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TOWN OF DELHI, LOUISIANA

FINANCIAL REPORT

SEPTEMBER 30, 1998

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Release Date MAR 7 8 1999

TOWN OF DELHI, LOUISIANA

**FINANCIAL REPORT
SEPTEMBER 30, 1998**

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TOWN OF DELHI, LOUISIANA

**FINANCIAL REPORT
SEPTEMBER 30, 1998**

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

CERTIFIED PUBLIC ACCOUNTANTS

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INDEPENDENT AUDITORS' REPORT

December 21, 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 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 21, 1998

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 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, 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.

In accordance with *Government Auditing Standards*, we have also issued our report dated December 21, 1998, 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.

Our audit was performed 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 expenditures of federal awards is presented for purposes of additional analysis as required by U.S. Office of Management and Budget Circular A-133, *Audits of States, Local Governments, and Non-Profit Organizations*, and is not a required part of the general-purpose financial statements. Such information has been subjected to the auditing procedures applied in the audit of the general-purpose financial statements and, in our opinion, is fairly stated, except as noted above, in all material respects, in relation to the general-purpose financial statements taken as a whole.

Martin, Harrison & Smallwood, LLP

TOWN OF DELHI, LOUISIANA

COMBINED BALANCE SHEET - ALL FUND TYPES AND ACCOUNT GROUPS
SEPTEMBER 30, 1998

	GOVERNMENTAL FUND TYPES		
	<u>GENERAL</u>	<u>SPECIAL REVENUE</u>	<u>DEBT SERVICE</u>
ASSETS			
Cash	59,346	342,587	-
Certificates of deposit	330,559	181,365	-
Receivables			
Services	-	998	-
Accrued interest	3,167	3,195	-
Tobacco tax	4,024	-	-
Franchise & privilege fees	18,190	-	-
Sales tax	-	35,679	-
Other taxes	1,558	-	-
Grant	7,256	21,644	-
Employees	454	-	-
Due from other funds	17,866	8,368	10,240
Other assets - meter deposits	10	-	-
Restricted Assets:			
Cash	-	-	12,064
Certificates of deposit	50,223	-	38,777
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>492,653</u>	<u>593,836</u>	<u>61,081</u>

PROPRIETARY FUND TYPE ENTERPRISE FUND (WATER SYSTEM)	ACCOUNT GROUPS		1998	1997
	GENERAL FIXED ASSETS	GENERAL LONG-TERM DEBT	TOTALS (MEMORANDUM ONLY)	TOTALS (MEMORANDUM ONLY)
65,664	-	-	467,597	630,232
366,771	-	-	878,695	922,272
71,097	-	-	72,095	69,078
5,296	-	-	11,658	10,827
-	-	-	4,024	4,024
-	-	-	18,190	18,110
-	-	-	35,679	34,657
-	-	-	1,558	1,399
-	-	-	28,900	4,216
-	-	-	454	-
6,499	-	-	42,973	51,416
-	-	-	10	10
75,715	-	-	87,779	71,596
91,914	-	-	180,914	123,994
252	-	-	252	787
2,637,234	8,568,451	-	11,205,685	10,322,303
-	-	-	-	59,216
-	-	-	-	(59,216)
<u>3,320,442</u>	<u>8,568,451</u>	<u>-</u>	<u>13,036,463</u>	<u>12,264,921</u>

TOWN OF DELHI, LOUISIANA

COMBINED BALANCE SHEET - ALL FUND TYPES AND ACCOUNT GROUPS
SEPTEMBER 30, 1998

(Continued)

	GOVERNMENTAL FUND TYPES		
	<u>GENERAL</u>	<u>SPECIAL REVENUE</u>	<u>DEBT SERVICE</u>
LIABILITIES AND FUND EQUITY			
LIABILITIES			
Accounts payable	30,065	59,562	-
Payroll taxes payable	3,570	-	-
Due to retirement systems	6,002	-	-
Due other funds	16,739	17,866	-
Payable from restricted assets:			
Customer deposits	-	-	-
TOTAL LIABILITIES	<u>56,376</u>	<u>77,428</u>	<u>-</u>
FUND EQUITY			
Contributed capital - grants	-	-	-
Investment in general fixed assets	-	-	-
Retained earnings			
Reserved for:			
Insurance claims	-	-	-
Unreserved	-	-	-
Fund balance			
Reserved for debt service	-	-	61,081
Reserved per sales tax ordinance	-	478,489	-
Unreserved			
Designated for community and economic development	-	37,919	-
Undesignated	436,277	-	-
TOTAL FUND EQUITY	<u>436,277</u>	<u>516,408</u>	<u>61,081</u>
TOTAL LIABILITIES AND FUND EQUITY	<u>492,653</u>	<u>593,836</u>	<u>61,081</u>

(Concluded)

See accompanying notes to financial statements.

