

TOWN OF DELHI, LOUISIANA

Annual Financial Report

For the Year Ended September 30, 2014

TOWN OF DELHI, LOUISIANA
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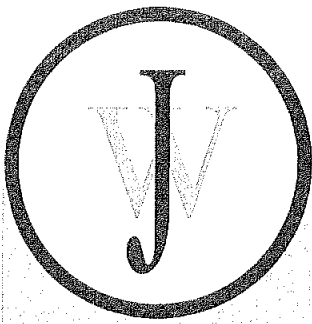
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J. WALKER & COMPANY^{APC}

ACCOUNTANTS AND ADVISORS

INDEPENDENT AUDITORS' REPORT

Honorable Jesse Washington, Mayor
and Members of the Board of Aldermen
Town of Delhi, Louisiana

Report on the Financial Statements

We have audited the accompanying financial statements of the governmental activities, the business-type activities, and each major fund, and the aggregate remaining fund of the Town of Delhi, Louisiana, as of and for the year ended September 30, 2014, and the related notes to the financial statements, which collectively comprise the Town's basic financial statements as listed in the table of contents.

Management's Responsibility for the Financial Statements

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

Auditors' Responsibility

Our responsibility is to express opinions on these financial statements based on our audit. We conducted our audit in accordance with auditing standards generally accepted in the United States of America 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 financial statements are free from material misstatement.

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

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

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Opinions

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, the business-type activities, and each major fund of the Town of Delhi, Louisiana, as of September 30, 2014, and the respective changes in financial position, and, where applicable, cash flows thereof for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Other Matters

Required Supplementary Information

Accounting principles generally accepted in the United States of America require that the management's discussion and analysis, beginning on page 5, and budgetary comparison information on pages 47 through 51, be presented to supplement the basic financial statements. Such information, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board, who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. We have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

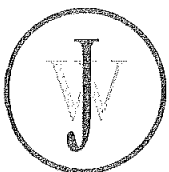
Other Information

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the Town of Delhi, Louisiana's basic financial statements. The accompanying schedule of compensation is presented for purposes of additional analysis and is not a required part of the basic financial statements. The schedule of expenditures of federal awards is presented for purposes of additional analysis as required by U.S. Office of Management and Budget Circular A-133, *Audits of States, Local Governments, and Non-Profit Organizations*, and is also not a required part of the basic financial statements.

The schedule of compensation and the schedule of expenditures of federal awards are the responsibility of management and were derived from and relate directly to the underlying accounting and other records used to prepare the basic financial statements. Such information has been subjected to the auditing procedures applied in the audit of the basic financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the basic financial statements or to the basic financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the schedule of compensation and the schedule of expenditures of federal awards are fairly stated, in all material respects, in relation to the basic financial statements as a whole.

Other Reporting Required by Government Auditing Standards

In accordance with *Government Auditing Standards*, we have also issued our report dated May 1, 2015, on our consideration of the Town of Delhi, Louisiana's internal control over financial reporting and on our tests of its compliance with certain provisions of laws,

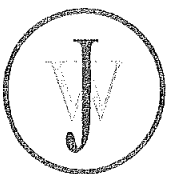


regulations, contracts, and grant agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering Town of Delhi, Louisiana's internal control over financial reporting and compliance.

J. Walker & Company, APC

Lake Charles, Louisiana

May 1, 2015



REQUIRED SUPPLEMENTARY INFORMATION-PART I

TOWN OF DELHI, LOUISIANA
Management's Discussion and Analysis
For the Year Ended September 30, 2014

The Management's Discussion and Analysis (MD&A) for the Town of Delhi is designed to:

1. Assist the reader in focusing on significant financial issues;
2. Provide an overview of the Town's financial activities;
3. Identify changes in the Town's overall financial position and results of operations and assist the user in determining whether financial position has improved or deteriorated as a result of the year's operations;
4. Identify any significant variations from the original, amended, and final budget amounts and include any currently known reasons for those variations that are expected to have a significant effect on future services or liquidity; and
5. Identify individual fund issues or concerns.

As management of the Town of Delhi, we offer readers of the Financial Statements this narrative overview and analysis of the financial activities of the Town for the fiscal year ended September 30, 2014. The Town began this new reporting model required by the Governmental Accounting Standards Board (GASB) Statement Number 34 for the fiscal year ended September 30, 2004.

The information contained within this MD&A should be considered only as part of a greater whole. The readers of this statement should take time to read and evaluate all sections of this report, including the footnotes and other Required Supplemental Information (RSI) that is provided in addition to this MD&A.

Overview of the Financial Statements

The MD&A requires supplementary information that introduces the reader to the basic financial statements and provides an overview of the Town's financial activities. The Town's basic financial statements consist of the following components:

1. Government-wide financial statements,
2. Fund financial Statements, and
3. Notes to the financial statements.

Other required supplementary information, including the required budgetary comparison schedule(s) are presented immediately following the notes to the financial statements. A general description of the components of the basic financial statements follows below, with a more detailed analysis of the government-wide statements included in a later section entitled "Government-Wide Financial Analysis".

1. Government-Wide Financial Statements

The Government-Wide Financial Statements (see pages 17 to 18) are designed by GASB Statement No. 34 to present the financial operations of the Town as a whole in a format similar to private sector companies. All governmental and business-type activities are consolidated into columns which add to a total for the Primary Government.

TOWN OF DELHI, LOUISIANA
Management's Discussion and Analysis
For the Year Ended September 30, 2014

Overview of the Financial Statements (continued)

The focus is on the government-wide (entity-wide) "Statement of Net Position" and "Statement of Activities" to give the reader a broad overview of the Town's financial position and results of operations.

