.

| PROPRIETARY FUND TYPE ENTERPRISE FUND (WATER SYSTEM) | ACCOUNT GROUPS | | 1999 | 1998 |
|--|----------------------------|------------------------------|--------------------------------|--------------------------------|
| | GENERAL FIXED ASSETS | GENERAL LONG-TERM DEBT | TOTALS (MEMORANDUM ONLY) | TOTALS (MEMORANDUM ONLY) |
| 22,598 | - | - | 86,416 | 109,940 |
| 34,277 | - | - | 34,277 | |
| - | - | - | 2,269 | 3,570 |
| - | - | - | 6,920 | 6,002 |
| 8,368 | - | - | 54,668 | 42,973 |
| - | - | 1,300,000 | 1,300,000 | - |
| 50,100 | - | - | 50,100 | 52,937 |
| <u>115,343</u> | <u>-</u> | <u>1,300,000</u> | <u>1,534,650</u> | <u>215,422</u> |
| 2,329,049 | - | - | 2,329,049 | 2,329,049 |
| - | 8,786,902 | - | 8,786,902 | 8,568,451 |
| 103,084 | - | - | 103,084 | 114,944 |
| 741,919 | - | - | 741,919 | 794,831 |
| - | - | - | 1,306,922 | 61,081 |
| - | - | - | 652,923 | 478,489 |
| - | - | - | 59,950 | 37,919 |
| - | - | - | 468,710 | 436,277 |
| <u>3,174,052</u> | <u>8,786,902</u> | <u>-</u> | <u>14,449,459</u> | <u>12,821,041</u> |
| <u>3,289,395</u> | <u>8,786,902</u> | <u>1,300,000</u> | <u>15,984,109</u> | <u>13,036,463</u> |

TOWN OF DELHI, LOUISIANA

COMBINED STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN
FUND BALANCES - ALL GOVERNMENTAL FUND TYPES
FOR THE FISCAL YEAR ENDED SEPTEMBER 30, 1999

| | GOVERNMENTAL FUND TYPES | |
|--|-------------------------|--------------------|
| | GENERAL | SPECIAL REVENUE |
| REVENUES | | |
| Taxes | 83,551 | 461,868 |
| Fines | 82,857 | - |
| Licenses & permits | 106,343 | - |
| Franchise & privilege fees | 58,228 | - |
| Rent & leases | 38,412 | 19,245 |
| Oil & gas royalties | 208 | - |
| Garbage collection | 145,294 | - |
| Highway maintenance | 8,162 | - |
| Sewer installation | - | 10,000 |
| Parish insurance rebates | 6,592 | - |
| Interest | 21,495 | 22,414 |
| Grants | 107,994 | 2,000 |
| Recreational facilities | 11,850 | 2,829 |
| Tobacco tax | 16,097 | - |
| Miscellaneous | 10,126 | 212 |
| Police supplemental pay | 14,400 | - |
| Video poker fees | 34,992 | - |
| TOTAL REVENUES | <u>746,601</u> | <u>518,568</u> |
| EXPENDITURES | | |
| Current | | |
| Administrative | 138,370 | 9,101 |
| Public works/safety | 391,831 | 7,454 |
| Streets, drainage & other capital improvements | 161,132 | 138,213 |
| General | 274,992 | 31,789 |
| Recreation | - | 78,345 |
| Capital outlay | - | 3,211 |
| TOTAL EXPENDITURES | <u>966,325</u> | <u>268,113</u> |
| EXCESS (DEFICIENCY) OF REVENUES OVER EXPENDITURES | <u>(219,724)</u> | <u>250,455</u> |
| OTHER FINANCING SOURCES (USES) | | |
| Proceeds from certificates of indebtedness | - | 1,300,000 |
| Operating transfers in | 206,562 | - |
| Operating transfers out | - | (62,552) |
| | <u>206,562</u> | <u>1,237,448</u> |
| EXCESS (DEFICIENCY) OF REVENUES AND OTHER SOURCES OVER EXPENDITURES AND OTHER USES | <u>(13,162)</u> | <u>1,487,903</u> |
| FUND BALANCES - BEGINNING | <u>497,358</u> | <u>516,406</u> |
| FUND BALANCES - ENDING | <u>484,196</u> | <u>2,004,309</u> |

See accompanying notes to financial statements.

| <u>1999</u> <u>TOTALS</u> <u>(MEMORANDUM</u> <u>ONLY)</u> | <u>1998</u> <u>TOTALS</u> <u>(MEMORANDUM</u> <u>ONLY)</u> |
|--|--|
| 545,419 | 520,771 |
| 82,857 | 98,543 |
| 106,343 | 106,284 |
| 58,228 | 58,027 |
| 57,657 | 63,712 |
| 208 | 641 |
| 145,294 | 147,180 |
| 8,162 | 8,162 |
| 10,000 | - |
| 6,592 | 6,255 |
| 43,909 | 48,673 |
| 109,994 | 380,306 |
| 14,679 | 11,385 |
| 16,097 | 16,097 |
| 10,338 | 13,130 |
| 14,400 | 19,200 |
| 34,992 | 31,274 |
| <u>1,265,169</u> | <u>1,529,640</u> |
| 147,471 | 131,573 |
| 399,285 | 287,233 |
| 299,345 | 872,967 |
| 306,781 | 338,075 |
| 78,345 | 77,803 |
| 3,211 | 4,169 |
| <u>1,234,438</u> | <u>1,711,820</u> |
| <u>30,731</u> | <u>(182,180)</u> |
| 1,300,000 | - |
| 206,562 | 230,642 |
| (62,552) | (192,655) |
| <u>1,444,010</u> | <u>37,987</u> |
| 1,474,741 | (144,193) |
| <u>1,013,766</u> | <u>1,157,959</u> |
| <u>2,488,507</u> | <u>1,013,766</u> |