PROPRIETARY FUND TYPE ENTERPRISE FUND (WATER SYSTEM)	ACCOUNT GROUPS		1998	1997
	GENERAL FIXED ASSETS	GENERAL LONG-TERM DEBT	TOTALS (MEMORANDUM ONLY)	TOTALS (MEMORANDUM ONLY)
20,313	-	-	109,940	108,821
-	-	-	3,570	3,149
-	-	-	6,002	5,394
8,368	-	-	42,973	51,416
<u>52,937</u>	<u>-</u>	<u>-</u>	<u>52,937</u>	<u>49,390</u>
<u>81,618</u>	<u>-</u>	<u>-</u>	<u>215,422</u>	<u>218,170</u>
2,329,049	-	-	2,329,049	2,142,637
-	8,568,451	-	8,568,451	7,885,473
114,944	-	-	114,944	102,630
794,831	-	-	794,831	758,052
-	-	-	61,081	59,216
-	-	-	478,489	640,998
-	-	-	37,919	97,668
<u>-</u>	<u>-</u>	<u>-</u>	<u>436,277</u>	<u>360,077</u>
<u>3,238,824</u>	<u>8,568,451</u>	<u>-</u>	<u>12,821,041</u>	<u>12,046,751</u>
<u>3,320,442</u>	<u>8,568,451</u>	<u>-</u>	<u>13,036,463</u>	<u>12,264,921</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, 1998

	GOVERNMENTAL FUND TYPES		
	GENERAL	SPECIAL REVENUE	DEBT SERVICE
REVENUES			
Taxes	72,776	447,995	-
Fines	98,543	-	-
Licenses & permits	106,284	-	-
Franchise & privilege fees	58,027	-	-
Rent & leases	36,332	27,380	-
Oil & gas royalties	641	-	-
Garbage collection	147,180	-	-
Highway maintenance	8,162	-	-
Parish insurance rebates	6,255	-	-
Interest	21,819	24,989	1,865
Grants	118,325	261,981	-
Recreational facilities	11,385	-	-
Tobacco tax	16,097	-	-
Miscellaneous	10,862	2,268	-
Police supplemental pay	19,200	-	-
Video poker fees	31,274	-	-
TOTAL REVENUES	<u>763,162</u>	<u>764,613</u>	<u>1,865</u>
EXPENDITURES			
Current			
Administrative	123,960	7,613	-
Public works/safety	279,105	8,128	-
Streets, drainage & other capital improvements	172,497	700,470	-
General	313,058	25,017	-
Recreation	-	77,803	-
Capital outlay	-	4,169	-
Debt service			
Principal	-	-	-
Interest	-	-	-
Paying agent fees	-	-	-
TOTAL EXPENDITURES	<u>888,620</u>	<u>823,200</u>	<u>-</u>
EXCESS (DEFICIENCY) OF REVENUES OVER EXPENDITURES	<u>(125,458)</u>	<u>(58,587)</u>	<u>1,865</u>
OTHER FINANCING SOURCES (USES)			
Operating transfers in	230,642	-	-
Operating transfers out	(28,984)	(163,671)	-
	<u>201,658</u>	<u>(163,671)</u>	<u>-</u>
EXCESS (DEFICIENCY) OF REVENUES AND OTHER SOURCES OVER EXPENDITURES AND OTHER USES	76,200	(222,258)	1,865
FUND BALANCES - BEGINNING	<u>360,077</u>	<u>738,666</u>	<u>59,216</u>
FUND BALANCES - ENDING	<u>436,277</u>	<u>516,408</u>	<u>61,081</u>

See accompanying notes to financial statements.

<u>1998</u> <u>TOTALS</u> <u>(MEMORANDUM</u> <u>ONLY)</u>	<u>1997</u> <u>TOTALS</u> <u>(MEMORANDUM</u> <u>ONLY)</u>
520,771	556,064
98,543	122,571
106,284	109,790
58,027	58,879
63,712	54,097
641	603
147,180	150,215
8,162	8,162
6,255	6,056
48,673	42,713
380,306	23,108
11,385	11,290
16,097	16,097
13,130	23,024
19,200	16,880
31,274	40,029
<u>1,529,640</u>	<u>1,239,578</u>
131,573	134,516
287,233	279,807
872,967	239,516
338,075	312,703
77,803	67,712
4,169	287,080
-	50,000
-	1,437
-	203
<u>1,711,820</u>	<u>1,372,974</u>
<u>(182,180)</u>	<u>(133,396)</u>
230,642	210,266
<u>(192,655)</u>	<u>(85,266)</u>
<u>37,987</u>	<u>125,000</u>
(144,193)	(8,396)
<u>1,157,959</u>	<u>1,166,355</u>
<u>1,013,766</u>	<u>1,157,959</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, 1998

