

## TOWN OF DELHI, LOUISIANA

NOTES TO FINANCIAL STATEMENTS  
SEPTEMBER 30, 1986

## D. Basis of Accounting - Continued

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 per 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 enterprise fund (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.
4. The Mayor is authorized to transfer budgeted amounts between departments within any fund; however, any revisions that affect 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.

TOWN OF DELHI, LOUISIANA  
 SCHEDULE OF EXPENDITURES  
 GENERAL FUND

(Continued)

	FISCAL YEAR ENDED SEPTEMBER 30	
	1996	1995
<b>STREETS</b>		
Salaries	79,718	68,929
Supplies	5,358	8,190
Utilities	17,858	36,289
Gas & oil	8,543	8,040
Equipment maintenance	12,238	30,884
Miscellaneous	3,313	721
Capital outlay	1,528	-
	<u>148,551</u>	<u>193,051</u>
<b>GENERAL</b>		
Health insurance	3,982	3,333
Garbage payment	199,189	135,156
Community Center #2	2,148	3,813
Pest control	1,185	1,085
Country Club maintenance	4,739	8,208
Insurification	2,864	1,883
Airport	4,221	1,873
Christmas decorations	378	1,851
Insurance	54,633	51,476
Dues	895	176
Miscellaneous	8,399	7,321
Payroll taxes	22,284	21,195
Donations	-	50
Capital outlay	-	9,872
Civic Center	9,480	10,967
Railroad lease	650	680
Garbage bags	980	2,380
Hannah Home	745	525
Airport master plan	9,822	28,478
	<u>286,182</u>	<u>258,264</u>
<b>TOTAL EXPENDITURES</b>	<u>742,634</u>	<u>547,315</u>

(Concluded)

See auditors' report on other financial information.

**Finding:** Cash receipts are not always deposited daily.

**Recommendation:** The Town should consistently follow the policy of depositing receipts daily. Although this finding primarily occurred on days when receipts were relatively small, consistent application of depositing daily is necessary to promote strong internal control in this area. We also noted that on some days significant receipts are collected subsequent to the days regular deposit. When this occurs the Town should consider making another deposit at the end of the day.

**Finding:** The Town's old utility billing system developed problems that made the reconciling of accounts receivable and customer deposits very difficult. As a result, the reconciling process was not always done on a timely basis.

**Recommendation:** Now that the Town has a new system, accounts receivable and customer deposits can be reconciled daily. This is currently being done and we encourage you to continue this process to ensure good control in this area.

We appreciate the time and courtesy extended to us by you and your staff during the course of the audit and ask that you contact us at any time if you have any questions concerning the above comments and recommendations.

Respectfully,

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



Mike M. Martin  
Certified Public Accountant

MMM/vmj

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

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December 6, 1996

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

In planning and performing our audit of the general purpose financial statements of the Town of Delhi, Louisiana (the Town of Delhi), for the year ended September 30, 1996, we considered the Town of Delhi's internal control structure in order to determine our auditing procedures for the purpose of expressing an opinion on the general purpose financial statements and not to provide assurance on internal control.

However, during our audit we became aware of several matters that are opportunities for strengthening internal controls and operating efficiency. Our comments and recommendations regarding those matters are discussed below. We previously reported on the Town of Delhi's internal control structure in our reports dated December 6, 1996. This letter does not affect our report dated December 6, 1996, on the general purpose financial statements of the Town of Delhi.

We will review the status of these comments during our next audit engagement. We have already discussed many of these comments and recommendations with appropriate members of the Town of Delhi's management. We will be pleased to discuss them in further detail at your convenience, to perform any additional study of these matters, or to assist you in implementing the recommendations. Our comments and recommendations are summarized as follows:

## Internal Controls

**Finding:** The Town of Delhi has procedures requiring documentation of management's approval of unpaid invoices. During the tests of internal controls over the federal financial assistance program, it was noted that several invoices, which were paid from the Town of Delhi's general funds, lacked documentation of management's approval for payment of such invoices.

**Recommendation:** The Town of Delhi should remind personnel responsible for payment of invoices that invoices should be paid only if evidence exists that management has approved such invoices for payment. Furthermore, personnel with check signing authority should be advised not to sign any checks for invoices which lack appropriate documentation of management's approval of such invoices for payment.

## TOWN OF DELHI, LOUISIANA

COMPARATIVE STATEMENT OF REVENUES, EXPENSES AND CHANGES  
IN RETAINED EARNINGS - PROPRIETARY FUND TYPE - ENTERPRISE  
FUND (WATER SYSTEM)

	FISCAL YEAR ENDED SEPTEMBER 30	
	1995	1994
<b>OPERATING REVENUES</b>		
Water charges	358,935	399,511
Sewer charges	136,865	135,439
Reconnect & tap fees	3,105	4,500
Miscellaneous	4,402	4,904
<b>TOTAL OPERATING REVENUES</b>	<u>499,307</u>	<u>544,354</u>
<b>OPERATING EXPENSES</b>		
Bad debts	-	3,709
Depreciation	76,116	78,379
Engineering fees	5,659	3,873
Insurance	20,997	19,116
Legal & professional fees	10,000	9,750
Miscellaneous	1,188	1,462
Office expense	5,721	6,377
Repair & maintenance	38,577	8,510
Retirement	2,120	1,998
Salaries	89,429	107,285
Supplies	47,715	47,282
Payroll taxes	7,032	6,515
Employee uniforms	3,882	-
Utilities	75,839	74,085
Vehicle maintenance	14,791	31,405
Sewer plant expense	2,742	794
Water & sewer analysis	2,998	5,004
<b>TOTAL OPERATING EXPENSES</b>	<u>587,306</u>	<u>588,794</u>
<b>OPERATING INCOME</b>	<u>112,001</u>	<u>113,590</u>
<b>NON-OPERATING REVENUES (EXPENSES)</b>		
Interest revenue	24,794	23,425
Interest expense	-	(6,331)
Paying agent fees	(908)	(4,859)
Gain on defeasance of bonds	-	21,462
	<u>24,886</u>	<u>33,707</u>
<b>INCOME BEFORE OPERATING TRANSFERS</b>	<u>136,887</u>	<u>147,297</u>
<b>OPERATING TRANSFERS IN</b>	-	8,720
<b>OPERATING TRANSFERS OUT</b>	<u>(118,000)</u>	<u>(60,000)</u>
<b>NET INCOME</b>	<u>18,887</u>	<u>96,017</u>
<b>RETAINED EARNINGS - Beginning</b>	<u>892,815</u>	<u>824,918</u>
<b>RETAINED EARNINGS - Ending</b>	<u>911,702</u>	<u>892,815</u>

See accompanying notes to financial statements.