TOWN OF DELHI, LOUISIANA

COMBINED STATEMENT OF REVENUES, EXPENDITURES AND CHANGES
IN FUND BALANCES - BUDGET (GAAP BASIS) AND ACTUAL -
GENERAL AND SPECIAL REVENUE FUNDS
FOR THE FISCAL YEAR ENDED SEPTEMBER 30, 1999

| | GENERAL FUND | | |
|--|----------------|----------------|--|
| | BUDGET | ACTUAL | VARIANCE FAVORABLE (UNFAVORABLE) |
| REVENUES | | | |
| Taxes | | 83,551 | |
| Fines | | 82,857 | |
| Licenses & permits | | 106,343 | |
| Franchise & privilege fees | | 58,228 | |
| Rent & leases | | 38,412 | |
| Oil & gas royalties | | 208 | |
| Garbage collection | | 145,294 | |
| Highway maintenance | | 8,162 | |
| Sewer installation | | - | |
| Parish insurance rebates | | 6,592 | |
| Interest | | 21,495 | |
| Grants | | 107,994 | |
| Recreational facilities | | 11,850 | |
| Tobacco tax | | 16,097 | |
| Miscellaneous | | 10,126 | |
| Police supplemental pay | | 14,400 | |
| Video poker fees | | 34,992 | |
| TOTAL REVENUES | <u>759,359</u> | <u>746,601</u> | <u>(12,758)</u> |
| EXPENDITURES | | | |
| Current | | | |
| Administrative | 135,500 | 138,370 | (2,870) |
| Public works/safety | 388,212 | 391,831 | (3,619) |
| Streets, drainage & other capital improvements | 174,500 | 161,132 | 13,368 |
| General | 267,788 | 274,992 | (7,204) |
| Recreation | - | - | - |
| Capital outlay | - | - | - |
| TOTAL EXPENDITURES | <u>966,000</u> | <u>966,325</u> | <u>(325)</u> |
| EXCESS (DEFICIENCY) OF REVENUES OVER EXPENDITURES | (206,641) | (219,724) | (13,083) |
| OTHER FINANCING SOURCES (USES) | | | |
| Proceeds from certificates of indebtedness | - | - | - |
| Operating transfers in | 206,641 | 206,562 | (79) |
| Operating transfers out | - | - | - |
| | <u>206,641</u> | <u>206,562</u> | <u>(79)</u> |
| EXCESS (DEFICIENCY) OF REVENUES AND OTHER SOURCES OVER EXPENDITURES AND OTHER USES | - | (13,162) | <u>(13,162)</u> |
| FUND BALANCES - BEGINNING | - | 497,358 | |
| FUND BALANCES - ENDING | - | <u>484,196</u> | |

See accompanying notes to financial statements.

SPECIAL REVENUE FUND TYPES

| <u>BUDGET</u> | <u>ACTUAL</u> | <u>VARIANCE FAVORABLE (UNFAVORABLE)</u> |
|------------------|------------------|---|
| | 461,868 | |
| | - | |
| | - | |
| | 19,245 | |
| | - | |
| | - | |
| | 10,000 | |
| | - | |
| | 22,414 | |
| | 2,000 | |
| | 2,829 | |
| | - | |
| | 212 | |
| | - | |
| | - | |
| <u>458,300</u> | <u>518,568</u> | <u>60,268</u> |
| | 9,101 | |
| | 7,454 | |
| | 138,213 | |
| | 31,789 | |
| | 78,345 | |
| | 3,211 | |
| <u>424,700</u> | <u>268,113</u> | <u>156,587</u> |
| 33,600 | 250,455 | 216,855 |
| 1,300,000 | 1,300,000 | - |
| - | - | - |
| (33,600) | (62,552) | (28,952) |
| <u>1,266,400</u> | <u>1,237,448</u> | <u>(28,952)</u> |
| 1,300,000 | 1,487,903 | <u>187,903</u> |
| - | 516,406 | |
| <u>1,300,000</u> | <u>2,004,309</u> | |

TOWN OF DELHI, LOUISIANA

STATEMENT OF REVENUES, EXPENSES AND CHANGES
 IN RETAINED EARNINGS - PROPRIETARY FUND TYPE - ENTERPRISE
 FUND (WATER SYSTEM)
 FOR THE FISCAL YEAR ENDED SEPTEMBER 30, 1999

| | |
|-----------------------------------|------------------|
| OPERATING REVENUES | |
| Water charges | 404,380 |
| Sewer charges | 129,724 |
| Reconnect & tap fees | 1,225 |
| Miscellaneous | 317 |
| TOTAL OPERATING REVENUES | <u>535,646</u> |
| OPERATING EXPENSES | |
| Bad debts | 5,616 |
| Depreciation | 97,317 |
| Engineering fees | 5,289 |
| Insurance | 22,065 |
| Legal & professional fees | 9,304 |
| Miscellaneous | 5,620 |
| Office expense | 5,402 |
| Repair & maintenance | 32,588 |
| Retirement | 3,300 |
| Salaries | 112,489 |
| Supplies | 74,910 |
| Payroll taxes | 8,798 |
| Employee uniforms | 3,498 |
| Utilities | 80,803 |
| Vehicle maintenance | 10,643 |
| Water & sewer analysis | 3,184 |
| TOTAL OPERATING EXPENSES | <u>480,826</u> |
| OPERATING INCOME | 54,820 |
| NON-OPERATING REVENUES (EXPENSES) | |
| Interest revenue | 24,418 |
| | <u>24,418</u> |
| INCOME BEFORE OPERATING TRANSFERS | 79,238 |
| OPERATING TRANSFERS IN | 8,090 |
| OPERATING TRANSFERS OUT | <u>(152,100)</u> |
| NET INCOME (LOSS) | (64,772) |
| RETAINED EARNINGS - BEGINNING | <u>909,775</u> |
| RETAINED EARNINGS - ENDING | <u>845,003</u> |

See accompanying notes to financial statements.