	GENERAL FUND		
	BUDGET	ACTUAL	VARIANCE FAVORABLE (UNFAVORABLE)
REVENUES			
Taxes		72,776	
Fines		98,543	
Licenses & permits		106,284	
Franchise & privilege fees		58,027	
Rent & leases		36,332	
Oil & gas royalties		641	
Garbage collection		147,180	
Highway maintenance		8,162	
Parish insurance rebates		6,255	
Interest		21,819	
Grants		118,325	
Recreational facilities		11,385	
Tobacco tax		16,097	
Miscellaneous		10,862	
Police supplemental pay		19,200	
Video poker fees		31,274	
TOTAL REVENUES	<u>737,876</u>	<u>763,162</u>	<u>25,286</u>
EXPENDITURES			
Current			
Administrative	135,400	123,960	11,440
Public works/safety	282,300	279,105	3,195
Streets, drainage & other capital improvements	169,700	172,497	(2,797)
General	313,576	313,058	518
Recreation	-	-	-
Capital outlay	-	-	-
TOTAL EXPENDITURES	<u>900,976</u>	<u>888,620</u>	<u>12,356</u>
EXCESS (DEFICIENCY) OF REVENUES OVER EXPENDITURES	(163,100)	(125,458)	37,642
OTHER FINANCING SOURCES (USES)			
Operating transfers in	163,100	230,642	67,542
Operating transfers out	-	(28,984)	(28,984)
	<u>163,100</u>	<u>201,658</u>	<u>38,558</u>
EXCESS (DEFICIENCY) OF REVENUES AND OTHER SOURCES OVER EXPENDITURES AND OTHER USES	-	76,200	<u>76,200</u>
FUND BALANCES - BEGINNING	-	<u>360,077</u>	
FUND BALANCES - ENDING	<u>-</u>	<u>436,277</u>	

See accompanying notes to financial statements.

SPECIAL REVENUE FUND TYPES

<u>BUDGET</u>	<u>ACTUAL</u>	<u>VARIANCE FAVORABLE (UNFAVORABLE)</u>
	447,995	
	-	
	-	
	-	
	27,380	
	-	
	-	
	-	
	24,989	
	261,981	
	-	
	-	
	2,268	
	-	
	-	
<u>660,281</u>	<u>764,613</u>	<u>104,332</u>
	7,613	
	8,128	
	700,470	
	25,017	
	77,803	
	4,169	
<u>957,581</u>	<u>823,200</u>	<u>134,381</u>
(297,300)	(58,587)	238,713
-	-	-
-	(163,671)	(163,671)
-	(163,671)	(163,671)
(297,300)	(222,258)	<u>75,042</u>
-	738,666	
<u>(297,300)</u>	<u>516,408</u>	

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	
	1998	1997
OPERATING REVENUES		
Water charges	391,798	365,164
Sewer charges	124,841	123,722
Reconnect & tap fees	2,335	3,655
Miscellaneous	1,529	2,187
TOTAL OPERATING REVENUES	<u>520,503</u>	<u>494,728</u>
OPERATING EXPENSES		
Depreciation	86,921	79,752
Engineering fees	5,648	7,977
Insurance	19,538	24,060
Legal & professional fees	7,528	10,612
Miscellaneous	5,610	3,835
Office expense	4,753	4,502
Repair & maintenance	31,723	16,500
Retirement	2,347	2,143
Salaries	110,818	113,539
Supplies	82,320	69,490
Payroll taxes	8,607	8,913
Employee uniforms	4,665	3,565
Utilities	73,898	79,485
Vehicle maintenance	11,968	16,589
Sewer plant expense	-	2,801
Water & sewer analysis	2,963	4,352
TOTAL OPERATING EXPENSES	<u>459,307</u>	<u>448,115</u>
OPERATING INCOME	61,196	46,613
NON-OPERATING REVENUES (EXPENSES)		
Grants	186,412	-
Interest revenue	25,884	25,149
Paying agent fees	-	(306)
	<u>212,296</u>	<u>24,843</u>
INCOME BEFORE OPERATING TRANSFERS	273,492	71,456
OPERATING TRANSFERS IN	91,113	-
OPERATING TRANSFERS OUT	<u>(129,100)</u>	<u>(125,000)</u>
NET INCOME (LOSS)	235,505	(53,544)
RETAINED EARNINGS - BEGINNING	860,682	914,226
LESS: CONTRIBUTED CAPITAL FROM GRANT	<u>(186,412)</u>	<u>-</u>
RETAINED EARNINGS - ENDING	<u>909,775</u>	<u>860,682</u>

See accompanying notes to financial statements.