- a. The Statement of Net Position presents information on the Town's assets and liabilities using the accrual basis of accounting, in a manner similar to the accounting used by private business enterprises. The difference between the assets and liabilities is reported as net position. Over time, the increases or decreases in net position may serve as a useful indicator of whether the financial position of the Town is improving or weakening.
- b. The Statement of Activities presents information showing how the government's net position changed during the most recent fiscal year. All changes in net position are reported as soon as the underlying event giving rise to the change occurs, regardless of the timing of the related cash flows. The format for the Statement of Activities presents the expenses for each function (general government, public safety, public works and streets) reduced by the Program Revenues (charges for services, operating grants and contributions, and capital grants and contributions) directly related to each respective function, to determine net costs of each function. The net costs of each function are normally covered by general revenues.

2. Fund Financial Statements

The fund is a grouping of related accounts that is used to maintain control over resources that have been segregated for specific activities or objectives. The Town, like other state and local governments, uses fund accounting to ensure and demonstrate compliance with finance-related and legal requirements. The Town of Delhi uses two categories of funds to account for financial transactions: governmental funds, and proprietary funds.

Governmental funds are used to account for most of the basic services and projects reported as governmental activities in the government-wide financial statements. However, unlike the government-wide financial statements, governmental fund financial statements focus on how money flows into and out of those funds and the balances that are left at year-end that are available for spending. These funds are reported using the modified accrual basis of accounting, which measures cash and all other financial assets that can readily be converted to cash. The governmental fund statements provide a detailed short-term view of the Town's general government operations and the basic services it provides. Governmental fund information helps you determine whether there are more or fewer financial resources that can be spent in the near future to finance the Town's programs. The Town of Delhi's governmental funds include the following:

- a. General Fund used for accounting for the Town's basic services.
- b. Special Revenue Fund – Sales Tax Fund is used for accounting for the receipts and disbursements of the sales tax monies.

TOWN OF DELHI, LOUISIANA
Management's Discussion and Analysis
For the Year Ended September 30, 2014

Overview of the Financial Statements (continued)

- c. Capital Projects Fund used for accounting for financial transactions under a Louisiana Community Development Block Grant.
- d. Debt Service Fund used for accounting for the transfers and payments of monies used to retire debt of the Town.

The Proprietary Fund accounts for water and sewer services for the Town of Delhi. Enterprise funds are used to account for the same functions as business-type activities presented in the government-wide financial statements, but the fund presentation provides more detail. The proprietary fund financial statements can be found on pages 23 to 26 of this report.

Because the focus of governmental funds is narrower than that of the government-wide financial statements, there are differences in the information presented for government funds and for governmental activities in the government-wide financial statements. Review of these differences provides the reader of the financial statements insight on the long-term impact of the Town's more immediate decisions on the current use of financial resources. Whereas the Total column on the Enterprise Fund Financial Statements is the same as the Business-Type column of the Government-Wide Financial Statements, the governmental funds columns of the Fund Financial Statements require and include a reconciliation following the Balance Sheet (reconciliation on page 20) and the Statement of Revenues, Expenditures and Changes in Fund Balances (reconciliation on page 22).

3. Notes to the Financial Statements

The Notes to the Financial Statements provide information essential to a full understanding of the government-wide and fund financial statements. When reviewing this MD&A, the reader should also refer to and review the Notes to the Basic Financial Statements (beginning on page 27), as well as the Government-Wide and Fund Financial Statements (included on pages 17 to 26).

4. Other Information

In addition to the basic financial statements and accompanying notes, this report also presents certain other required supplemental information concerning the Town's budget presentations. Budgetary comparison statements are included as "Required Supplementary Information (Part II)" for the general and special revenue funds. These schedules demonstrate compliance with the Town's adopted and final revised budget. This information can be found on pages 47 to 51 of this report.

Government-Wide Financial Analysis

As noted earlier, net position may, over time, serve as a useful indicator of a government's financial condition. At the close of the most recent fiscal year, the Town's assets exceeded its liabilities by \$21,418,017 (net position); this represents an increase of \$1,117,271 from last fiscal year.

The Town's net positions are comprised of \$11,978,139 from governmental activities and \$9,439,878 from business-type activities.

TOWN OF DELHI, LOUISIANA
Management's Discussion and Analysis
For the Year Ended September 30, 2014

Government-Wide Financial Analysis (continued)

The following is a condensed statement of the Town's net position as of September 30, 2014:

<u>Activities</u>	Governmental <u>Activities</u>	Business-type <u>Total</u>	<u>Total</u>	<u>Percentage</u>
Assets:				
Current assets	\$ 956,307	\$ 695,473	\$ 1,651,780	4%
Restricted assets	2,963,093	3,373,552	6,336,645	16%
Capital assets	<u>8,212,203</u>	<u>24,426,508</u>	<u>32,638,711</u>	<u>80%</u>
Total Assets	<u>12,131,603</u>	<u>28,495,533</u>	<u>40,627,136</u>	<u>100%</u>
Liabilities:				
Current liabilities	118,235	1,308,068	1,426,303	7%
Long-Term liabilities	<u>35,229</u>	<u>17,747,587</u>	<u>17,782,816</u>	<u>93%</u>
Total Liabilities	<u>153,464</u>	<u>19,055,655</u>	<u>19,209,119</u>	<u>100%</u>
Net Position:				
Investment in Capital Assets	8,179,188	5,726,246	13,905,434	65%
Restricted	4,902	2,428,049	2,432,951	11%
Unrestricted	<u>3,794,049</u>	<u>1,285,583</u>	<u>5,079,632</u>	<u>24%</u>
Total Net Position	<u>\$ 11,978,139</u>	<u>\$ 9,439,878</u>	<u>\$ 21,418,017</u>	<u>100%</u>

The Town's net position at September 30, 2013, was \$20,297,682. The following is a condensed statement of the Town's net position as of September 30, 2013:

<u>Activities</u>	Governmental <u>Activities</u>	Business-type <u>Total</u>	<u>Total</u>	<u>Percentage</u>
Assets:				
Current assets	\$ 653,591	\$ 994,386	\$ 1,647,977	4%
Restricted assets	2,517,676	2,788,662	5,306,338	14%
Capital assets	<u>8,589,626</u>	<u>23,880,722</u>	<u>32,470,348</u>	<u>82%</u>
Total Assets	<u>11,760,893</u>	<u>27,663,770</u>	<u>39,424,663</u>	<u>100%</u>
Liabilities:				
Current liabilities	139,794	1,106,073	1,245,867	7%
Long-Term liabilities	<u>44,153</u>	<u>17,836,961</u>	<u>17,881,114</u>	<u>93%</u>
Total Liabilities	<u>183,947</u>	<u>18,943,034</u>	<u>19,126,981</u>	<u>100%</u>
Net Position:				
Investment in Capital Assets	8,548,063	5,189,987	13,738,050	68%
Restricted	39,661	2,005,313	2,044,974	10%
Unrestricted	<u>2,989,222</u>	<u>1,525,436</u>	<u>4,514,658</u>	<u>22%</u>
Total Net Position	<u>\$ 11,576,946</u>	<u>\$ 8,720,736</u>	<u>\$ 20,297,682</u>	<u>100%</u>

The current ratio compares current assets to current liabilities and is an indication of the ability to pay current obligations. The Town's current ratio as of September 30, 2014 is 8.05 to 1 for governmental activities and .53 to 1 for business-type activities. The current ratio as of September 30, 2013 is 4.67 to 1 for governmental activities and .90 to 1 for business-type activities. The Town's overall current ratio is 1.16 to 1 as of September 30, 2014, and 1.32 to 1 as of September 30, 2013. These ratios indicate a good current financial position.

TOWN OF DELHI, LOUISIANA
Management's Discussion and Analysis
For the Year Ended September 30, 2014

Government-Wide Financial Analysis (continued)

The Town reported positive balances in net position for both governmental and business-type activities for the years ended September 30, 2014 and 2013. Net position increased in governmental activities by \$398,129 and increased in business-type activities by \$719,142. The Town's overall financial position improved during the fiscal year ending September 30, 2014, as total net position increased by 5.51%. The Town's net position for the year ended September 30, 2013 increased in governmental activities by \$815,264 and increased in business-type activities by \$503,522. During the fiscal year ended September 30, 2013, total net position increased by 6.95%.

The largest category of net position is "Investment in Capital Assets", and comprises 65% of net position. This category reflects the total invested in capital assets (land, buildings, equipment, infrastructure, utility system improvements, etc.). These capital assets are used to provide services to citizens and do not represent resources available for future spending.

The following is a condensed statement of the Town's activities for the year ended September 30, 2014:

	<u>Governmental Activities</u>	<u>Business-type Activities</u>	<u>Total</u>	<u>Percentage</u>
Revenues:				
Program:				
Charges for services	\$ 540,057	\$ 3,163,683	\$ 3,703,740	66%
Operating grants and contributions	65,207	-	65,207	1%
Capital grants and contributions	72,000	364,663	436,663	8%
General:				
Property tax	174,847	-	174,847	3%
Franchise tax	89,588	-	89,588	1%
Sales tax	846,474	-	846,474	15%
Interest	9,655	14,289	23,944	1%
Other	<u>279,417</u>	<u>3,061</u>	<u>282,478</u>	<u>5%</u>
Total revenues	<u>2,077,245</u>	<u>3,545,696</u>	<u>5,622,941</u>	<u>100%</u>
Program expenses:				
General government	1,423,630	-	1,423,630	31%
Public safety:				
Police	520,830	-	520,830	12%
Fire	68,717	-	68,717	1%
Public works	20,414	-	20,414	1%
Streets	228,841	-	228,841	5%
Interest	1,664	-	1,664	0%
Water and Sewer	-	2,241,574	2,241,574	50%
Total expenses	<u>2,264,096</u>	<u>2,241,574</u>	<u>4,505,670</u>	<u>100%</u>
Excess (deficiency)	(186,851)	1,304,122	1,117,271	
Transfers	<u>584,980</u>	<u>(584,980)</u>	<u>-</u>	
Change in Net Position	398,129	719,142	1,117,271	
Beginning Net Position, restated	<u>11,580,010</u>	<u>8,720,736</u>	<u>20,300,746</u>	
Ending Net Position	<u>\$ 11,978,139</u>	<u>\$ 9,439,878</u>	<u>\$ 21,418,017</u>	

TOWN OF DELHI, LOUISIANA
Management's Discussion and Analysis
For the Year Ended September 30, 2014

Government-Wide Financial Analysis (continued)

The following is a condensed statement of the Town's activities for the year ended September 30, 2013:

	Governmental <u>Activities</u>	Business-type <u>Activities</u>	<u>Total</u>	<u>Percentage</u>
Revenues:				
Program:				
Charges for services	\$ 599,733	\$ 2,998,800	\$ 3,598,533	65%
Operating grants and contributions	57,300	-	57,300	1%
Capital grants and contributions	281,187	151,293	432,480	8%
General:				
Property tax	163,493	-	163,493	3%
Franchise tax	85,836	-	85,836	1%
Sales tax	828,166	-	828,166	15%
Interest	10,431	13,335	23,766	1%
Other	<u>320,596</u>	<u>1,247</u>	<u>321,843</u>	<u>6%</u>
Total revenues	<u>2,346,742</u>	<u>3,164,675</u>	<u>5,511,417</u>	<u>100%</u>
Program expenses:				
General government	1,364,394	-	1,364,394	33%
Public safety:				
Police	475,104	-	475,104	11%
Fire	60,256	-	60,256	1%
Public works	18,441	-	18,441	1%
Streets	250,074	-	250,074	6%
Interest	793	-	73	0%
Water and Sewer	-	<u>2,023,569</u>	<u>2,023,569</u>	<u>48%</u>
Total expenses	<u>2,169,062</u>	<u>2,023,569</u>	<u>4,192,631</u>	<u>100%</u>
Excess (deficiency)	177,680	1,141,106	1,318,786	
Transfers	<u>637,584</u>	<u>(637,584)</u>	-	
Change in Net Position	815,264	503,522	1,318,786	
Beginning Net Position	<u>10,761,682</u>	<u>8,217,214</u>	<u>18,978,896</u>	
Ending Net Position	<u>\$ 11,576,946</u>	<u>\$ 8,720,736</u>	<u>\$ 20,297,682</u>	