TOWN OF DELHI, LOUISIANA
STATEMENT OF CASH FLOWS -
PROPRIETARY FUND TYPE - ENTERPRISE FUND (WATER SYSTEM)
FISCAL YEAR ENDED SEPTEMBER 30, 1999

OPERATING ACTIVITIES

| | |
|---|----------|
| Operating income | 54,820 |
| Adjustment to reconcile operating income to net cash provided by operating activities: | |
| Depreciation | 97,317 |
| Bad debts | 5,616 |
| Decrease (increase) in: | |
| Accounts receivable | (826) |
| Accrued interest | 889 |
| Due from other funds | (20,893) |
| Increase (decrease) in: | |
| Accounts payable | 2,285 |
| Accrued expenses | 34,277 |
| Customer deposits | (2,837) |
| Net cash provided by (used in) operating activities | 170,648 |

INVESTING ACTIVITIES

| | |
|---|-----------|
| Interest revenue | 24,418 |
| Purchase of certificates of deposit | (920,730) |
| Redemption of certificates of deposit | 895,468 |
| Net cash provided by (used in) investing activities | (844) |

CAPITAL FINANCING ACTIVITIES

| | |
|---|----------|
| Purchase of fixed assets | (24,088) |
| Net cash provided by (used in) capital financing activities | (24,088) |

NON-CAPITAL FINANCING ACTIVITIES

| | |
|---|-----------|
| Operating transfers in | 8,090 |
| Operating transfers out | (152,100) |
| Net cash provided by (used in) non-capital financing activities | (144,010) |

NET INCREASE (DECREASE) IN CASH AND CASH EQUIVALENTS

1,706

CASH AND CASH EQUIVALENTS AT BEGINNING OF YEAR

141,379

CASH AND CASH EQUIVALENTS AT END OF YEAR

143,085

CASH AND CASH EQUIVALENTS AS SHOWN
ON THE COMBINED BALANCE SHEET

| | |
|-----------------|---------|
| Cash | 86,123 |
| Restricted cash | 56,962 |
| | 143,085 |

SUPPLEMENTAL DISCLOSURES
OF CASH FLOW INFORMATION

Cash paid during the year for:
Interest

None

See accompanying notes to financial statements.

TOWN OF DELHI, LOUISIANA

STATEMENT OF REVENUES, EXPENSES AND CHANGES IN RETAINED EARNINGS -
 BUDGET (GAAP BASIS) AND ACTUAL -
 PROPRIETARY FUND TYPE - ENTERPRISE FUND (WATER SYSTEM)
 FOR THE FISCAL YEAR ENDED SEPTEMBER 30, 1999

| | <u>BUDGET</u> | <u>ACTUAL</u> | <u>VARIANCE FAVORABLE (UNFAVORABLE)</u> |
|-----------------------------------|------------------|------------------|---|
| OPERATING REVENUES | | | |
| Water charges | | 404,380 | |
| Sewer charges | | 129,724 | |
| Reconnect & tap fees | | 1,225 | |
| Miscellaneous | | 317 | |
| TOTAL OPERATING REVENUE | <u>507,100</u> | <u>535,646</u> | <u>28,546</u> |
| OPERATING EXPENSES | | | |
| Bad debt | | 5,616 | |
| Depreciation | | 97,317 | |
| Engineering fees | | 5,289 | |
| Insurance | | 22,065 | |
| Legal & professional fees | | 9,304 | |
| Miscellaneous | | 5,620 | |
| Office expense | | 5,402 | |
| Repair & maintenance | | 32,588 | |
| Retirement | | 3,300 | |
| Salaries | | 112,489 | |
| Supplies | | 74,910 | |
| Payroll taxes | | 8,798 | |
| Employee uniforms | | 3,498 | |
| Utilities | | 80,803 | |
| Vehicle maintenance | | 10,643 | |
| Sewer plant expense | | - | |
| Water & sewer analysis | | 3,184 | |
| TOTAL OPERATING EXPENSES | <u>414,000</u> | <u>480,826</u> | <u>(66,826)</u> |
| OPERATING INCOME | 93,100 | 54,820 | (38,280) |
| NON-OPERATING REVENUE (EXPENSES) | | | |
| Interest revenue | | 24,418 | |
| | <u>19,000</u> | <u>24,418</u> | <u>5,418</u> |
| INCOME BEFORE OPERATING TRANSFERS | 112,100 | 79,238 | (32,862) |
| OPERATING TRANSFERS IN | - | 8,090 | 8,090 |
| OPERATING TRANSFERS OUT | <u>(112,100)</u> | <u>(152,100)</u> | <u>(40,000)</u> |
| NET INCOME (LOSS) | - | (64,772) | <u>(64,772)</u> |
| RETAINED EARNINGS - BEGINNING | - | 909,775 | |
| RETAINED EARNINGS - ENDING | <u>-</u> | <u>845,003</u> | |

See accompanying notes to financial statements.

TOWN OF DELHI, LOUISIANA

NOTES TO FINANCIAL STATEMENTS
SEPTEMBER 30, 1999

(1) Summary of Significant Accounting Policies

The Town of Delhi, Louisiana (the Town), was incorporated under the Lawrason Act and operates under a Mayor-Board of Aldermen form of government.

The accounting and reporting policies of the Town relating to the funds and account groups included in the accompanying combined financial statements conform to generally accepted accounting principles applicable to state and local governments. Generally accepted accounting principles for local governments include those principles prescribed by the Governmental Auditing Standards Board (GASB), the American Institute of Certified Public Accountants in the publication entitled Audits of State and Local Governmental Units and by the Financial Accounting Standards Board (when applicable). As allowed in Section 80 of GASB's Codification of Governmental Accounting and Financial Reporting Standards, the Town has elected not to apply to its proprietary activities Financial Accounting Standards Board Statements and Interpretations, Accounting Principles Board Opinions, and Accounting Research Bulletins of the Committee of Accounting Procedure issued after November 30, 1989. The more significant accounting policies of the Town are described below.