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

Our consideration of the internal control structure would not necessarily disclose all matters in the internal control structure that might be material weaknesses under standards established by the American Institute of Certified Public Accountants. A material weakness is a condition in which the design or operation of one or more of the internal control structure elements does not reduce to a relatively low level the risk that errors and irregularities in amounts that would be material in relation to the general purpose 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 structure and its operation that we consider to be material weaknesses as defined above.

However, we noted certain matters involving the internal control structure and its operation that we have reported to the management of the Town of Delhi, Louisiana, in a separate letter dated December 6, 1986.

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

*Martin, Hanson, & Smallwood, LLP*

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

CLERK OF COURSE ACCOUNTANTS

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**INDEPENDENT AUDITORS' REPORT ON INTERNAL CONTROL  
STRUCTURE BASED ON AN AUDIT OF GENERAL PURPOSE  
FINANCIAL STATEMENTS PERFORMED IN ACCORDANCE WITH  
GOVERNMENT AUDITING STANDARDS**

December 6, 1996

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

We have audited the general purpose financial statements of the Town of Delhi, Louisiana, for the year ended September 30, 1996, and have issued our report thereon dated December 6, 1996.

We conducted our audit in accordance with generally accepted auditing standards, Government Auditing Standards, issued by the Comptroller General of the United States, and Office of Management and Budget (OMB) Circular A-128, Audit of State and Local Governments. Those standards and OMB Circular A-128 require that we plan and perform the audit to obtain reasonable assurance about whether the general purpose financial statements are free of material misstatement.

The management of the Town of Delhi, Louisiana, is responsible for establishing and maintaining an internal control structure. In fulfilling this responsibility, estimates and judgments by management are required to assess the expected benefits and related costs of internal control structure policies and procedures. The objectives of an internal control structure are to provide management with reasonable, but not absolute, assurance that assets are safeguarded against loss from unauthorized use or disposition, and that transactions are executed in accordance with management's authorization and recorded properly to permit the preparation of general purpose financial statements in accordance with generally accepted accounting principles. Because of inherent limitations in any internal control structure, errors or irregularities may nevertheless occur and not be detected. Also, projection of any evaluation of the structure to future periods is subject to the risk that procedures may become inadequate because of changes in conditions or that the effectiveness of the design and operation of policies and procedures may deteriorate.

In planning and performing our audit of the general purpose financial statements of the Town of Delhi, Louisiana, for the year ended September 30, 1996, we obtained an understanding of the internal control structure. With respect to the internal control structure, we obtained an understanding of the design of relevant policies and procedures and whether they have been placed in operation, and we assessed control risk in order to determine our auditing procedures for the purpose of expressing our opinion on the general purpose financial statements and not to provide an opinion on the internal control structure. Accordingly, we do not express such an opinion.

## TOWN OF DELHI, LOUISIANA

NOTES TO FINANCIAL STATEMENTS  
SEPTEMBER 30, 1996

## (10) Prior Period Adjustment

The Town adopted Governmental Accounting Standards Board Statement (GASB) No. 22, *Accounting for Taxpayer-Assessed Tax Revenues in Governmental Funds*, effective October 1, 1995. GASB No. 22 requires governmental funds to recognize taxpayer-assessed taxes, net of estimated refunds, in the accounting period in which they become both measurable and available to finance expenditures of the accounting period. The Town should have adopted GASB No. 22 as of October 1, 1994, as required by GASB No. 22. As a result, the Town has made the following changes to the September 30, 1995, balances of the Special Revenue Fund for the correction of this error:

Sales Tax Received	Increased	32,462
Fund Balance - Reserved per Sales Tax Ordinance	Increased	32,462
Tax Revenue	Decreased	8,544

## (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 Employees' Retirement System, 7017 Park Boulevard, Baton Rouge, Louisiana, 70809, and Municipal Police Employees Retirement System, 8401 United Plaza Boulevard, Room 230, Baton Rouge, Louisiana, 70809.

Covered employees are required by State statute to contribute a set percent of their salary to the plans. The Town is required by the same statute to contribute the remaining amounts necessary to pay benefits when due. The contribution requirements of the two systems are shown in the schedule below.

Plan	CONTRIBUTIONS				
	Employee %	City %	Employee \$	City \$	Total \$
MERS	5.0	2.75	12,045	8,894	21,039
MPERS	7.5	9.0	1,778	2,138	3,916



## TOWN OF DELHI, LOUISIANA

NOTES TO FINANCIAL STATEMENTS  
SEPTEMBER 30, 1996

## 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

Excess of expenditures over appropriations: Proprietary fund expenditures were in excess of budgeted appropriations, but did not exceed 5%.

## I. Total Columns on Combined Statements

Total columns on the Combined Statements are captioned "Memorandums 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.

## 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 \$14,771 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 8.11 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, 1996, taxes of 14.94 mills were levied on property with assessed valuations totaling \$7,853,790 for a total of \$117,784. The taxes were dedicated as follows:

General corporate purposes	8.43 mills
Debt service	<u>6.51 mills</u>
	<u>14.94 mills</u>

## TOWN OF DELHI, LOUISIANA

NOTES TO FINANCIAL STATEMENTS  
SEPTEMBER 30, 1996

## (4) Changes in Long-Term Debt - Continued

The debt service fund is used to repay the 3/1/72 General Obligation Bonds.

On March 28, 1995, 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 \$13,982. 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 25, this debt is no longer required to be reported as a liability on the balance sheet of the Proprietary Fund.

As September 30, 1996, the unpaid principal on these bonds was \$200,000. Commercial National Bank hold U.S. Treasury Securities with a market value of \$264,800 as of September 30, 1996, in an escrow account for retirement of these defeased bonds.