The Condensed Statement of Activities presents revenues, expenses, and changes in net position separately for governmental activities and business-type activities. The condensed format allows for presentation of Program Revenues (Charges for Services, Operating Grants and Contributions, and Capital Grants and Contributions) followed by a listing of General Revenues to support the Town's overall governmental or business-type activities. Expenses are presented on a functional basis.

As noted above, there are two categories of revenues on the Statement of Activities – “Program Revenues” and “General Revenues”. “Program Revenues” derive directly from the program itself or from parties outside the Town’s taxpayers or citizenry, as a whole; they reduce the net cost of the function to be financed from the government’s “General Revenues”. “Program Revenues” are further divided into Charges for Services, Operating Grants and Contributions, and Capital Grants and Contributions. The major revenues in governmental activities for the Town in the Charges for Services sub-category are \$172,768 for police and court fines, \$209,452 for garbage collection, and \$157,837 for occupational licenses for the fiscal year ended September 30, 2014, and \$245,588 for police and court fines, \$210,097

TOWN OF DELHI, LOUISIANA
Management's Discussion and Analysis
For the Year Ended September 30, 2014

Government-Wide Financial Analysis (continued)

for garbage collection, and \$144,048 for occupational licenses for the fiscal year ended September 30, 2013. Revenues in the Operating Grants and Contributions sub-category consist of \$65,207 and \$57,300 for the fiscal years ended September 30, 2014 and 2013, respectively. The revenues required to be reported provided for supplemental police pay, with the balance consisting primarily of intergovernmental grants for community development, reimbursement for highway maintenance, and fire insurance rebates. Revenues in the Capital Grants and Contributions sub-category consist of \$72,000 and \$281,187 for the fiscal years ended September 30, 2014 and 2013, respectively. These revenues provided \$20,000 for improvement and renovation of the Cave Theatre, and \$52,000 for Richland Parish Recreation and Learning Center construction costs. During the year ended September 30, 2013, the airport lighting project was completed, and \$589,227 cumulative Capital Project Fund construction costs were added to Capital Assets. "Revenues" include all revenues not required to be reported as "Program Revenues". All taxes are to be reported by type. The major tax revenues for the Town of Delhi are sales tax revenues of \$846,474, property taxes of \$174,847 and franchise taxes of \$89,588 for the year ended September 30, 2014. The major tax revenues for the year ended September 30, 2013, are sales tax revenues of \$826,166, property taxes of \$163,493, and franchise taxes of \$85,836. Other "General Revenues" reported year ended September 30, 2014 include \$23,944 interest income, \$181,020 royalties, \$65,462 rents, and other miscellaneous revenues.

"Program Expenses" for the governmental funds are presented in the above Condensed Statement of Activities by function and total \$2,264,096 and \$2,169,062 (including interest on long-term debt) for the fiscal years ended September 30, 2014 and 2013, respectively.

Business-Type Activities provided by the Town of Delhi consists of water and sewer utilities. All revenues are in the category of "Program Revenues", with the exceptions of interest income and miscellaneous income reported as "General Revenue". "Program Revenues" in the Charges for Services sub-category consists of billings of \$1,539,908 for water, and \$1,615,352 for sewer for the year ended September 30, 2014, and \$1,472,642 for water, and \$1,516,310 for sewer for the fiscal year ended September 30, 2013. "Program Revenues" in the Capital Grants and Contributions sub-category was generated by DHH \$364,663 principal forgiveness on bonds that provided funds for water system improvements.

The Town reports the total amount of expenses for operation of the utility system as \$2,241,574 and \$2,023,569 for the years ended September 30, 2014 and 2013, respectively. The "Change in Net Position" (revenues less expenses) for the utility system was \$719,142 and \$503,522 for the fiscal years ended September 30, 2014 and 2013, respectively.

Capital Assets and Long-Term Debt

The Town's investment in capital assets, net of accumulated depreciation, for governmental and business-type activities as of September 30, 2014 was \$8,212,203 and \$24,426,508, respectively, and \$8,589,627 and \$23,880,722, respectively, as of September 30, 2013. For the year ended September 30, 2014, net investment for governmental type activities decreased by 7% while net investment for business-type activities increased by 2%. For the year ended September 30, 2013, net investment for governmental type activities increased by 3% while net investment for business-type activities increased by .5%. There was an overall increase in capital asset investment for the Town as a whole of .5% and 1.3% for the years ended September 30, 2014 and September 30, 2013, respectively.

TOWN OF DELHI, LOUISIANA
Management's Discussion and Analysis
For the Year Ended September 30, 2014

Capital Assets and Long-Term Debt (continued)

The Town's depreciable capital assets for governmental activities were 51% and 55% depreciated as of September 30, 2014 and 2013, respectively. The Town's depreciable capital assets for its business-type activities were 18% and 17% depreciated as of September 30, 2014 and 2013, respectively.