A. Financial Reporting Entity

This report includes all funds and account groups which are controlled by or dependent on the Town's executive and legislative branches (the Mayor and Board of Aldermen). Control by or dependence on the Town was determined on the basis of budget adoption, taxing authority, authority to issue debt, election or appointment of governing body and other general oversight responsibility.

B. Fund Accounting

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

GOVERNMENTAL FUNDS

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

TOWN OF DELHI, LOUISIANA

NOTES TO FINANCIAL STATEMENTS
SEPTEMBER 30, 1999

B. Fund Accounting - Continued

Special Revenue Funds - These funds are used to account for the proceeds of specific revenue sources (other than special assessments, expendable trusts, or major capital projects) that are legally restricted to expenditures for specified purposes.

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

PROPRIETARY FUND

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

The Enterprise Fund (Water System) is accounted for on a cost of services or "capital maintenance" basis. This means that all assets and all liabilities (whether current or noncurrent) associated with its activity are included on its balance sheet. Its reported fund equity (net total assets) is segregated into contributed capital and retained earnings components. Proprietary fund type operating statements present increases (revenues) and decreases (expenses) in net total assets.

C. Fixed Assets and Long-Term Liabilities

Fixed assets used in governmental fund type operations (general fixed assets) are accounted for in the *General Fixed Assets Account Group*, rather than in governmental funds. Public domain ("infrastructure") general fixed assets consisting of certain improvements other than buildings, including roads, bridges, curbs and gutters, streets and sidewalks, drainage systems and lighting systems, are capitalized along with other general fixed assets. No depreciation has been provided on general fixed assets.

All fixed assets are valued at historical cost or estimated historical cost if actual historical cost is not available.

Long-term liabilities expected to be financed from governmental funds are accounted for in the *General Long-Term Debt Account Group*, not in the governmental funds.

TOWN OF DELHI, LOUISIANA

NOTES TO FINANCIAL STATEMENTS
SEPTEMBER 30, 1999

C. Fixed Assets and Long-Term Liabilities - Continued

These two account groups are not "funds." They are concerned only with the measurement of financial position. They are not involved with measurement of results of operations.

There was no interest cost relative to fixed assets, therefore no interest capitalization has been made.

D. Basis of Accounting

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

All governmental funds are accounted for using the modified accrual basis of accounting. Under the modified accrual basis of accounting, revenues are recognized when susceptible to accrual or when they become measurable and available as net current assets.

Those revenues susceptible to accrual are property taxes, franchise taxes, interest revenue, tobacco taxes, sales taxes and charges for services. All other revenues are recognized when they are received.

Expenditures are generally recognized under the modified accrual basis of accounting when the related fund liability is incurred. Exceptions to this general rule include principal and interest on general long-term debt which is recognized when due.

The Water System is accounted for using the accrual basis of accounting. Revenues are recognized when they are earned, and their expenses are recognized when they are incurred.

E. Budgets and Budgetary Accounting

The Town follows these procedures in establishing the budgetary data reflected in the financial statements:

1. In the month of September, the Mayor submits to the Board of Aldermen a proposed operating budget for the fiscal year commencing the following October 1. The operating budget includes proposed expenditures and the means of financing them.
2. Public hearings are conducted at Town Hall to obtain taxpayer comments.
3. Prior to October 1, the budget is legally enacted through passage of an ordinance.

TOWN OF DELHI, LOUISIANA
NOTES TO FINANCIAL STATEMENTS
SEPTEMBER 30, 1999

E. Budgets and Budgetary Accounting - Continued

4. The Mayor is authorized to transfer budgeted amounts between departments within any fund; however, any revisions that alter the total expenditures of any fund must be approved by the Board of Aldermen. Therefore, the level of budgetary responsibility is by total appropriations; however, for report purposes, this level has been expanded to a functional basis.
5. Formal budgetary integration is employed as a management control device during the year for the General Fund.
6. Budgeted amounts are as originally adopted and amended by the Board of Aldermen.
7. All budgetary appropriations lapse at the end of each fiscal year; however, unexpended fund balances are used to fund expenditures of subsequent years.
8. Budgets for the General, Special Revenue and Proprietary Fund Type funds are adopted on a basis consistent with generally accepted accounting principles (GAAP).

F. Cash and Investments

At September 30, 1999, the Town's cash was made up of petty cash of \$350, checking and savings accounts of \$602,248, and certificates of deposit maturing in 3 months or less of \$29,000, for a total of \$631,598. Cash included in this total of \$56,962 is restricted and is shown as such on the Combined Balance Sheet - All Funds Types and Account Groups.

The Town considers all highly liquid debt instruments purchased with a maturity of three months or less to be cash equivalents.

Statutes allow the Town to invest in bank savings accounts and certificates of deposit provided they are adequately collateralized by the bank. The Town is also allowed to invest in obligations of the U. S. Treasury. The Town had a total in certificates of deposits, which had maturities of more than three months, of \$1,171,510.

The Town's cash is secured by federal depository insurance of up to \$100,000 per financial institution plus collateral held by the pledging banks or their agents with a market value of \$1,083,995 (see schedule as follows). As of September 30, 1999, the Town was under-collateralized at three financial institutions on its cash and certificates of deposit by \$38,402.

TOWN OF DELHI, LOUISIANA

NOTES TO FINANCIAL STATEMENTS
SEPTEMBER 30, 1999

F. Cash and Investments - Continued

| | <u>Cash Equivalents</u> | | | <u>Total</u> |
|--|-------------------------|------------------------------------|------------------------------------|------------------|
| | <u>Cash</u> | <u>Certificates of Deposit</u> | <u>Certificates of Deposit</u> | |
| At September 30, 1999: Carrying Amount on Balance Sheet | <u>602,598</u> | <u>29,000</u> | <u>1,171,510</u> | <u>1,803,108</u> |
| <u>Bank Balances:</u> | | | | |
| a: Insured (FDIC) or collateralized with securities held by the entity or its agent <u>in the entity's name</u> | <u>296,361</u> | <u>-</u> | <u>384,000</u> | <u>680,361</u> |
| b: Collateralized with securities held by pledging financial institution's trust department or agent <u>in the entity's name</u> | <u>-</u> | <u>-</u> | <u>-</u> | <u>-</u> |
| c: Uncollateralized, including any securities held for the entity but <u>not in the entity's name</u> | <u>305,887</u> | <u>29,000</u> | <u>749,108</u> | <u>1,083,995</u> |
| Total Bank Balances | <u>602,248</u> | <u>29,000</u> | <u>1,133,108</u> | <u>1,764,356</u> |

G. Bad Debts

Uncollectible receivables for ad valorem taxes and utilities are recognized when incurred by direct write-off. Although this is a departure from generally accepted accounting principles, historically such amounts have been immaterial.