## (5) Interfund Receivables and Payables

Individual fund interfund receivable and payable balances at September 30, 1996, were as follows:

FUND	INTERFUND RECEIVABLES	INTERFUND PAYABLES
General Fund	50,828	8,470
Special Revenue Funds	8,768	22,096
Debt Service Fund	8,470	-
Enterprise Fund	-	23,098
	<u>67,666</u>	<u>53,664</u>

## (6) 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 15, 1980, a special election was held to vote on the proposed sales tax. The sales tax was adopted by a vote of 525 to 404 and became effective November 1, 1980, for ten years. On November 8, 1990, the sales tax was renewed for an additional ten year period. The revenue from this sales tax is dedicated as follows:

1. The first \$30,000 is dedicated to the maintenance, operation and addition to the Town's recreational facilities.

ANNUAL SERIAL PAYMENTS	BONDS			
	AUTHORIZED	ISSUED	RETIRED	OUTSTANDING
20,000(90-92) 25,000(96) 30,000(97)	350,000	350,000	300,000	50,000
10,000(89-92) 15,000(93-96) 20,000(97)	220,000	220,000	200,000	20,000
	<u>570,000</u>	<u>570,000</u>	<u>500,000</u>	<u>70,000</u>

TOWN OF DELHI, LOUISIANA  
 NOTES TO FINANCIAL STATEMENTS  
 SEPTEMBER 30, 1996

(4) Changes in Long-Term Debt

The following is a summary of bond transactions of the Town for the year ended September 30, 1996:

	GENERAL OBLIGATION BONDS
Bonds payable at September 30, 1995	90,000
Bonds retired	40,000
Bonds payable at September 30, 1996	50,000

Bonds payable at September 30, 1996, are comprised of the following individual issues:

	INTEREST PAYMENT		FINAL ISSUE		MATURITY
	RATES	DATES	DATE		PAYMENTS
General Obligation Bonds:					
Sewer Improvement Bonds	6.0%	3/1/ 9/1	3/1/72		3/1/97
Industrial Improvement Bonds	6.0%	3/1/ 9/1	3/1/72		3/1/97
Total General Obligation Bonds					

The annual requirements to amortize all debt outstanding as of September 30, 1996, including interest payments of \$1,451, are as follows:

YEAR ENDING SEPTEMBER 30	GENERAL OBLIGATION BONDS
1997	21,451

There are a number of limitations and restrictions contained in the various bond indentures. The Town is in compliance with all significant limitations and restrictions.

Equipment	1996 Total	1995 Total
692,263	6,848,799	6,623,458
3,608	3,608	42,773
46,811	170,349	183,857
-	579,695	-
<u>742,682</u>	<u>7,598,451</u>	<u>6,849,088</u>

TOWN OF DELHI, LOUISIANA

NOTES TO FINANCIAL STATEMENTS  
SEPTEMBER 30, 1986

(2) Property, Plant and Equipment

A summary of enterprise fund type (Water System) property, plant and equipment is shown below.

	<u>1986</u>	<u>1985</u>
Land	5,718	5,718
Buildings	187,437	187,437
Water tanks, lines, wells, etc.	2,007,335	2,007,335
Equipment	48,790	48,495
Sewer treatment plant	<u>1,818,443</u>	<u>1,818,443</u>
	4,168,723	4,167,428
Less: Accumulated depreciation	<u>1,683,777</u>	<u>1,584,447</u>
	<u>2,484,946</u>	<u>2,582,981</u>

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	353,354	3,803,753	3,999,909
Additions:			
General fund	-	-	-
Sales tax	-	-	127,738
LCDBG	-	-	<u>575,665</u>
General fixed assets - end of year	<u>353,354</u>	<u>3,803,753</u>	<u>4,603,312</u>

## TOWN OF DELHI, LOUISIANA

NOTES TO FINANCIAL STATEMENTS  
SEPTEMBER 30, 1996

## E. Budgets and Budgetary Accounting - Continued

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, 1996, the Town's cash was made up of petty cash of \$758, checking accounts of \$681,749, and certificates of deposit maturing in 3 months or less of \$785,836 for a total of \$2,146,443. Cash included in this total of \$775,760 is restricted and is shown as cash 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 \$785,836.

The Town's cash is secured by federal depository insurance of up to \$100,000 for demand deposits and \$100,000 for time deposits per financial institution plus collateral held by the pledging banks or their agents with a market value of \$1,454,038 (see schedule below).

	<u>Cash Equivalents</u>			<u>Total</u>
	<u>Cash</u>	<u>Certificates of Deposit</u>	<u>Certificates of Deposit</u>	
At September 30, 1996:				
Carrying Amount on Balance Sheet	<u>681,749</u>	<u>785,738</u>	<u>785,836</u>	<u>1,653,323</u>

**Bank Balances:**

a. Insured (FDIC) or collateralized with securities held by the entity or its agent in the entity's name	<u>708,830</u>	<u>208,800</u>	<u>500,000</u>	<u>908,830</u>
b. Collateralized with securities held by pledging financial institution's trust department or agent in the entity's name	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
c. Uncollateralized, including any securities held for the entity but not in the entity's name	<u>867,329</u>	<u>6,739</u>	<u>578,870</u>	<u>1,454,038</u>
Total Bank Balances	<u>1,667,329</u>	<u>206,729</u>	<u>1,078,870</u>	<u>2,354,038</u>

## TOWN OF DELHI, LOUISIANA

NOTES TO FINANCIAL STATEMENTS  
SEPTEMBER 30, 1995

## B. Fund Accounting - Continued

## 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 recurrent) 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.

These two account groups are not "banks." 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.



TOWN OF DELHI, LOUISIANA  
NOTES TO FINANCIAL STATEMENTS  
SEPTEMBER 30, 1996

(1) Summary of Significant Accounting Policies

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

The accounting policies of the Town conform to generally accepted accounting principles as applicable to governments. The following is a summary of the more significant policies:

A. Financial Reporting Entity

This report includes all funds and account groups which are controlled by or dependent on the Town 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, voting 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.

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.

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

CERTIFIED PUBLIC ACCOUNTANTS

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**INDEPENDENT AUDITORS' REPORT ON COMPLIANCE BASED  
ON AN AUDIT OF GENERAL PURPOSE FINANCIAL  
STATEMENTS PERFORMED IN ACCORDANCE WITH  
GOVERNMENT AUDITING STANDARDS**

December 6, 1996

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

We have audited the general purpose financial statements of the Town of Delhi, Louisiana, as of and for the year ended September 30, 1996, and have issued our report thereon dated December 6, 1996.

We conducted our audit in accordance with generally accepted auditing standards, Government Auditing Standards, issued by Comptroller General of the United States; and Office of Management and Budget (OMB) Circular A-128, Audits of State and Local Governments. These standards and OMB Circular A-128 require that we plan and perform the audit to obtain reasonable assurance about whether the general purpose financial statements are free of material misstatement.