As of September 30, 2013, the Town had \$1,628,191 in cumulative governmental activities construction in progress for ongoing improvements to the Town's sidewalks. During the year ended September 30, 2014, the Town incurred \$5,000 additional construction costs for sidewalk improvements and completed the project. The current construction costs are reported as expenditures of the Capital Project Fund in the Statement of Revenues, Expenditure, and Changes in Fund Balances-Governmental Funds. Upon completion of the sidewalks capital project, \$1,633,191 cumulative construction in progress cost was reclassified as capital assets.

During the year ended September 30, 2013, the Town began a 2012 Water System Improvement project consisting of renovations to the water system utility office, upgrading the computer system and utility billing software, replacing water meters with remote-read meters and upgrading parts of the distribution system. The utility office improvements contract was completed during the year ended September 30, 2013, and total costs of \$279,535 were capitalized and are included on the Proprietary Fund Statement of Net Position. As of September 30, 2013, the Town had \$320,417 of construction in progress costs related to the remaining 2012 Water System Improvement project contracts, and these costs were included on the Proprietary Fund Statement of Net Position as of that date. During the year ended September 30, 2014, additional costs of \$23,690 were incurred on the utility office improvements contract, and additional costs totaling \$1,130,999 were incurred on the other three 2012 Water System Improvement project contracts. All contracts were substantially complete as of September 30, 2014, and all capitalized and included on the Proprietary Fund Statement of Net Position as capital additions.

As of September 30, 2014 and 2013, the Town had total bond indebtedness in the amount of \$18,700,262 and \$18,690,735, respectively. Pledged sewer collections support \$10,642,898 of total outstanding bond indebtedness of which \$9,479,000 represents Lamb Weston sewer system improvement construction advances. Pledged water collections support \$8,057,364 of total outstanding bond indebtedness which represents \$6,674,000 Lamb Weston water system improvement construction advances and \$1,163,898 2012 water system improvement construction advances.

The Town will incur \$282,061 in interest costs over the next 5 years in connection with the 2006 sewer revenue bond issue. The Town will incur \$387,670 of interest and fees over the next five years in connection with the 2010 sewer revenue bond issue. The Town will incur an estimated \$1,018,629 of interest and fees over the next five years in connection with the 2010 water revenue bond issue. The Town will incur an estimated \$132,635 of interest and fees over the next five years in connection with the 2012 water revenue bond issue. Estimated future interest and fees on the 2012 water revenue bond issue are based on the full \$1,309,000 principal amount being advanced by September 30, 2014. Actual future interest and fees for the 2012 water revenue bond issue will vary from the estimated amortization due to actual advances by September 30, 2014. Interest and fees paid through September 30, 2011 of \$295,663 in connection with the 2010 bond issues has been accounted for as construction period interest, and therefore capitalized as part of the cost of equipment and included as capital assets on the Statement of Net Position. See note 5 for additional information about the Town's long-term debt.

TOWN OF DELHI, LOUISIANA
Management's Discussion and Analysis
For the Year Ended September 30, 2014

Capital Assets and Long-Term Debt (continued)

The following table provides a summary of capital asset activity for 2014.

	<u>Balance</u> <u>10/01/2013</u>	<u>Additions</u>	<u>Deletions</u>	<u>Balance</u> <u>09/30/2014</u>
Governmental activities:				
Capital assets not being depreciated:				
Land	\$ 284,161	\$ -	\$ -	\$ 284,161
Construction in Progress	1,628,191	78,100	1,633,191	73,100
Other capital assets:				
Buildings	4,547,468	4,678	-	4,552,146
Infrastructure	8,649,435	1,633,191	-	10,282,626
Equipment	<u>1,501,617</u>	<u>-</u>	<u>29,648</u>	<u>1,471,939</u>
Totals	<u>16,610,872</u>	<u>1,715,969</u>	<u>1,662,869</u>	<u>16,663,972</u>
Less accumulated depreciation				
Buildings	2,557,466	81,919	-	2,639,685
Infrastructure	4,474,416	302,478	-	4,776,903
Equipment	<u>989,063</u>	<u>75,769</u>	<u>29,678</u>	<u>1,035,183</u>
Total accumulated depreciation	<u>8,021,245</u>	<u>460,202</u>	<u>29,678</u>	<u>8,451,769</u>
Governmental activities, capital assets, net	<u>\$ 8,589,627</u>	<u>\$ 1,255,767</u>	<u>\$ 1,633,191</u>	<u>\$ 8,212,203</u>

The following table provides a summary of capital asset activity for 2014.

	<u>Balance</u> <u>10/01/2013</u>	<u>Additions</u>	<u>Deletions</u>	<u>Balance</u> <u>09/30/2014</u>
Business-type activities:				
Capital assets not being depreciated:				
Land	\$ 10,718	\$ -	\$ -	\$ 10,718
Construction in Progress	321,274	3,578	320,416	4,436
Other capital assets:				
Buildings	565,592	23,690	-	589,282
Infrastructure	26,952,261	1,261,614	-	28,213,875
Equipment	<u>687,714</u>	<u>230,085</u>	<u>13,260</u>	<u>904,539</u>
Totals	<u>28,537,559</u>	<u>1,518,967</u>	<u>333,676</u>	<u>29,722,850</u>
Less accumulated depreciation				
Buildings	234,644	10,652	-	245,296
Infrastructure	3,899,237	597,318	-	4,496,555
Equipment	<u>522,956</u>	<u>44,795</u>	<u>13,260</u>	<u>554,492</u>
Total accumulated depreciation	<u>4,656,837</u>	<u>652,765</u>	<u>13,260</u>	<u>5,296,342</u>
Business-type activities, capital assets, net	<u>\$23,880,722</u>	<u>\$ 866,202</u>	<u>\$ 302,416</u>	<u>\$24,426,508</u>

TOWN OF DELHI, LOUISIANA
Management's Discussion and Analysis
For the Year Ended September 30, 2014

Capital Assets and Long-Term Debt (continued)

The following table provides a summary of capital asset activity for 2013.