H. Stewardship, Compliance and Accountability

There was no excess of expenditures over appropriations.

I. Total Columns on Combined Statements

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

TOWN OF DELHI, LOUISIANA
 NOTES TO FINANCIAL STATEMENTS
 SEPTEMBER 30, 1999

J. On Behalf of Payments for Salaries

Included in the General Fund financial statements are amounts paid by the State of Louisiana as supplemental salaries to the Town's policemen. The payments of \$14,400 are included on the financial statement as Revenue and Public Works/Safety Expenditures.

(2) Property Tax

Property taxes attach as an enforceable lien on property as of January 1. Taxes are levied on October 1 and payable December 31. The Town bills and collects its own property taxes. Town property tax revenues are recognized when levied to the extent that they result in current receivables.

The Town is permitted by the Municipal Finance Law of the state to levy taxes up to 9.68 mills on the total assessed value for the Town for governmental services other than the payment of principal and interest on long-term debt and in required amounts for the payment of principal and interest on long-term debt.

For the year ended September 30, 1999, taxes of 9.68 mills were levied on property with assessed valuations totaling \$8,657,890 for a total of \$83,863. The taxes were dedicated as follows:

| | |
|----------------------------|-------------------|
| General corporate purposes | <u>9.68</u> mills |
| | <u>9.68</u> mills |

(3) Property, Plant and Equipment

A summary of Enterprise Fund (Water System) property, plant and equipment at September 30, 1999 is shown below.

| | |
|------------------------------------|----------------------|
| Land | 5,718 |
| Buildings | 189,433 |
| Water tanks, lines, wells, etc. | 2,054,424 |
| Equipment | 96,953 |
| Sewer treatment plant | <u>2,145,244</u> |
| | 4,491,772 |
| Less: Accumulated depreciation | <u>1,927,767</u> |
| | <u>2,564,005</u> |

TOWN OF DELHI, LOUISIANA

NOTES TO FINANCIAL STATEMENTS
SEPTEMBER 30, 1999

(3) Property, Plant and Equipment - Continued

Depreciation is computed on buildings, plant and equipment based on the estimated useful lives of the assets. The straight-line method with no salvage value is used. Buildings and improvements are depreciated over 40 years; water and sewer plant and related lines are depreciated over 50 years; all other equipment is depreciated over 5 to 15 years.

CHANGES IN GENERAL FIXED ASSETS

| | <u>Land</u> | <u>Buildings</u> | <u>Improvements Other than Buildings</u> |
|---|----------------|------------------|--|
| General fixed assets - beginning of year | 153,354 | 2,192,067 | 5,406,032 |
| Additions: | | | |
| General fund | - | - | - |
| Sales tax | - | - | 52,738 |
| Deletions: | | | |
| Obsolete assets | <u>-</u> | <u>-</u> | <u>-</u> |
| General fixed assets - end of year | <u>153,354</u> | <u>2,192,067</u> | <u>5,458,770</u> |

(4) Certificates of Indebtedness

On August 23, 1999, the Town received \$1,300,000 from certificates issued to Bank One for the purpose of funding the costs of acquiring, constructing, and improving streets, drainage and other capital facilities. The certificates mature August 1, 2009, and interest is paid semi-annually at a rate of 4.95%. Annual payment requirements on these certificates are as follows:

| <u>September 30</u> | <u>Interest</u> | <u>Principal</u> | <u>Total Debt Service</u> |
|---------------------|-----------------|------------------|-------------------------------|
| 2000 | 60,418 | 104,000 | 164,418 |
| 2001 | 59,202 | 108,000 | 167,202 |
| 2002 | 53,856 | 114,000 | 167,856 |
| 2003 | 48,213 | 120,000 | 168,213 |
| 2004 | 42,273 | 126,000 | 168,273 |
| Thereafter | <u>111,622</u> | <u>728,000</u> | <u>839,622</u> |
| | <u>375,584</u> | <u>1,300,000</u> | <u>1,675,584</u> |

| <u>Equipment</u> | <u>1999 Total</u> |
|------------------|-----------------------|
| 816,998 | 8,568,451 |
| 152,697 | 152,697 |
| 14,261 | 66,999 |
| <u>(1,245)</u> | <u>(1,245)</u> |
| <u>982,711</u> | <u>8,786,902</u> |

TOWN OF DELHI, LOUISIANA

NOTES TO FINANCIAL STATEMENTS
SEPTEMBER 30, 1999

(5) Long-Term Debt

On March 29, 1997, the Town placed cash in an irrevocable trust with Commercial National Bank in Shreveport, Louisiana, for the sole purpose of meeting scheduled payments of principal and interest of the Water and Sewer Revenue Bonds dated March 1, 1972. The likelihood of the Town being required to make future payments in connection with this debt is remote. The Town has therefore extinguished the debt in an indirect manner, referred to as an insubstance defeasance, even though the Town is not released from being the primary obligor under the debt obligation. The defeasance resulted in a surplus of funds amounting to \$13,382. It also removed restrictions on other bank deposits amounting to \$207,162. There was no new debt issued in connection with this defeasance. As disclosed in Governmental Accounting Standards Board Statements 7 and 23, this debt is no longer required to be reported as a liability on the balance sheet of the Proprietary Fund.