Compliance with laws, regulations, contracts, and grants applicable to the Town of Delhi, Louisiana, is the responsibility of the Town of Delhi, Louisiana's management. As part of obtaining reasonable assurance about whether the general purpose financial statements are free of material misstatement, we performed tests of the Town of Delhi, Louisiana's compliance with certain provisions of laws, regulations, contracts, and grants. However, the objective of our audit of the general purpose financial statements was not to provide an opinion on overall compliance with such provisions. 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.

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

*Martin, Harrison & Smallwood, LLP*

## TOWN OF DELLE, LOUISIANA

COMPARATIVE STATEMENT OF CASH FLOWS -  
PROPRIETARY FUND TYPE - ENTERPRISE FUND (WATER SYSTEM)

	FISCAL YEAR ENDED SEPTEMBER 30	
	1996	1995
<b>OPERATING ACTIVITIES</b>		
Operating income	107,197	113,390
Adjustments to reconcile operating income to net cash provided by operating activities:		
Depreciation	79,000	79,000
Increase (decrease) in:		
Accounts receivable	(592)	(7,511)
Accounts interest	1,344	(1,409)
Increase (decrease) in:		
Accounts payable	(1,775)	(5,309)
Accrued expenses	(2,807)	(1,061)
Due other funds	(5,314)	(2,499)
Customer deposits	1,841	807
Net cash provided by (used in) operating activities	178,053	174,997
<b>INVESTING ACTIVITIES</b>		
Interest received	24,106	27,431
Purchase of certificates of deposit	(98,662)	(211,297)
Purchase of Treasury Notes	-	-
Sale of Treasury Notes	-	246,797
Gain on disposition of bonds	-	31,461
Net cash provided by (used in) investing activities	(66,488)	84,991
<b>CAPITAL FINANCING ACTIVITIES</b>		
Interest expense	-	(5,114)
Purchase of fixed assets	(1,295)	(15,415)
Payments of long-term debt	-	(25,000)
Payroll agent fees	(1,885)	(4,048)
Net cash provided by (used in) capital financing activities	(3,065)	(49,677)
<b>NON-CAPITAL FINANCING ACTIVITIES</b>		
Operating transfers in	-	5,720
Operating transfers out	(210,880)	(96,080)
Net cash provided by (used in) non-capital financing activities	(210,880)	(90,360)
<b>NET INCREASE (DECREASE) IN CASH AND CASH EQUIVALENTS</b>	1,440	(148,951)
<b>CASH AND CASH EQUIVALENTS AT BEGINNING OF YEAR</b>	772,251	521,200
<b>CASH AND CASH EQUIVALENTS AT END OF YEAR</b>	773,691	372,249
<b>CASH AND CASH EQUIVALENTS AS SHOWN ON THE COMBINED BALANCE SHEET</b>		
Cash	107,286	105,520
Restricted cash	66,405	66,729
	173,691	172,249
<b>SUPPLEMENTAL DISCLOSURES OF CASH FLOW INFORMATION</b>		
Cash paid during the year for:		
Interest	-	7,315

See accompanying notes to financial statements.

**OTHER INDEPENDENT AUDITORS' REPORTS**

## SPECIAL REVENUE FUND TYPES

BUDGET	ACTUAL *	VARIANCE FAVORABLE (UNFAVORABLE)
	444,729	
	-	
	-	
	38,180	
	-	
	-	
	-	
	38,482	
	685,240	
	-	
	1,900	
	-	
<u>1,687,181</u>	<u>1,118,511</u>	<u>572,348</u>
	23,982	
	4,888	
	183,708	
	21,408	
	68,898	
	3,117	
	34,036	
	748,843	
<u>1,233,086</u>	<u>1,008,344</u>	<u>224,992</u>
(247,285)	72,387	399,672
-	-	-
-	(5,000)	(5,000)
-	(5,000)	(5,000)
<u>(247,285)</u>	<u>67,387</u>	<u>314,672</u>
-	645,436	
<u>(247,285)</u>	<u>712,688</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 ENDING SEPTEMBER 30, 1996

	GENERAL FUND		VARIANCE FAVORABLE (UNFAVORABLE)
	BUDGET	ACTUAL	
<b>REVENUES</b>			
Taxes		77,901	
Fees		124,580	
Licenses & permits		119,031	
Franchise & privilege fees		39,040	
Rent & leases		43,081	
Oil & gas royalties		750	
Garbage collection		155,640	
Highway maintenance		8,182	
Public insurance rebates		6,039	
Interest		12,802	
Grants		98,159	
Recreational facilities		9,805	
Tobacco tax		18,890	
Miscellaneous		23,368	
Police supplemental pay		14,773	
Video poker fees		64,413	
<b>TOTAL REVENUES</b>	<u>373,374</u>	<u>801,293</u>	<u>227,917</u>
<b>EXPENDITURES</b>			
Current			
Administrative	125,780	177,682	7,888
Public works/utility	282,250	293,008	(7,788)
Streets, drainage & other capital improvements	152,480	148,551	3,929
General	296,374	265,163	(9,589)
Recreation	-	-	-
Lab & testing	-	-	-
Engineering	-	-	-
Capital outlay	-	-	-
<b>TOTAL EXPENDITURES</b>	<u>756,934</u>	<u>744,344</u>	<u>(15,710)</u>
<b>EXCESS (DEFICIENCY) OF REVENUES OVER EXPENDITURES</b>	<u>(163,558)</u>	<u>56,949</u>	<u>221,207</u>
<b>OTHER FINANCING SOURCES (USES)</b>			
Operating transfers in	158,850	115,800	(43,050)
Operating transfers out	-	-	-
	<u>158,850</u>	<u>115,800</u>	<u>(43,050)</u>
<b>EXCESS (DEFICIENCY) OF REVENUES AND OTHER SOURCES OVER EXPENDITURES AND OTHER USES</b>	<u>(4,408)</u>	<u>176,957</u>	<u>176,127</u>
<b>FUND BALANCES - BEGINNING</b>	<u>-</u>	<u>224,184</u>	
<b>FUND BALANCES - ENDING</b>	<u>(4,408)</u>	<u>399,161</u>	

\* As required. See Note 10.

See accompanying notes to financial statements.