TOWN OF DELHI, LOUISIANA

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

	FISCAL YEAR ENDED SEPTEMBER 30	
	<u>1998</u>	<u>1997</u>
<u>OPERATING ACTIVITIES</u>		
Operating income	61,196	46,613
Adjustment to reconcile operating income to net cash provided by operating activities:		
Depreciation	86,921	79,752
Decrease (increase) in:		
Accounts receivable	(3,017)	36
Accrued interest	(602)	(588)
Due from other funds	(6,499)	-
Increase (decrease) in:		
Accounts payable	788	8,664
Accrued expenses	-	-
Due to other funds	(14,387)	(14,343)
Customer deposits	3,547	(815)
Net cash provided by (used in) operating activities	<u>127,947</u>	<u>119,319</u>
<u>INVESTING ACTIVITIES</u>		
Interest revenue	25,884	25,149
Purchase of certificates of deposit	(907,630)	(668,086)
Redemption of certificates of deposit	888,154	633,089
Net cash provided by (used in) investing activities	<u>6,408</u>	<u>(9,848)</u>
<u>CAPITAL FINANCING ACTIVITIES</u>		
Grants	186,412	-
Purchase of fixed assets	(287,325)	(11,636)
Paying agent fees	-	(306)
Net cash provided by (used in) capital financing activities	<u>(100,913)</u>	<u>(11,942)</u>
<u>NON-CAPITAL FINANCING ACTIVITIES</u>		
Operating transfers in	91,113	-
Operating transfers out	(129,100)	(125,000)
Net cash provided by (used in) non-capital financing activities	<u>(37,987)</u>	<u>(125,000)</u>
NET INCREASE (DECREASE) IN CASH AND CASH EQUIVALENTS	(4,545)	(27,471)
CASH AND CASH EQUIVALENTS AT BEGINNING OF YEAR	<u>145,924</u>	<u>173,395</u>
CASH AND CASH EQUIVALENTS AT END OF YEAR	<u>141,379</u>	<u>145,924</u>
<u>CASH AND CASH EQUIVALENTS AS SHOWN ON THE COMBINED BALANCE SHEET</u>		
Cash	65,664	86,034
Restricted cash	<u>75,715</u>	<u>59,890</u>
	<u>141,379</u>	<u>145,924</u>
<u>SUPPLEMENTAL DISCLOSURES OF CASH FLOW INFORMATION</u>		
Cash paid during the year for:		
Interest	None	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, 1998

	<u>BUDGET</u>	<u>ACTUAL</u>	<u>VARIANCE FAVORABLE (UNFAVORABLE)</u>
OPERATING REVENUES			
Water charges		391,798	
Sewer charges		124,841	
Reconnect & tap fees		2,335	
Miscellaneous		1,529	
TOTAL OPERATING REVENUE	<u>498,100</u>	<u>520,503</u>	<u>22,403</u>
OPERATING EXPENSES			
Depreciation		86,921	
Engineering fees		5,648	
Insurance		19,538	
Legal & professional fees		7,528	
Miscellaneous		5,610	
Office expense		4,753	
Repair & maintenance		31,723	
Retirement		2,347	
Salaries		110,818	
Supplies		82,320	
Payroll taxes		8,607	
Employee uniforms		4,665	
Utilities		73,898	
Vehicle maintenance		11,968	
Sewer plant expense		-	
Water & sewer analysis		2,963	
TOTAL OPERATING EXPENSES	<u>575,413</u>	<u>459,307</u>	<u>116,106</u>
OPERATING INCOME	(77,313)	61,196	138,509
NON-OPERATING REVENUE (EXPENSES)			
Grants		186,412	
Interest revenue		25,884	
Paying agent fees		-	
	<u>206,413</u>	<u>212,296</u>	<u>5,883</u>
INCOME BEFORE OPERATING TRANSFERS	129,100	273,492	144,392
OPERATING TRANSFERS IN	-	91,113	91,113
OPERATING TRANSFERS OUT	<u>(129,100)</u>	<u>(129,100)</u>	<u>-</u>
NET INCOME (LOSS)	-	235,505	<u>235,505</u>
RETAINED EARNINGS - BEGINNING	-	860,682	
LESS: CONTRIBUTED CAPITAL FROM GRANTS	-	<u>(186,412)</u>	
RETAINED EARNINGS - ENDING	<u>-</u>	<u>909,775</u>	

See accompanying notes to financial statements.

TOWN OF DELHI, LOUISIANA

NOTES TO FINANCIAL STATEMENTS

SEPTEMBER 30, 1998

(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, 1998

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, 1998

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, 1998

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, 1998, the Town's cash was made up of petty cash of \$350 and checking accounts of \$555,026, for a total of \$555,376. Cash included in this total of \$87,779 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 \$1,059,608.

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 \$1,897,740 (see schedule as follows).

TOWN OF DELHI, LOUISIANA
 NOTES TO FINANCIAL STATEMENTS
 SEPTEMBER 30, 1998

F. Cash and Investments - Continued

	<u>Cash Equivalents</u>			
	<u>Cash</u>	<u>Certificates of Deposit</u>		
At September 30, 1998: Carrying Amount on Balance Sheet	<u>555,376</u>	<u>-</u>	<u>1,059,609</u>	<u>1,614,985</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>156,302</u>	<u>-</u>	<u>388,134</u>	<u>544,436</u>
b: Collateralized with securities held by <u>pledging financial institution's</u> trust department or agent <u>in the</u> <u>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>398,724</u>	<u>-</u>	<u>1,499,016</u>	<u>1,897,740</u>
Total Bank Balances	<u>555,026</u>	<u>-</u>	<u>1,887,150</u>	<u>2,442,176</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, 1998