At September 30, 1999, the unpaid principal on these bonds was \$130,000. Commercial National Bank held U.S. Treasury Securities with a unit value of \$125,166 as of September 30, 1999, in an escrow account for retirement of these defeased bonds.

(6) Interfund Receivables and Payables

Individual fund interfund receivable and payable balances at September 30, 1999, were as follows:

| <u>FUND</u> | <u>INTERFUND RECEIVABLES</u> | <u>INTERFUND PAYABLES</u> |
|-----------------------|----------------------------------|-------------------------------|
| General Fund | 18,908 | 27,392 |
| Special Revenue Funds | 8,368 | 18,908 |
| Enterprise Fund | <u>27,392</u> | <u>8,368</u> |
| | <u>54,668</u> | <u>54,668</u> |

(7) Sales Taxes

1/2% Sales Tax

On July 15, 1980, a resolution was adopted for a 1/2 cent sales tax for the Town. On September 13, 1980, a special election was held to vote on the proposed sales tax. The sales tax was adopted by a vote of 523 to 404 and became effective November 1, 1980, for ten years. It was renewed on November 6, 1990 for ten years and again on November 3, 1998 for an additional ten year period. The revenue from this sales tax is dedicated as follows:

1. The first \$60,000 is dedicated to the maintenance, operation and addition to the Town's recreational facilities.

TOWN OF DELHI, LOUISIANA

NOTES TO FINANCIAL STATEMENTS
SEPTEMBER 30, 1999

(7) Sales Taxes – Continued

2. After satisfaction of the above, funds can be used in any of the areas listed below:
 - A. Street, sidewalk, bridge, and alley maintenance and improvement
 - B. Street light maintenance
 - C. Garbage collection
 - D. Police department
 - E. Fire department
 - F. Public parks
 - G. Airport
 - H. Real estate and equipment acquisition as related to the above

1% Sales Tax

On October 7, 1989, the voters of the Town approved a 1% sales tax that became effective January 1, 1990 for a period of ten years. On November 3, 1998 the tax was renewed for an additional ten years. The revenue from this tax is dedicated to streets, drainage and other capital improvements.

(8) Risk of Loss

The Town is exposed to a variety of risks that may result in losses. These risks may include possible loss from acts of God, injury to employees, property damage, or breach of contract. The Town finances these potential losses through purchasing insurance from several commercial companies, as well as self-insuring physical damage on its autos. The level of coverage has remained constant. The Town is not a member of a risk pool. All claims currently filed are adequately covered by the policies in place with no outstanding liabilities for the Town.

(9) Contingent Liabilities

Under the Town's personnel policies, all unused vacation and sick leave lapse as of September 30, therefore the accrual made for compensated absences was zero at this date.

TOWN OF DELHI, LOUISIANA

NOTES TO FINANCIAL STATEMENTS
SEPTEMBER 30, 1999

(10) Compensation Paid to the Governing Body

The following amounts were paid to the Town's Board of Aldermen for the year ended September 30, 1999:

| <u>Board Member</u> | <u>AMOUNT</u> |
|---------------------|---------------|
| Robert Johnson | 600 |
| Lynn Lewis | 600 |
| *Dan Tolar | 2,400 |
| *Perry Smith | 2,400 |
| John Shore | 600 |
| *Shirley McDade | 1,800 |
| *Mike Singley | 1,800 |
| Bill McKinney | 1,400 |
| *W.B. Sumner | 200 |
| | <u>11,800</u> |

*Denotes current member of the Town's Board of Aldermen. Board members changed during the fiscal year due to elections and a relocation vacancy.

(11) Pension and Retirement Plans

Defined Benefit Pension Plans

The employees of the Town participate in a Statewide Local Government Retirement System, a multiple-employer cost sharing public employee retirement system. Contributions of participating state agencies are pooled within the systems to fund accrued benefits with contributions approved by the Louisiana Legislature. The Town's employees and policemen participate in the Municipal Employees' Retirement System of Louisiana ("MERS") and the Municipal Police Employees' Retirement System of Louisiana ("MPERS"). These systems issue publicly available financial reports that include financial statements and required supplementary information. These reports can be obtained by writing to Municipal Employee's Retirement System, 7937 Park Boulevard, Baton Rouge, Louisiana, 70809, and Municipal Police Employees Retirement System, 8401 United Plaza Boulevard, Room 270, Baton Rouge, Louisiana, 70809.

Members of the MERS and MPERS are required by statute to contribute 5.0% and 7.5%, respectively, to the systems.

TOWN OF DELHI, LOUISIANA
 NOTES TO FINANCIAL STATEMENTS
 SEPTEMBER 30, 1999

(11) Pension and Retirement Plans - Continued

The Town's required contribution rates and amounts for the current year and two preceding years are reflected below:

| | <u>September 30, 1999</u> | | <u>September 30, 1998</u> | | <u>September 30, 1997</u> | |
|-------|---------------------------|---------------|---------------------------|---------------|---------------------------|---------------|
| | <u>Rate</u> | <u>Amount</u> | <u>Rate</u> | <u>Amount</u> | <u>Rate</u> | <u>Amount</u> |
| MERS | 3.75% | 6,951 | 2.75% | 7,992 | 2.75% | 7,633 |
| MPERS | 9.00% | 2,012 | 9.00% | 3,081 | 9.00% | 3,766 |

(12) Enterprise Fund-Segment Information

The net working capital for the enterprise fund was \$487,939 in 1999.

OTHER INDEPENDENT AUDITORS' REPORTS

MARTIN, HARRISON & SMALLWOOD, L.L.P.