1986	1985 *
TOTALS	TOTALS
(MEMORANDUM ONLY)	(MEMORANDUM ONLY)
573,956	521,768
134,540	125,333
319,031	187,979
58,040	35,888
63,181	39,748
790	798
153,640	139,188
8,163	8,163
6,899	6,220
33,136	32,171
305,879	332,939
9,605	11,487
16,997	16,185
23,334	17,758
14,773	-
64,437	32,781
<u>2,093,798</u>	<u>1,248,823</u>
146,879	147,282
214,826	233,214
334,268	173,900
287,363	208,264
68,898	63,779
1,117	1,650
64,106	63,900
749,343	183,817
40,000	33,800
4,023	6,380
424	400
<u>1,888,242</u>	<u>1,138,624</u>
<u>134,948</u>	<u>71,389</u>
115,000	130,018
<u>15,000</u>	<u>(45,737)</u>
<u>130,000</u>	<u>84,281</u>
244,948	155,480
<u>923,497</u>	<u>765,927</u>
<u>1,368,755</u>	<u>913,497</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, 1996

	GOVERNMENTAL FUND TYPES		
	GENERAL	SPECIAL REVENUE *	DEBT SERVICE
<b>REVENUES</b>			
Taxes	71,801	494,729	51,326
Fees	124,548	-	-
Licenses & permits	179,833	-	-
Franchises & privilege fees	39,668	-	-
Rent & leases	45,091	38,198	-
Oil & gas royalties	790	-	-
Garbage collection	131,640	-	-
Highway maintenance	8,162	-	-
Public insurance rebates	6,039	-	-
Interest	12,882	18,493	1,842
Grants	90,189	895,740	-
Recreational facilities	6,685	-	-
Tobacco tax	16,087	-	-
Miscellaneous	23,186	1,970	-
Police supplemental pay	14,771	-	-
Videopoker fees	44,437	-	-
<b>TOTAL REVENUES</b>	<b>800,491</b>	<b>1,178,531</b>	<b>53,168</b>
<b>EXPENDITURES</b>			
Current			
Administrative	117,882	23,882	5,065
Public works/safety	216,038	4,898	-
Streets, drainage & other capital improvements	148,511	183,708	-
General	296,350	21,400	-
Recreation	-	68,858	-
Lab & testing	-	1,317	-
Engineering	-	24,708	-
Capital outlay	-	745,043	-
Debt service			
Principal	-	-	60,000
Interest	-	-	4,825
Paying a past fee	-	-	424
<b>TOTAL EXPENDITURES</b>	<b>742,694</b>	<b>1,308,144</b>	<b>69,454</b>
<b>EXCESS OF REVENUES OVER EXPENDITURES</b>	<b>58,807</b>	<b>87,387</b>	<b>1,794</b>
<b>OTHER FINANCING SOURCES (USES)</b>			
Operating transfers in	113,000	-	-
Operating transfers out	-	(5,000)	-
	<b>113,000</b>	<b>(5,000)</b>	<b>-</b>
<b>EXCESS OF REVENUES AND OTHER SOURCES OVER EXPENDITURES AND OTHER USES</b>	<b>173,857</b>	<b>67,387</b>	<b>1,794</b>
<b>FUND BALANCES - BEGINNING (as restated)</b>	<b>224,834</b>	<b>645,416</b>	<b>51,887</b>
<b>FUND BALANCES - ENDING</b>	<b>398,711</b>	<b>712,803</b>	<b>53,681</b>

\* As restated. See Note 18.  
See accompanying notes to financial statements.



PROPRIETARY FUND TYPE INTERFUND FUND (WATER SYSTEM)	ACCOUNT GROUPS		1996	1995 *
	GENERAL FIXED ASSETS	GENERAL LONG-TERM DEBT	TOTALS (MEMORANDUM ONLY)	TOTALS (MEMORANDUM ONLY)
18,851	--	--	48,831	61,499
--	--	--	2,988	4,848
--	--	--	3,732	3,888
91,898	--	--	87,864	96,317
--	--	--	--	2,158
90,305	--	--	90,205	89,264
--	--	90,000	90,000	90,000
<u>88,184</u>	<u>--</u>	<u>90,000</u>	<u>235,024</u>	<u>280,488</u>
2,342,677	--	--	2,342,677	2,342,677
--	3,598,952	--	3,598,952	6,848,299
81,804	--	--	81,804	66,235
832,322	--	--	832,322	826,708
--	--	--	35,393	51,687
--	--	--	624,698	566,891
--	--	--	88,184	78,525
--	--	--	398,161	234,384
<u>3,095,683</u>	<u>3,598,952</u>	<u>--</u>	<u>11,822,180</u>	<u>10,808,278</u>
<u>3,195,027</u>	<u>3,598,952</u>	<u>90,000</u>	<u>12,843,182</u>	<u>11,873,246</u>

## TOWN OF DELFB, LOUISIANA

COMBINED BALANCE SHEET - ALL FUND TYPES AND ACCOUNT GROUPS  
SEPTEMBER 30, 1995

(Continued)

LIABILITIES AND FUND EQUITY	GOVERNMENTAL FUND TYPES		
	GENERAL	SPECIAL REVENUE	DEBT SERVICE
<b>LIABILITIES</b>			
Accounts payable	15,673	31,287	--
Payroll taxes payable	2,583	--	--
Due to municipal retirement systems	5,792	--	--
Due other funds	8,470	22,090	--
Payable from restricted assets:			
Matured unpaid coupons	--	--	--
Customer deposits	--	--	--
General obligation bonds payable - long-term	--	--	--
<b>TOTAL LIABILITIES</b>	<b>42,478</b>	<b>54,364</b>	<b>--</b>
<b>FUND EQUITY</b>			
Contributed capital - grants	--	--	--
Investment in general fixed assets	--	--	--
Retained earnings:			
Reserved for:			
Insurance claims	--	--	--
Unreserved	--	--	--
Fund balance:			
Reserved for debt service	--	--	35,181
Reserved per sales tax ordinance	--	624,689	--
Unreserved:			
Designated for community and economic development	--	88,134	--
Undesignated	398,352	--	--
<b>TOTAL FUND EQUITY</b>	<b>398,352</b>	<b>712,823</b>	<b>35,181</b>
<b>TOTAL LIABILITIES &amp; FUND EQUITY</b>	<b>440,830</b>	<b>747,186</b>	<b>35,181</b>

(Continued)

\* As restated. See Note 18.

See accompanying notes to financial statements.