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 \$19,200 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, 1998, taxes of 9.07 mills were levied on property with assessed valuations totaling \$8,019,240 for a total of \$73,180. The taxes were dedicated as follows:

General corporate purposes	<u>9.07</u> mills
	<u>9.07</u> mills

(3) Property, Plant and Equipment

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

	<u>1998</u>	<u>1997</u>
Land	5,718	5,718
Buildings	189,433	189,433
Water tanks, lines, wells, etc.	2,038,426	2,007,335
Equipment	88,863	59,429
Sewer treatment plant	<u>2,145,244</u>	<u>1,918,443</u>
	4,467,684	4,180,358
Less: Accumulated depreciation	<u>1,830,450</u>	<u>1,743,528</u>
	<u>2,637,234</u>	<u>2,436,830</u>

TOWN OF DELHI, LOUISIANA

NOTES TO FINANCIAL STATEMENTS
SEPTEMBER 30, 1998

(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	2,164,321	4,777,584
Additions:			
General fund	-	27,746	21,468
Sales tax	-	-	606,980
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>5,406,032</u>

(4) 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.

<u>Equipment</u>	<u>1998 Total</u>	<u>1997 Total</u>
790,214	7,885,473	7,598,952
22,615	71,829	42,290
4,169	611,149	280,417
<u>-</u>	<u>-</u>	<u>(36,186)</u>
<u>816,998</u>	<u>8,568,451</u>	<u>7,885,473</u>

TOWN OF DELHI, LOUISIANA

NOTES TO FINANCIAL STATEMENTS
SEPTEMBER 30, 1998

(4) Long-Term Debt - Continued

At September 30, 1998, the unpaid principal on these bonds was \$176,290. Commercial National Bank held U.S. Treasury Securities with a unit value of \$162,238 as of September 30, 1998, 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, 1998, were as follows:

<u>FUND</u>	<u>INTERFUND RECEIVABLES</u>	<u>INTERFUND PAYABLES</u>
General Fund	17,866	16,739
Special Revenue Funds	8,368	17,866
Debt Service Fund	10,240	
Enterprise Fund	6,499	8,368
	<u>42,973</u>	<u>42,973</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 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 \$30,000 is dedicated to the maintenance, operation and addition to the Town's recreational facilities.
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

TOWN OF DELHI, LOUISIANA

NOTES TO FINANCIAL STATEMENTS
SEPTEMBER 30, 1998

(6) Sales Taxes -- Continued

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.

(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 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.

(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, 1998 and 1997:

<u>Board Member</u>	<u>Annual Compensation</u>
Robert Johnson	2,070
Lynn Lewis	2,070
Dan Tolar	2,070
Perry Smith	2,070
John Shore	<u>2,070</u>
	<u>10,350</u>

TOWN OF DELHI, LOUISIANA
 NOTES TO FINANCIAL STATEMENTS
 SEPTEMBER 30, 1998

(10) 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.

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

	<u>September 30, 1998</u>		<u>September 30, 1997</u>		<u>September 30, 1996</u>	
	<u>Rate</u>	<u>Amount</u>	<u>Rate</u>	<u>Amount</u>	<u>Rate</u>	<u>Amount</u>
MERS	2.75%	7,992	2.75%	7,633	3.75%	9,034
MPERS	9.00%	3,081	9.00%	3,766	9.00%	2,135

(11) Enterprise Fund-Segment Information

The net working capital for the enterprise fund was \$480,147 in 1998 and \$463,859 in 1997.

OTHER INDEPENDENT AUDITORS' REPORTS

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

CERTIFIED PUBLIC ACCOUNTANTS

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302 DEPOT STREET, SUITE A - DELHI, LA 71292 - (318) 878-5573

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 21, 1998

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, 1998, and have issued our report thereon dated December 21, 1998, 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 21, 1998.

The Honorable James A. Hopson, Mayor,
and the Members of the Board of Aldermen
Delhi, Louisiana
December 21, 1998

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 January 19, 1999.

This report is intended for the information of the Mayor, the Board of Aldermen and federal awarding agencies and pass-through entities. However, this report is a matter of public record and its distribution is not limited.

Martini, Harrison + Smalleywood, LLP

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

CERTIFIED PUBLIC ACCOUNTANTS

2808 KILPATRICK BLVD., P.O. BOX 4044 - MONROE, LA 71211-4044 - (318) 388-0500
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REPORT ON COMPLIANCE WITH REQUIREMENTS APPLICABLE TO EACH MAJOR PROGRAM AND INTERNAL CONTROL OVER COMPLIANCE IN ACCORDANCE WITH OMB CIRCULAR A-133

December 21, 1998

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

Compliance

We have audited the compliance of the Town of Delhi, Louisiana with the types of compliance requirements described in the *U. S. Office of Management and Budget (OMB) Circular A-133 Compliance Supplement* that are applicable to each of its major federal programs for the year ended September 30, 1998. The Town of Delhi, Louisiana's major federal programs are identified in the summary of auditor's results section of the accompanying schedule of findings and questioned costs. Compliance with the requirements of laws, regulations, contracts and grants applicable to each of its major federal programs is the responsibility of the Town of Delhi, Louisiana's management. Our responsibility is to express an opinion on the Town of Delhi, Louisiana's compliance based on our audit.