CERTIFIED PUBLIC ACCOUNTANTS

2808 KILPATRICK BLVD., P.O. BOX 4044 - MONROE, LA 71211-4044 - (818) 388-0500
302 DEPOT STREET, SUITE A - DELHI, LA 71232 - (818) 878-5578

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

December 22, 1999

The Honorable James A. Hopson, Mayor
and the Members of the Board of Aldermen
Delhi, Louisiana

We have audited the financial statements of the Town of Delhi, Louisiana, as of and for the year ended September 30, 1999, and have issued our report thereon dated December 22, 1999, which was qualified due to the omission of the year 2000 disclosures that are required by Governmental Accounting Standards Board Technical Bulletin 98-1, *Disclosures about Year 2000 Issues*. We conducted our audit in accordance with generally accepted auditing standards and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States.

Compliance

As part of obtaining reasonable assurance about whether the Town of Delhi, Louisiana's financial statements are free of material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts and grants, noncompliance with which could have a direct and material effect on the determination of financial statement amounts. However, providing an opinion on compliance with those provisions was not an objective of our audit and, accordingly, we do not express such an opinion. The results of our tests disclosed no instances of noncompliance that are required to be reported under *Government Auditing Standards*. However, we noted certain immaterial instances of noncompliance that we have reported to management of the Town of Delhi, Louisiana, in a separate letter dated December 22, 1999.

The Honorable James A. Hopson, Mayor,
and the Members of the Board of Aldermen
Delhi, Louisiana
December 22, 1999

Internal Control Over Financial Reporting

In planning and performing our audit, we considered the Town of Delhi, Louisiana's internal control over financial reporting in order to determine our auditing procedures for the purpose of expressing our opinion on the financial statements and not to provide assurance on the internal control over financial reporting. Our consideration of the internal control over financial reporting would not necessarily disclose all matters in the internal control that might be material weaknesses. A material weakness is a condition in which the design or operation of one or more of the internal control components does not reduce to a relatively low level the risk that misstatements in amounts that would be material in relation to the financial statements being audited may occur and not be detected within a timely period by employees in the normal course of performing their assigned functions. We noted no matters involving the internal control over financial reporting and its operation that we consider to be material weaknesses. However, we noted other matters involving the internal control over financial reporting that we have reported to management of the Town of Delhi, Louisiana in a separate letter dated December 22, 1999.

This report is intended for the information of the Mayor, the Board of Aldermen. However, this report is a matter of public record and its distribution is not limited.

Martin, Harrison + Smallwood, LLP

OTHER FINANCIAL INFORMATION

MARTIN, HARRISON & SMALLWOOD, L.L.P.

CERTIFIED PUBLIC ACCOUNTANTS

2808 KILPATRICK BLVD., P.O. BOX 4044 - MONROE, LA 71211-4044 - (318) 388-0500
302 DEPOT STREET, SUITE A - DELHI, LA 71232 - (318) 878-5578

INDEPENDENT AUDITORS' REPORT ON OTHER FINANCIAL INFORMATION

December 22, 1999

The Honorable James A. Hopson, Mayor
and the Members of the Board of Aldermen
Delhi, Louisiana 71232

The general-purpose financial statements of the Town of Delhi, Louisiana, for the year ended September 30, 1999, and our report thereon are presented in the preceding section of this report. Our audit was made primarily for the purpose of formulating an opinion on the general-purpose financial statements taken as a whole. The other financial information presented hereinafter is for supplementary analysis purposes and is not considered necessary for a fair presentation of the financial position and results of its operations for the year then ended in conformity with generally accepted accounting principles.

The other financial information was subjected to the procedures applied in our audit of the related general-purpose financial statements and, in our opinion, is fairly stated in all material respects in relation to the general-purpose financial statements taken as a whole.

Martin, Harrison & Smallwood, LLP

TOWN OF DELHI, LOUISIANA
 SCHEDULE OF EXPENDITURES
 GENERAL FUND
 FISCAL YEAR ENDED SEPTEMBER 30, 1999

ADMINISTRATIVE

| | |
|---------------------------|----------------|
| Salaries | 63,381 |
| Aldermen's allowance | 11,800 |
| Advertising & publishing | 6,791 |
| Legal & accounting | 18,678 |
| Telephone | 5,244 |
| Utilities | 7,897 |
| Supplies & office expense | 5,621 |
| Miscellaneous | 2,710 |
| LMA meeting | 3,924 |
| Retirement fund | 6,951 |
| Capital outlay | 1,705 |
| Repairs & maintenance | 3,668 |
| | <u>138,370</u> |

PUBLIC SAFETY

Fire

| | |
|------------------------------|----------------|
| Volunteer firemen | 10,800 |
| Truck expense | 1,050 |
| Fuel, supplies & maintenance | 6,108 |
| Telephone | 1,021 |
| Capital outlay | 141,802 |
| | <u>160,781</u> |

Police

| | |
|-------------------------|----------------|
| Salaries | 146,145 |
| Supplemental pay | 14,400 |
| Auto | 15,229 |
| Coroner fees | 700 |
| Court Magistrate | 1,665 |
| Supplies | 8,019 |
| Prisoner care | 11,493 |
| Telephone | 1,763 |
| Repairs | 669 |
| Uniforms | 3,670 |
| Miscellaneous | 4,057 |
| Retirement fund | 2,012 |
| Gas & oil (police cars) | 12,446 |
| Capital outlay | 7,382 |
| Law enforcement fund | 1,400 |
| | <u>231,050</u> |

Total Public Safety

391,831

(Continued)

See auditors' report on other financial information.

TOWN OF DELHI, LOUISIANA
 SCHEDULE OF EXPENDITURES
 GENERAL FUND
 FISCAL YEAR ENDED SEPTEMBER 30, 1999

(Continued)

STREETS

| | |
|-----------------------|----------------|
| Salaries | 94,076 |
| Supplies | 3,568 |
| Utilities | 34,854 |
| Gas & oil | 8,410 |
| Equipment maintenance | 13,338 |
| Miscellaneous | 6,278 |
| Capital outlay | 608 |
| | <u>161,132</u> |

GENERAL

| | |
|--------------------------|----------------|
| Health insurance | 1,977 |
| Garbage payment | 147,206 |
| Community Center #2 | 3,473 |
| Pest control | 1,255 |
| Country Club maintenance | 4,745 |
| Beautification | 1,402 |
| Airport | 2,350 |
| Christmas decorations | 4,515 |
| Cave Theatre | 326 |
| Insurance | 58,100 |
| Dues | 845 |
| Miscellaneous | 5,340 |
| Payroll taxes | 24,253 |
| Capital outlay | 1,203 |
| Civic Center | 13,347 |
| Railroad lease | 650 |
| Garbage bags | 1,920 |
| Hannah House | 2,085 |
| | <u>274,992</u> |

TOTAL EXPENDITURES

966,325

(Concluded)

See auditors' report on other financial information.