	<u>Balance</u>			<u>Balance</u>
	<u>10/01/2012</u>	<u>Additions</u>	<u>Deletions</u>	<u>09/30/2013</u>
Governmental activities:				
Capital assets not being depreciated:				
Land	\$ 284,161	\$ -	\$ -	\$ 284,161
Construction in Progress	2,080,711	136,707	589,227	1,628,191
Other capital assets:				
Buildings	4,444,924	102,544	-	4,547,468
Infrastructure	7,923,264	726,171	-	8,649,435
Equipment	<u>1,195,378</u>	<u>310,957</u>	<u>4,718</u>	<u>1,501,617</u>
Totals	<u>15,928,438</u>	<u>1,276,379</u>	<u>539,945</u>	<u>16,610,872</u>
Less accumulated depreciation				
Buildings	2,478,521	79,245	-	2,557,766
Infrastructure	4,218,016	256,400	-	4,474,416
Equipment	<u>919,395</u>	<u>73,426</u>	<u>3,758</u>	<u>989,063</u>
Total accumulated depreciation	<u>7,615,932</u>	<u>409,071</u>	<u>3,758</u>	<u>8,021,245</u>
Governmental activities, capital assets, net	<u>\$ 8,312,505</u>	<u>\$ 867,308</u>	<u>\$ 590,187</u>	<u>\$ 8,589,626</u>

The following table provides a summary of capital asset activity for 2013.

	<u>Balance</u>			<u>Balance</u>
	<u>10/01/2012</u>	<u>Additions</u>	<u>Deletions</u>	<u>09/30/2013</u>
Business-type activities:				
Capital assets not being depreciated:				
Land	\$ 10,718	\$ -	\$ -	\$ 10,718
Construction in Progress	-	-	-	321,274
Other capital assets:				
Buildings	286,057	279,535	-	565,592
Infrastructure	26,882,261	70,000	-	26,952,261
Equipment	<u>662,391</u>	<u>25,323</u>	<u>-</u>	<u>687,714</u>
Totals	<u>27,841,427</u>	<u>696,132</u>	<u>-</u>	<u>28,537,559</u>
Less accumulated depreciation				
Buildings	230,869	3,775	-	234,644
Infrastructure	3,352,567	546,670	-	3,899,237
Equipment	<u>502,538</u>	<u>20,418</u>	<u>-</u>	<u>522,956</u>
Total accumulated depreciation	<u>4,085,974</u>	<u>570,863</u>	<u>-</u>	<u>4,656,837</u>
Business-type activities, capital assets, net	<u>\$23,755,453</u>	<u>\$ 125,269</u>	<u>\$ -</u>	<u>\$23,880,722</u>

TOWN OF DELHI, LOUISIANA
Management's Discussion and Analysis
For the Year Ended September 30, 2014

Required Supplementary Information

In addition to this MD&A and the basic financial statements, this report also presents certain Required Supplementary Information. This Required Supplementary Information for the Town of Delhi includes the Budgetary Comparison Schedule for the general fund and special revenue fund. The presentation under the GASB 34 standard requires disclosure of both the original and the final budget. The original budget is the first complete appropriated budget. The final budget is the original budget adjusted by all reserves, transfers, allocations, supplemental appropriations, and other legally authorized legislative and executive changes applicable to the fiscal year, whenever signed into law or otherwise legally authorized.

Contacting the Town's Financial Management

This financial report is designed to provide a general overview of the Town's finances, comply with finance-related laws and regulations, and demonstrate the Town's commitment to public accountability. If you have questions about this report or would like to request additional information, contact the Town's clerk at Town of Delhi, Louisiana.

Mayor, Town of Delhi, Louisiana
(318) 488-0138

BASIC FINANCIAL STATEMENTS

TOWN OF DELHI, LOUISIANA

Statement of Net Position

As of September 30, 2014

	Primary Government		
	Governmental Activities	Business-type Activities	Total
<u>ASSETS</u>			
Current Assets:			
Cash and Cash Equivalents	\$ 426,065	\$ 305,085	\$ 731,150
Investments	157,792	-	157,792
Receivables - User Charges	151,333	316,628	467,961
Receivables - Funding Sources	-	171,333	171,333
Rent and Royalty Receivables	16,500	-	16,500
Grant Receivables	98,505	-	98,505
Other Receivables	966	-	966
Accrued Interest	234	326	560
Internal Balances	100,000	(100,000)	-
Other Assets	4,912	2,101	7,013
Total Current Assets	956,307	695,473	1,651,780
Non-Current Assets:			
Restricted Assets:			
Cash and Cash Equivalents	2,190,485	2,216,049	4,406,534
Investments	772,608	1,157,503	1,930,111
Capital Assets:			
Land	284,160	10,718	294,878
Construction in Progress	73,100	4,436	77,536
Depreciable (net)	7,854,943	24,411,354	32,266,297
Total Non-Current Assets	11,175,296	27,800,060	38,975,356
Total Assets	12,131,603	28,495,533	40,627,136
<u>LIABILITIES</u>			
Current Liabilities:			
Accounts Payable	47,061	42,178	89,239
Payroll and Retirement Payables	5,591	3,915	9,506
Due to FEMA	4,659	-	4,659
Project Costs Payable	52,000	192,016	244,016
Deposits Due Others	-	117,284	117,284
Current Portion of Bonds Payable	-	952,675	952,675
Current Portion of Obligations under Capital Lease	8,924	-	8,924
Total Current Liabilities	118,235	1,308,068	1,426,303
Non-Current Liabilities:			
Bonds Payable after One Year	-	17,747,587	17,747,587
Obligations under Capital Lease after One Year	24,091	-	24,091
Other Liabilities	11,138	-	11,138
Total Non-Current Liabilities	35,229	17,747,587	17,782,816
Total Liabilities	153,464	19,055,655	19,209,119
<u>NET POSITION</u>			
Net Investment in Capital Assets	8,179,188	5,726,246	13,905,434
Restricted for:			
Debt Service	-	2,299,076	2,299,076
Other Purposes	4,902	128,973	133,875
Unrestricted	3,794,049	1,285,583	5,079,632
Total Net Position	\$ 11,978,139	\$ 9,439,878	\$ 21,418,017