We conducted our audit in accordance with generally accepted auditing standards; the standards applicable to financial audits contained in *Government Auditing Standards*, issued by Comptroller General of the United States; and OMB Circular A-133, *Audits of States, Local Governments, and Non-Profit Organizations*. Those standards and OMB Circular A-133 require that we plan and perform the audit to obtain reasonable assurance about whether noncompliance with the types of compliance requirements referred to above that could have a direct and material effect on a major federal program occurred. An audit includes examining, on a test basis, evidence about the Town of Delhi, Louisiana's compliance with those requirements and performing such other procedures as we considered necessary in the circumstances. We believe that our audit provides a reasonable basis for our opinion. Our audit does not provide a legal determination on the Town of Delhi, Louisiana's compliance with those requirements.

In our opinion, the Town of Delhi, Louisiana complied, in all material respects, with the requirements referred to above that are applicable to each of its major federal programs for the year ended September 30, 1998.

The Honorable James A. Hopson, Mayor,
and the Members of the Board of Aldermen
Delhi, Louisiana
December 21, 1998

Internal Control Over Compliance

The management of the Town of Delhi, Louisiana is responsible for establishing and maintaining effective internal control over compliance with requirements of laws, regulations, contracts, and grants applicable to federal programs. In planning and performing our audit, we considered the Town of Delhi, Louisiana's internal control over compliance with requirements that could have a direct and material effect on a major federal program in order to determine our auditing procedures for the purpose of expressing our opinion on compliance and to test and report on internal control over compliance in accordance with OMB Circular A-133.

Our consideration of the internal control over compliance 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 noncompliance with applicable requirements of laws, regulations, contracts and grants that would be material in relation to a major federal program 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 compliance and its operation that we consider to be material weaknesses.

This report is intended for the information of the Mayor, the Board of Aldermen and federal awarding agencies and pass-through entities. However, this report is a matter of public record and its distribution is not limited.

Martin, Harrison + Smallwood, LLP

OTHER FINANCIAL INFORMATION

TOWN OF DELHI, LOUISIANA
 SCHEDULE OF FINDINGS AND QUESTIONED COSTS
 FOR THE YEAR ENDED SEPTEMBER 30, 1998

Section I - Summary of Auditor's Results

Financial Statements

Type of auditor's report issued: Qualified

Internal control over financial reporting:

- Material weakness identified? yes no
- Reportable condition identified that are not considered to be material weaknesses? yes none reported
- Noncompliance material to financial statements noted? yes no

Federal Awards

Internal control over major programs:

- Material weakness identified? yes no
- Reportable condition identified that are not considered to be material weaknesses? yes none reported

Type of auditor's report issued on compliance for major programs: unqualified

Any audit findings disclosed that are required to be reported in accordance with section 510(a) of Circular A-133? yes no

Identification of major programs

CFDA Number:	Name of Federal Program or Cluster
<u>14.228</u>	<u>Community Development Block Grants/State's Program</u>

Dollar threshold used to distinguish Between type A and type B programs: \$ 215,070

Auditee qualified as a low-risk auditee? yes no

TOWN OF DELHI, LOUISIANA
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
FOR THE YEAR ENDED SEPTEMBER 30, 1998

Section II - Financial Statement Findings

No findings were noted

Section III - Federal Award Findings and Questioned Costs

Information on the federal program: 14.228 Community Development Block Grants/State's Program
Agency: State of Louisiana Department of Administration, Fiscal Year 1997 LCDBG Street Project;
Contract #107-800246 (#780-0246)

No findings were noted

TOWN OF DELHI, LOUISIANA
 SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
 FOR THE YEAR ENDED SEPTEMBER 30, 1998

Federal Grantor/Pass-Through Grantor/Program or Cluster Title	Federal CFDA Number	Pass-Through Entity Identifying Number	Federal Expenditures
U.S. Department of Housing And Urban Development:			
Community Development Block Grant-State Program (State of LA - Dept. of Administration)	14.228		\$186,412
Community Development Block Grant-State Program (State of LA - Dept. of Administration)	14.228		\$216,981
U.S. Department of Justice Public Safety and Community Policing Grants	16.710		<u>\$ 26,746</u>
Total Expenditures of Federal Awards			<u>\$430,139</u>

Note 1. Basis of Presentation:

The accompanying schedule of expenditures of federal awards includes the federal grant activity of The Town of Delhi, Louisiana and is presented on the modified accrual basis of accounting. The information in this schedule is presented in accordance with the requirements of OMB Circular A-133, *Audits of States, Local Governments, and Non-Profit Organizations*. Therefore, some amounts presented in this schedule may differ from amounts presented in, or used in the preparation of the general-purpose financial statements.