PROPRIETARY FUND TYPE ENTERPRISE FUND (WATER SYSTEM)	ACCOUNT GROUPS		1996 TOTALS (MEMORANDUM ONLY)	1995 * TOTALS (MEMORANDUM ONLY)
	GENERAL FIXED ASSETS	GENERAL LONG-TERM DEBT		
107,295	-	-	813,075	783,216
338,888	-	-	892,825	420,291
68,116	-	-	69,814	68,522
3,702	-	-	3,500	3,986
-	-	-	4,824	4,024
-	-	-	17,522	17,080
-	-	-	38,273	32,864
-	-	-	4,658	-
-	-	-	67,664	56,317
-	-	-	10	19
66,409	-	-	15,780	186,828
65,343	-	-	102,613	50,000
697	-	-	697	764
-	-	-	-	2,156
2,584,946	3,988,982	-	16,903,888	9,432,288
-	-	35,381	58,594	51,687
-	-	(15,381)	(3,095)	38,313
<u>3,135,027</u>	<u>3,988,982</u>	<u>20,000</u>	<u>17,087,696</u>	<u>11,073,746</u>

## TOWN OF DELHI, LOUISIANA

COMBINED BALANCE SHEET - ALL FUND TYPES AND ACCOUNT GROUPS  
SEPTEMBER 30, 1996

	GOVERNMENTAL FUND TYPES		
	GENERAL	SPECIAL REVENUE	DPBT SERVICE
<b>ASSETS</b>			
Cash	121,277	384,515	-
Certificates of deposit	244,659	108,895	-
Receivables:			
Services	-	998	-
Accrued interest	2,321	1,477	-
Tobacco tax	4,024	-	-
Franchise & privilege fees	17,522	-	-
Sales tax	-	38,173	-
Gains	-	4,658	-
Due from other funds	50,526	8,358	8,470
Other assets - meter deposits	30	-	-
Restricted Assets:			
Cash	-	-	9,651
Certificates of deposit	-	-	37,170
Accrued interest	-	-	-
Cash with paying agent	-	-	-
Fixed assets	-	-	-
Amount available in debt service fund	-	-	-
Amount to be provided (in excess) for retirement of long-term debt	-	-	-
<b>TOTAL ASSETS</b>	<b>440,839</b>	<b>747,186</b>	<b>55,341</b>

(Continued)

\* As restated. See Note 10.

See accompanying notes to financial statements.

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

CERTIFIED PUBLIC ACCOUNTANTS

2000 BELLEVUE BLVD., P.O. BOX 4044 - MONROE, LA 70111-0444 - (504) 835-0000  
600 DEPOT STREET, SUITE 2 - BELLING, LA 70311 - (504) 878-0070

**INDEPENDENT AUDITORS' REPORT**

December 6, 1998

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, 1998, 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; Government Auditing Standards, issued by the Comptroller General of the United States; and the provisions of Office of Management and Budget (OMB) Circular A-128, *Audits of State and Local Governments*. Those standards and OMB Circular A-128 require that we plan and perform the audit to obtain reasonable assurance about whether the general purpose financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the general purpose financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall general purpose financial statement presentation. We believe that our audit provides a reasonable basis for our opinion.

In our opinion, 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, 1998, 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.

The general purpose financial statements for the year ended September 30, 1998, were audited by us, and we expressed an unqualified opinion on them in our report dated January 18, 1998, but we have not performed any auditing procedures relative to them since that date.

In accordance with *Government Auditing Standards*, we have also issued a report dated December 6, 1998, on our consideration of the Town of Delhi, Louisiana's internal control structure and a report dated December 6, 1998, on its compliance with laws and regulations.

*Martin, Harrison & Smallwood, L.L.P.*

TOWN OF DELHI, LOUISIANA

FINANCIAL REPORT  
SEPTEMBER 30, 1996

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TOWN OF DELHI, LOUISIANA

FINANCIAL REPORT  
 SEPTEMBER 30, 1986

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TOWN OF DELHI, LOUISIANA  
FINANCIAL REPORT  
SEPTEMBER 30, 1996

Under provisions of state law, this report is a public document. A copy of the report has been submitted to the Auditor, or reviewed, entity and other state-wide public officials. The report is available for public inspection at the Baton Rouge office of the Legislative Auditor and, where appropriate, at the office of the parish clerk of court.

Release Date DEC 5 1996



## 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, 1998

	BUDGET	ACTUAL	VARIANCE
OPERATING REVENUES			
Water charges		150,813	
Sewer charges		190,865	
Reconnect & tap fees		1,300	
Miscellaneous		4,402	
TOTAL OPERATING REVENUE	<u>403,300</u>	<u>447,380</u>	<u>9,300</u>
OPERATING EXPENSES			
Depreciation		79,150	
Engineering fees		5,093	
Insurance		20,907	
Legal & professional fees		30,000	
Miscellaneous		1,188	
Office expenses		5,723	
Repair & maintenance		35,577	
Retirement		2,120	
Salaries		89,429	
Supplies		47,715	
Payroll taxes		7,000	
Employee uniforms		3,887	
Utilities		75,639	
Vehicle maintenance		14,791	
Sewer plant expense		2,742	
Water & sewer analysis		2,998	
TOTAL OPERATING EXPENSES	<u>559,900</u>	<u>601,906</u>	<u>(11,356)</u>
OPERATING INCOME	<u>149,250</u>	<u>147,477</u>	<u>(2,151)</u>
NON-OPERATING REVENUE (EXPENSES)			
Interest revenue		24,794	
Paying agent fees		(1,000)	
	<u>13,700</u>	<u>24,094</u>	<u>10,594</u>
INCOME BEFORE OPERATING TRANSFERS	<u>132,850</u>	<u>131,291</u>	<u>8,441</u>
OPERATING TRANSFERS OUT	<u>(132,850)</u>	<u>(131,000)</u>	<u>12,850</u>
NET INCOME	<u>-</u>	<u>21,291</u>	<u>21,291</u>
RETAINED EARNINGS - Beginning	<u>-</u>	<u>892,905</u>	<u>-</u>
RETAINED EARNINGS - Ending	<u>-</u>	<u>914,206</u>	<u>-</u>

See accompanying notes to financial statements.

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

We performed tests of controls, as required by OMB Circular A-128, to evaluate the effectiveness of the design and operation of internal control structure policies and procedures that we considered relevant to preventing or detecting material noncompliance with specific requirements, general requirements, and requirements governing claims for advances and reimbursements that are applicable to each of the Town of Delhi, Louisiana's major federal financial assistance programs, which are identified in the Schedule of Federal Financial Assistance. Our procedures were less in scope than would be necessary to render an opinion on these internal control structure policies and procedures. Accordingly, we do not express such an opinion.

Our consideration of the internal control structure policies and procedures used in administering federal financial assistance would not necessarily disclose all matters in the internal control structure that might constitute material weaknesses under standards established by the American Institute of Certified Public Accountants. A material weakness is a reportable condition in which the design or operation of one or more of the internal control structure elements does not reduce to a relatively low level the risk that noncompliance with laws and regulations that would be material to a federal financial assistance program 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 structure and its operations that we consider to be material weaknesses as defined above.