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

TOWN OF DELHI, LOUISIANA
Statement of Activities
For the Year Ended September 30, 2014

Functions/Programs	PROGRAM REVENUES				NET (EXPENSE) REVENUE AND CHANGES IN NET POSITION		
	EXPENSES	CHARGES FOR SERVICES	OPERATING GRANTS AND CONTRIBUTIONS	CAPITAL GRANTS AND CONTRIBUTIONS	PRIMARY GOVERNMENT		
					GOVERNMENTAL ACTIVITIES	BUSINESS-TYPE ACTIVITIES	TOTALS
Primary government:							
Governmental Activities:							
General government	\$ 1,423,630	\$ 367,289	\$ 5,000	\$ 72,000	\$ (979,341)	\$ -	\$ (979,341)
Public safety:							
Police	520,830	172,768	43,717	-	(304,345)	-	(304,345)
Fire	68,717	-	12,330	-	(56,387)	-	(56,387)
Public works	20,414	-	-	-	(20,414)	-	(20,414)
Streets	228,841	-	4,160	-	(224,681)	-	(224,681)
Interest on long-term debt	1,664	-	-	-	(1,664)	-	(1,664)
Total governmental activities	<u>2,264,096</u>	<u>540,057</u>	<u>65,207</u>	<u>72,000</u>	<u>(1,586,832)</u>	<u>-</u>	<u>(1,586,832)</u>
Business-type activities:							
Water and Sewer	2,241,574	3,163,683	-	364,663	-	1,286,772	1,286,772
Total business-type activities	<u>2,241,574</u>	<u>3,163,683</u>	<u>-</u>	<u>364,663</u>	<u>-</u>	<u>1,286,772</u>	<u>1,286,772</u>
Total primary government	<u>\$ 4,505,670</u>	<u>\$ 3,703,740</u>	<u>\$ 65,207</u>	<u>\$ 436,663</u>	<u>(1,586,832)</u>	<u>1,286,772</u>	<u>(300,060)</u>
			General Revenues:				
			Taxes:				
			Property taxes		174,847	-	174,847
			Franchise taxes		89,588	-	89,588
			Sales taxes		846,474	-	846,474
			Miscellaneous		32,935	3,061	35,996
			Rent income		65,462	-	65,462
			Royalty income		181,020	-	181,020
			Interest earned		9,655	14,289	23,944
			Transfers		584,980	(584,980)	-
			Total General Revenues and Transfers		<u>1,984,961</u>	<u>(567,630)</u>	<u>1,417,331</u>
			Change in Net Position		398,129	719,142	1,117,271
			Net Position - Beginning of Year, Restated		11,580,010	8,720,736	20,300,746
			Net Position - End of Year		<u>\$ 11,978,139</u>	<u>\$ 9,439,878</u>	<u>\$ 21,418,017</u>

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

TOWN OF DELHI, LOUISIANA

Balance Sheet

Governmental Funds

As of September 30, 2014

	General Fund	Sales Tax Fund	Capital Projects Fund	Total Governmental Funds
<u>ASSETS</u>				
Cash and Cash Equivalents	\$ 425,865	\$ -	\$ 200	\$ 426,065
Investments	157,792	-	-	157,792
Receivables:				
Accrued Interest	131	103	-	234
Franchise Fees	22,873	-	-	22,873
Fine Revenue	61,897	-	-	61,897
Sales Tax	-	66,563	-	66,563
Rent and Royalties	16,500	-	-	16,500
Other	966	-	-	966
Grant Receivable - State of La - Rec/Learning Project	-	-	46,530	46,530
Grant Receivable - LADOTD Airport Lighting Project	-	-	51,975	51,975
Due from Other Funds	151,975	-	5,470	157,445
Restricted Assets:				
Cash and Cash Equivalents	554,376	1,636,109	-	2,190,485
Investments	124,792	647,816	-	772,608
Other Assets	4,772	140	-	4,912
	\$ 1,521,939	\$ 2,350,731	\$ 104,175	\$ 3,976,845
<u>LIABILITIES AND FUND BALANCE</u>				
<u>LIABILITIES</u>				
Accounts Payable	\$ 41,086	\$ 5,975	\$ -	\$ 47,061
Payroll Liabilities Payable	2,423	-	-	2,423
Due to Retirement Systems	3,168	-	-	3,168
Due to FEMA	4,659	-	-	4,659
Project Costs Payable	-	-	52,000	52,000
Escrow for Friends of Cave	744	-	-	744
Escrow for Police Department Fire	10,394	-	-	10,394
Due to Other Funds	5,470	-	51,975	57,445
	67,944	5,975	103,975	177,894
<u>FUND BALANCE</u>				
Non-Spendable Fund Balance	4,762	140	-	4,902
Restricted Fund Balance - Grants	-	-	-	-
Committed Fund Balance	-	-	-	-
Assigned Fund Balance	717,563	2,344,616	-	3,062,179
Unassigned Fund Balance	731,670	-	200	731,870
	1,453,995	2,344,756	200	3,798,951
TOTAL FUND BALANCE	1,453,995	2,344,756	200	3,798,951
TOTAL LIABILITIES AND FUND BALANCE	\$ 1,521,939	\$ 2,350,731	\$ 104,175	\$ 3,976,845

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

TOWN OF DELHI, LOUISIANA
 Reconciliation of the Governmental Funds Balance Sheet
 to the Government-Wide Financial Statement of Net Position
 September 30, 2014

Total fund balances for governmental funds at September 30, 2014 \$ 3,798,951

Amounts reported for governmental activities in the Statement of Net Position
 are different because:

Capital assets used in governmental activities are not
 financial resources and, therefore, are not reported in
 the governmental funds.