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

CERTIFIED PUBLIC ACCOUNTANTS

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302 DEPOT STREET, SUITE A - DELHI, LA 71232 - (518) 878-5578

INDEPENDENT AUDITORS' REPORT ON OTHER FINANCIAL INFORMATION

December 21, 1998

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, 1998, 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

1998 1997

ADMINISTRATIVE

Salaries	60,932	59,352
Aldermen's allowance	10,350	2,100
Advertising & publishing	5,777	10,333
Legal & accounting	14,662	14,771
Telephone	6,078	5,446
Utilities	8,836	7,760
Supplies & office expense	5,470	3,341
Miscellaneous	1,286	5,248
LMA meeting	4,270	5,027
Retirement fund	5,215	4,917
Capital outlay	338	1,911
Repairs & maintenance	746	1,122
	<u>123,960</u>	<u>121,328</u>

PUBLIC SAFETY

Fire

Volunteer firemen	10,200	9,000
Truck expense	3,330	2,562
Fuel, supplies & maintenance	8,214	10,667
Telephone	977	1,073
Capital outlay	1,600	1,511
	<u>24,321</u>	<u>24,813</u>

Police

Salaries	154,916	149,943
Supplemental pay	19,200	16,880
Auto	10,632	11,480
Coroner fees	1,400	1,100
Court Magistrate	3,195	-
Supplies	5,018	8,379
Prisoner care	6,341	2,421
Telephone	1,623	2,644
Repairs	4,103	3,273
Uniforms	4,841	4,174
Miscellaneous	4,936	10,429
Retirement fund	3,081	3,765
Gas & oil (police cars)	12,142	14,277
Capital outlay	21,490	17,700
Law enforcement fund	1,866	2,177
	<u>254,784</u>	<u>248,642</u>

Total Public Safety

279,105 273,455

(Continued)

See auditors' report on other financial information.

TOWN OF DELHI, LOUISIANA
 SCHEDULE OF EXPENDITURES
 GENERAL FUND

(Continued)

	FISCAL YEAR ENDED SEPTEMBER 30	
	<u>1998</u>	<u>1997</u>
STREETS		
Salaries	102,773	89,654
Supplies	7,030	10,251
Utilities	34,129	36,768
Gas & oil	8,447	11,551
Equipment maintenance	18,344	17,057
Miscellaneous	1,774	2,608
Capital outlay	-	1,275
	<u>172,497</u>	<u>169,164</u>
GENERAL		
Health insurance	1,718	2,631
Garbage payment	144,976	143,528
Community Center #2	3,073	2,419
Pest control	1,200	1,294
Country Club maintenance	5,570	5,220
Beautification	734	1,468
Airport	1,553	3,170
Christmas decorations	5,222	2,608
Insurance	51,910	65,914
Dues	845	845
Miscellaneous	7,416	11,079
Payroll taxes	25,153	24,368
Day care center	-	51
Capital outlay	49,214	10,094
Civic Center	9,946	11,266
Railroad lease	650	650
Garbage bags	1,920	1,920
Hannah House	1,958	2,008
	<u>313,058</u>	<u>290,533</u>
TOTAL EXPENDITURES	<u><u>888,621</u></u>	<u><u>854,480</u></u>

(Concluded)

See auditors' report on 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) 878-5573

January 27, 1999

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, 1998, and have issued our report thereon dated December 21, 1998. 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 and the provisions of OMB Circular A-133.

As part of our examination, we have issued our report on the financial statements, dated December 21, 1998, and our report on internal control and compliance with laws, regulations, and contracts, dated December 21, 1998.

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.

Suggestion 1998-1. During our review of property tax revenue, we noted several instances where receipts of this revenue were not deposited timely. This type activity can result in weakening control over these receipts. We recommend that all receipts be deposited daily to insure good control in this area.

Suggestion 1998-2. During our review of property tax receipts, we noted that interest was not consistently charged on delinquent property taxes after December 31, 1997. Interest was charged on January 1998 collections and some, but not all, February 1998 collections. Not collecting such interest could have a direct impact on the total revenue of the Town. To reduce the inconsistency of applying interest charges to delinquent tax receipts, we recommend the Town review delinquent tax notices monthly and assess interest charges when applicable.

Suggestion 1998-3. During our review of property tax revenue, we noted that tax receipts for businesses that had closed had been removed from the tax files and filed elsewhere with no explanation on the receipt for non-payment of the taxes. Lack of documentation and inadequate filing can result in a lack of control over tax revenue due and collectable. To assist in identifying property tax revenue due and collectable, we recommend the tax receipts be properly filed and a notation made on the receipt for businesses that had closed.

Suggestion 1998-4. During our review of the Sales Tax Fund, we noted the Sales Tax Collection Cash account had not been reconciled in a timely manner. Failure to reconcile the account on a monthly basis can result in weak internal control in this area. We recommend this account be reconciled monthly.