However, we noted certain matters involving the internal control structure and its operation that we have reported to the management of the Town of Delhi, Louisiana, in a separate letter dated December 6, 1986.

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

*Martin, Harrison & Smallwood, LLP*

TOWN OF DELHI, LOUISIANA  
SCHEDULE OF EXPENDITURES  
GENERAL FUND

	FISCAL YEAR ENDED SEPTEMBER 30	
	2005	2005
<b>ADMINISTRATIVE</b>		
Salaries	58,250	54,750
Advisors allowance	3,100	3,100
Advertising & publishing	4,263	3,407
Legal & accounting	14,672	16,602
Telephone	5,814	5,420
Utilities	9,723	7,498
Supplies & office expense	6,899	5,622
Miscellaneous	3,614	4,567
EMA meeting	4,716	5,768
Retirement fund	6,234	5,184
Capital outlay	-	1,550
Repairs & maintenance	2,897	683
	<u>117,862</u>	<u>113,671</u>
<b>PUBLIC SAFETY</b>		
<b>Fire</b>		
Volunteer firemen	5,800	5,800
Truck expense	3,670	4,863
Fuel, supplies & maintenance	6,824	6,320
Telephone	1,243	116
Capital outlay	-	1,750
	<u>22,537</u>	<u>22,859</u>
<b>Police</b>		
Salaries	128,925	120,486
Supplemental pay	14,771	-
Auto	7,853	10,284
Consumer fees	858	583
Supplies	1,254	4,354
Prisoner care	1,361	6,186
Telephone	3,841	3,892
Repairs	924	126
Uniforms	1,457	2,228
Miscellaneous	4,126	3,608
Retirement fund	2,125	3,451
Gas & oil (police cars)	10,492	11,779
Capital outlay	2,081	29,289
Law enforcement fund	2,085	1,507
	<u>187,486</u>	<u>185,712</u>
<b>Total Public Safety</b>	<u>200,008</u>	<u>218,566</u>

(Continued)

See auditor's report on other financial information.

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

CERTIFIED PUBLIC ACCOUNTANTS

2000 WALDPATRICK BLVD., P.O. BOX 4000 - MONROE, LA 70111-0400 - (504) 885-0000  
400 DEPOT SQUARE, SUITE 2 - DALLAS, LA 75201 - (972) 578-1000

**INDEPENDENT AUDITORS' REPORT ON OTHER FINANCIAL INFORMATION**

December 6, 1996

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, 1996, 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 those 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  
NOTES TO FINANCIAL STATEMENTS  
SEPTEMBER 30, 1996

(6) 1/2% Sales Tax - 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. The revenue from this tax is dedicated to streets, drainage and other capital improvements.

(7) 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 assets. 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.

(8) 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.

(9) Compensation Paid to the Governing Body

The following amounts were paid to the Town's Board of Aldermen for the years ended September 30, 1996 and 1995:

Board Member	Annual Compensation
Robert Johnson	420
Lynn Lewis	420
Dan Tolar	420
Perry Smith	420
John Stone	420
	<u>2,100</u>

## OTHER FINANCIAL INFORMATION

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

In our opinion, the Town of Delhi, Louisiana, complied, in all material respects, with the requirements governing types of services allowed or unallowed, reporting, special tests and provisions; and claims for advances and reimbursements that are applicable to each of its major federal financial assistance programs for the year ended September 30, 1996.

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

*Martin, Harrison + Smallwood, LLP*

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

CERTIFIED PUBLIC ACCOUNTANTS

7000 WILHELMINE BLVD., P.O. BOX 4041 - MONROE, LA 70114-0441 (504) 336-6000  
507 DEPOSE STREET, SUITE A - DELHI, LA 70801 (504) 834-2111

**INDEPENDENT AUDITORS' REPORT ON COMPLIANCE  
WITH THE GENERAL REQUIREMENTS APPLICABLE TO  
FEDERAL FINANCIAL ASSISTANCE PROGRAMS**

December 6, 1996

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

We have audited the general purpose financial statements of the Town of Delhi, Louisiana, as of and for the year ended September 30, 1996, and have issued our report thereon dated December 6, 1996.

We have applied procedures to test the Town of Delhi, Louisiana's compliance with the following requirements applicable to its federal financial assistance programs, which are identified in the Schedule of Federal Financial Assistance, for the year ended September 30, 1996: political activity, Davis-Bacon Act, civil rights, cash management, federal financial reports, allowable costs/cost principles, and administrative requirements.

Our procedures were limited to the applicable procedures described in the Office of Management and Budget's *Compliance Supplement for Single Audit of State and Local Governments*. Our procedures were substantially less in scope than an audit, the objective of which is the expression of an opinion on the Town of Delhi, Louisiana's compliance with the requirements listed in the preceding paragraph. Accordingly, we do not express such an opinion.

With respect to the items tested, the results of those procedures disclosed no material instances of non-compliance with the requirements listed in the second paragraph of this report. With respect to items not tested, nothing came to our attention that caused us to believe that the Town of Delhi, Louisiana, had not complied, in all material respects, with these requirements.

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

*Martin, Harrison + Smallwood, LLP*



The Honorable James A. Haysen, Mayor  
and the Members of the Board of Aldermen  
Delft, Louisiana

but not absolute, assurance that assets are safeguarded against loss from unauthorized use or disposition, that transactions are executed in accordance with management's authorization and recorded properly to permit the preparation of general purpose financial statements in accordance with generally accepted accounting principles, and that federal financial assistance programs are managed in compliance with applicable laws and regulations. Because of inherent limitations in any internal control structure, errors, irregularities, or instances of noncompliance that may nevertheless occur and not be detected. Also, projection of any evaluation of the structure to future periods is subject to the risk that procedures may become inadequate because of changes in conditions or that the effectiveness of the design and operation of policies and procedures may deteriorate.

For the purpose of this report, we have classified the significant internal control structure policies and procedures used in administering federal financial assistance programs in the following categories:

- Revenue/Receipts
- Purchases/Disbursements
- Governmental Financial Assistance Programs
  - General Requirements
    - Political Activity
    - Davis-Bacon Act
    - Civil Rights
    - Cash Management
    - Federal Financial Reports
    - Allowable Cost/Cost Principles
    - Administrative Requirements
  - Specific Requirements
    - Types of Services Allowed or Unallowed
    - Special Reporting Requirements
    - Special Tests and Provisions
  - Claims for Advances and Reimbursements

For all of the internal control structure categories listed above, we obtained an understanding of the design of relevant policies and procedures and determined whether they have been placed in operation, and we assessed control risk.