MARTIN, HARRISON & SMALLWOOD, L.L.P. RECEIVED
CERTIFIED PUBLIC ACCOUNTANTS
GOVERNMENT AUDITOR

00 MAR -6 AM 11:28

2808 KILPATRICK BLVD., P.O. BOX 4044 - MONROE, LA 71211-4044 - (318) 888-0500
302 DEPOT STREET, SUITE A - DELHI, LA 71232 - (318) 878-5578

January 25, 2000

The Honorable James A. Hopson, Mayor
and the Members of the Town Council
Town of Delhi, Louisiana

We have audited the financial statements of the Town of Delhi, Louisiana as of, and for the year ended, September 30, 1999, and have issued our report thereon dated December 22, 1999. We conducted our audit in accordance with generally accepted auditing standards and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States.

As part of our examination, we have issued our report on the financial statements, dated December 22, 1999, and our report on internal control and compliance with laws, regulations, and contracts, dated December 22, 1999.

During the course of our examination, we became aware of the following matters which represent immaterial deviations of compliance or suggestions for improved internal controls.

FINDING

During our review of the customer deposit account in the Enterprise Fund (Water System), we found that some customers who had been closed out during the year were still listed on the Customer Deposit Detail Report. Obviously, this report did not agree with the general ledger. Further testing revealed that the detail report was not consistently being updated or reconciled.

RECOMMENDATION

All closeout transactions should be posted to the Customer Deposit Detail Report as they occur. This report should be reconciled to the general ledger at the end of each month.

FINDING

Our work regarding the Town's cash in banks revealed that deposits at three financial institutions exceeded the FDIC insurance coverage and the air market value of securities these institutions had pledged as collateral toward the Town's deposits.

RECOMMENDATION

To properly safeguard these assets, we recommend that you frequently verify the collateral pledged by the financial institutions where your deposits exceed \$100,000.

FINDING

Our work related to the accounts receivable of the Enterprise Fund (Water System) revealed that the daily reconciling sheet for the utility billing system was not being consistently posted. We also found that a lack of communication between the billing personnel and the clerk often caused problems in reconciling accounts receivable.

RECOMMENDATION

Billing personnel should post the reconciling sheet and agree it to the detail accounts receivable total daily. The clerk should utilize the reconciling sheet to make sure all adjustments are made to the general ledger. This will assure a consistent reconciling process that will maintain good internal control in the billing and collecting function of the Enterprise Fund.

OTHER

In August of 1999, a police officer of the Town of Delhi was charged with theft and malfeasance in office. The charges allege that the officer was collecting fines in excess of the normal amount. The normal amount would be turned in to the Town and the excess retained by the officer. The allegations also state the officer was forging signatures of those that were fined. The case had not gone to court at the conclusion of our audit.

If you have any questions regarding the above comments, please feel free to contact us at any time. We appreciate the cooperation and courtesy extended to us during the course of the audit.

Respectfully,



Michael M. Martin, CPA
Martin, Harrison & Smallwood, L.L.P.

TOWN OF DELHI



209 BROADWAY - P.O. BOX 277 - DELHI, LOUISIANA 71232
(318) 878 3792 - FAX (318) 878 3362

SHIRLEY McDADE, Alderman, District A
MIKE SINGLEY, Alderman District B
PERRY SMITH, Alderman District C

JAMES A. HOPSON, MAYOR
GLORIA KING, Town Clerk

DAN TOLAR, Alderman District D
BILL McKINNEY, Alderman, District E
RUFUS CARTER, Chief Of Police

March 6, 2000

Mr. Daniel G. Kyle, CPA, CFE
Legislative Audit Advisory Council
State of Louisiana
1600 N. Third Street
P O Box 94397
Baton Rouge, LA 70804-9397

Dear Mr. Kyle,

In connection with the audit of the Town of Delhi as of September 30, 1999, we offer the following response to the management letter written by our auditors dated January 25, 2000.

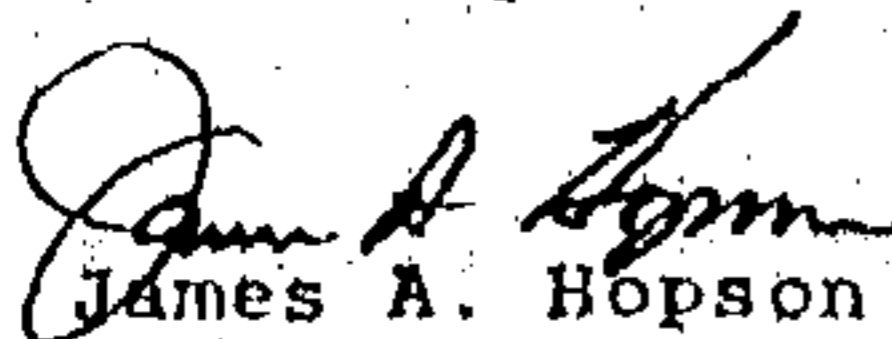
Finding #1 - The Customer Deposit Detail Report is being posted currently and reconciled to the general ledger each month.

Finding #2 - This is now being monitored on a frequent basis to assure our deposits are covered by the required FDIC insurance.

Finding #3 - The daily reconciliation is now being done at the end of each day. Any variations are discussed with the clerk as they occur.

Other - This matter has not yet gone to court.

Sincerely,


James A. Hopson
Mayor

JAH/mkb