Suggestion 1998-5. During our review of the tickets issued by the Police Department, we found several instances of missing tickets that could not be accounted for. Lack of control over tickets increases the risk that unauthorized tickets may be issued. We recommend that the log you are currently utilizing as a control be reviewed on a more frequent basis and that notations be made on all ticket numbers that are not listed. These notations should be initialed by the Chief of Police and the Mayor.

Suggestion 1998-6. During our review of collateral securities pledged by the financial institutions for funds on deposit, we noted the amount of collateral pledged by one financial institution was not adequate. A record of safekeeping requested by the Town at year end and provided by the financial institution indicated collateral was adequate. However, upon further examination, it was noted collateral securities pledged had not been separated and identified to the Town. Inadequate collateral increases the risk that assets may not be properly safeguarded. We recommend the Town request verification of collateral pledged on a more frequent basis.

We realize that items one through four can be attributed to several personnel turnovers which occurred during the year. When turnover occurs, you should make sure that new employees fully understand their duties.

We recommend management address the foregoing issues as an improvement to operations and the administration of public programs. We are available to further explain the suggestions or help implement the recommendations.

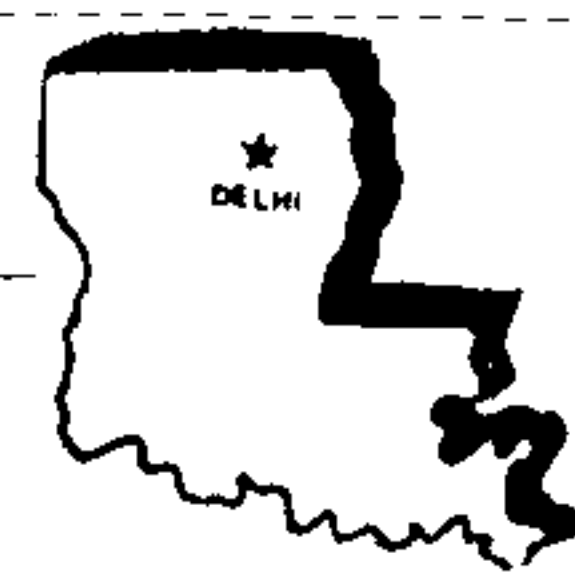
Respectfully,

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



Mike M. Martin

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

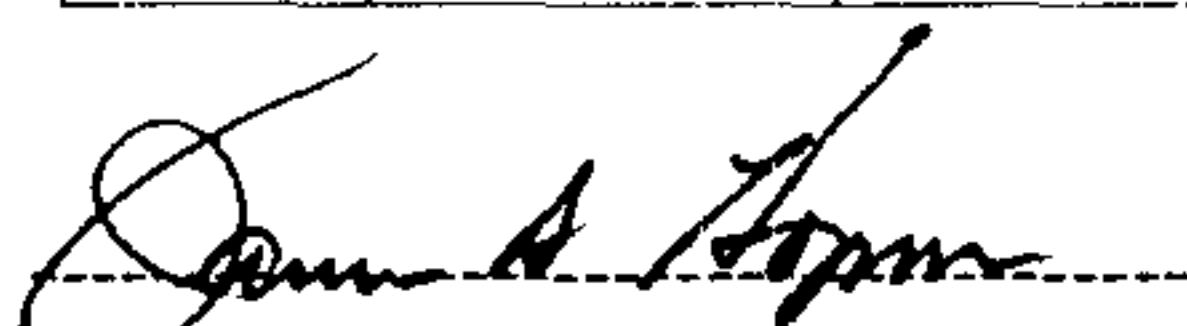
JAMES A. HOPSON, MAYOR
GLORIA KING, Town Clerk

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

TOWN OF DELHI, LOUISIANA CORRECTIVE ACTION PLAN FOR CURRENT YEAR FINDINGS REPORTED IN THE MANAGEMENT LETTER

For the Year Ended June September 30, 1998

Ref. No.	Fiscal Year Finding Initially Occurred	Description of Finding	Corrective Action Planned	Name of Contact Person	Anticipated Completion Date
1998-1	1998	Tax payment was not deposited timely.	All deposits will be made daily.	Gloria King	Effective immediately
1998-2	1998	Interest not consistently charged on delinquent property taxes.	Interest will be charged on all applicable delinquencies.	Gloria King	Effective immediately
1998-3	1998	Tax receipts for closed businesses had been removed from the tax files and filed with no explanation for non-payment of the taxes.	All such notices will be kept in one file and properly labeled.	Gloria King	Effective immediately
1998-4	1998	Sales Tax Cash Collection account had not been reconciled timely.	Reconciliation will be done monthly.	Gloria King	Effective immediately
1998-5	1998	Missing tickets not accounted for by the Police Department.	Ticket log will be reviewed monthly.	Gloria King	Effective immediately
1998-6	1998	Inadequate collateral maintained by one financial institution.	Pledged collateral will be reviewed on a more frequent basis.	Gloria King	Effective immediately


James A. Hopson, Mayor