During the year ended September 30, 1996, the Town of Delft, Louisiana, expended 100 percent of its total federal financial assistance under major federal financial assistance programs.

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

CHARTERED PUBLIC ACCOUNTANTS

1000 BELPATRICK BLVD., P.O. BOX 4044 - MONROE, LA 70111-4044 - (504) 835-0000  
500 DEPOT STREET, SUITE A - DELHI, LA 70604 - (504) 734-0000

**INDEPENDENT AUDITORS' REPORT ON INTERNAL  
CONTROL STRUCTURE USED IN ADMINISTERING  
FEDERAL FINANCIAL ASSISTANCE PROGRAMS**

December 6, 1996

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

We have audited the general purpose financial statements of the Town of Delhi, Louisiana, as of and for the year ended September 30, 1996, and have issued our report thereon dated December 6, 1996. We have also audited the compliance of the Town of Delhi, Louisiana, with requirements applicable to major federal financial assistance programs and have issued our report thereon dated December 6, 1996.

We conducted our audits in accordance with generally accepted auditing standards; Government Auditing Standards, issued by Comptroller General of the United States; and Office of Management and Budget (OMB) Circular A-128, *Audits of State and Local Governments*. These standards and OMB Circular A-128 require that we plan and perform the audit to obtain reasonable assurance about whether the general purpose financial statements are free of material misstatement and about whether the Town of Delhi, Louisiana, complied with laws and regulations, noncompliance with which would be material to a major federal financial assistance program.

In planning and performing our audits for the year ended September 30, 1996, we considered the internal control structure of the Town of Delhi, Louisiana, in order to determine our auditing procedures for the purpose of expressing our opinion on the general purpose financial statements of the Town of Delhi, Louisiana, and on the compliance of the Town of Delhi, Louisiana, with requirements applicable to major programs and to report on the internal control structure in accordance with OMB Circular A-128. This report addresses our consideration of internal control structure policies and procedures relevant to compliance with requirements applicable to federal financial assistance programs. We have addressed internal control structure policies and procedures relevant to our audit of the general purpose financial statements in a separate report dated December 6, 1996.

The management of the Town of Delhi, Louisiana, is responsible for establishing and maintaining an internal control structure. In fulfilling this responsibility, estimates and judgments by management are required to assess the expected benefits and related costs of internal control structure policies and procedures. The objectives of an internal control structure are to provide management with reasonable,

TOWN OF DELHI, LOUISIANA

SCHEDULE OF FEDERAL FINANCIAL ASSISTANCE  
FOR THE YEAR ENDED SEPTEMBER 30, 1996

Federal Grant/Pass-through Grant/Program Title	Federal CFDA Number	Agency or Pass-through Number	Program or Award Amount	Federal Expenditures
United States Department of Housing and Urban Development				
Pass-through from State of Louisiana Division of Administration				
Community development Work grant - rental program	14.229	FY-96 UDCHD Rental Project Contract # 00-2086	884,026	808,363 **

\*\* Denotes a major program

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

CERTIFIED PUBLIC ACCOUNTANTS

2000 KILPATRICK BLVD., P.O. BOX 6044, MONROE, LA 70006 • (504) 833-6044  
500 DEPOT STREET, SUITE 4 - BARRO, LA 70802 • (504) 833-6044

**INDEPENDENT AUDITORS' REPORT ON SCHEDULE OF  
FEDERAL FINANCIAL ASSISTANCE**

December 8, 1996

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

We have audited the general purpose financial statements of the Town of Delhi, Louisiana, as of and for the year ended September 30, 1996, and have issued our report thereon dated December 8, 1996. 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, Government Auditing Standards, issued by Comptroller General of the United States; and Office of Management and Budget (OMB) Circular A-128, Audits of State and Local Governments. These standards and OMB Circular A-128 require that we plan and perform the audit to obtain reasonable assurance about whether the general purpose financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the general purpose financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall general purpose financial statement presentation. We believe that our audit provides a reasonable basis for our opinion.

Our audit was conducted for the purpose of forming an opinion on the general purpose financial statements of the Town of Delhi, Louisiana, taken as a whole. The accompanying Schedule of Federal Financial Assistance is presented for purposes of additional analysis and is not a required part of the general purpose financial statements. The information in that schedule has been subjected to the auditing procedures applied in the audit of the general purpose financial statements and, in our opinion, is fairly presented in all material respects in relation to the general purpose financial statements taken as a whole.

*Martin, Harrison & Smallwood, LLP*

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

CHICAGO BOARD ACCOUNTANTS

1000 REPUBLIC BLDG., P.O. BOX 4044 - MONROE, LA 70114-0444 - (504) 833-0000  
307 BAYOU STREET, SUITE 2 - DALLAS, LA 75201 - (214) 874-0000

**INDEPENDENT AUDITORS' REPORT ON COMPLIANCE  
WITH SPECIFIC REQUIREMENTS APPLICABLE TO MAJOR  
FEDERAL FINANCIAL ASSISTANCE PROGRAMS**

December 6, 1996

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

We have audited the general purpose financial statements of the Town of Delhi, Louisiana, as of and for the year ended September 30, 1996, and have issued our report thereon dated December 6, 1996.

We have also audited the Town of Delhi, Louisiana's compliance with the requirements governing types of services allowed or unallowed; reporting; special tests and provisions; and claims for advances and reimbursements that are applicable to each of its major federal financial assistance programs, which are identified in the Schedule of Federal Financial Assistance, for the year ended September 30, 1996. The management of the Town of Delhi, Louisiana, is responsible for the Town of Delhi, Louisiana's compliance with these requirements. Our responsibility is to express an opinion on compliance with these requirements based on our audit.

We conducted our audit of compliance with these requirements in accordance with generally accepted auditing standards, Government Auditing Standards, issued by Comptroller General of the United States; and Office of Management and Budget (OMB) Circular A-128, *Audit of State and Local Governments*. These standards and OMB Circular A-128 require that we plan and perform the audit to obtain reasonable assurance about whether material noncompliance with the requirements referred to above occurred. An audit includes examining, on a test basis, evidence about the Town of Delhi, Louisiana's compliance with these requirements. We believe that our audit provides a reasonable basis for our opinion.

The results of our audit procedures did not disclose any immaterial instances of non-compliance with requirements listed in the second paragraph.