Land	284,160	
Construction in progress	73,100	
Buildings, net of \$2,639,683 accumulated depreciation	1,936,763	
Equipment, net of \$1,035,184 accumulated depreciation	412,455	
Infrastructure, net of \$4,776,902 accumulated depreciation	<u>5,505,725</u>	8,212,203

Capital leases payable and bonds payable used in governmental
 activities are not payable from current resources and therefore are
 not reported in the governmental funds.

Obligations under capital lease	(33,015)	
Certificates of indebtedness payable	<u>-</u>	<u>(33,015)</u>

Net Position of Governmental Activities \$ 11,978,139

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

TOWN OF DELHI, LOUISIANA
Statement of Revenues, Expenditures, and Changes in Fund Balances
For the Year Ended September 30, 2014

	General Fund	Sales Tax Fund	Capital Projects Fund	Debt Service Fund	Total Governmental Funds
Revenues:					
Taxes:					
Ad valorem	\$ 174,847	\$ -	\$ -	\$ -	\$ 174,847
Sales and Use	-	846,474	-	-	846,474
Other Taxes, Penalties, Interest, etc.	89,588	-	-	-	89,588
Licenses and Permits	157,837	-	-	-	157,837
Intergovernmental Revenues:					
State Funds:					
Transportation Funds	4,160	-	-	-	4,160
Parish Insurance Rebates	12,330	-	-	-	12,330
Grants	25,000	-	52,000	-	77,000
Police Supplemental Pay	43,717	-	-	-	43,717
Federal Funds:					
Grants	-	-	-	-	-
Fines	172,768	-	-	-	172,768
Garbage Collection	209,452	-	-	-	209,452
Investment Earnings	5,035	4,620	-	-	9,655
Other Revenues	279,417	-	-	-	279,417
Total Revenues	<u>1,174,151</u>	<u>851,094</u>	<u>52,000</u>	<u>-</u>	<u>2,077,245</u>
Expenditures:					
General Government	841,148	122,280	-	-	963,428
Public Safety	589,547	-	-	-	589,547
Public Works	-	20,414	-	-	20,414
Streets	228,841	-	-	-	228,841
Capital Outlay and Completed Construction Costs	4,678	-	5,000	-	9,678
Construction in Progress	-	-	73,100	-	73,100
Debt Service					
Principal	-	-	-	8,547	8,547
Interest	-	-	-	1,664	1,664
Total Expenditures	<u>1,664,214</u>	<u>142,694</u>	<u>78,100</u>	<u>10,211</u>	<u>1,895,219</u>
Excess (Deficiency) of Revenues Over (Under) Expenditures	<u>(490,063)</u>	<u>708,400</u>	<u>(26,100)</u>	<u>(10,211)</u>	<u>182,026</u>
Other Financing Sources (Uses)					
Transfers in	762,165	-	26,100	10,211	798,476
Transfers out	(10,211)	(203,285)	-	-	(213,496)
Total Other Financing Sources (Uses)	<u>751,954</u>	<u>(203,285)</u>	<u>26,100</u>	<u>10,211</u>	<u>584,980</u>
Net Change in Fund Balance	261,891	505,115	-	-	767,006
Fund Balances - Beginning	1,190,605	1,838,078	200	-	3,028,883
Prior Period Adjustment	1,499	1,563	-	-	3,062
Fund Balances - Ending	<u>\$ 1,453,995</u>	<u>\$ 2,344,756</u>	<u>\$ 200</u>	<u>\$ -</u>	<u>\$ 3,798,951</u>

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

TOWN OF DELHI, LOUISIANA
 Reconciliation of the Statement of Revenues, Expenditures, and
 Changes in Fund Balance to the Statement of Activities
 For the Year Ended September 30, 2014

Net Changes in Fund Balances, Total Governmental Funds		\$767,006
<p>Amounts reported for governmental activities in the Statement of Activities are different because:</p>		
<p>Governmental funds report capital outlay as expenditures. However, in the government-wide statement of activities the cost of those assets is allocated over their estimated useful lives as depreciation expense.</p>		
Capital outlay which is considered expenditures on Statement of Revenues, Expenditures and Changes in Fund Balances	82,778	
Depreciation expense for the year ended September 30, 2014	<u>(460,202)</u>	
Book value of surplus property sold used to increase gain in government-wide statement of activities		(377,424)
<p>The issuance of long-term debt (bonds, leases, etc.) provides current financial resources to governmental funds, while the repayment of the principal of debt consumes the current financial resources of government funds. Neither transaction, however, has any effect on net position. This is the net effect of these differences in the treatment of long-term debt and related items.</p>		
Capital lease proceeds	-	
Capital lease principal payments	<u>8,547</u>	
		<u>8,547</u>
Change in Net Position of Governmental Activities		<u>\$398,129</u>

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

TOWN OF DELHI, LOUISIANA

Statement of Net Position

Proprietary Fund

September 30, 2014

ASSETS

Current Assets:

Cash and Cash Equivalents	\$ 305,085
Investments	-
Receivables - User Charges	316,628
Receivable - DEQ (Conagra Funding)	12,421
Receivable - DHH (2012 Water System Improvements Funding)	158,912
Accrued Interest	326
Prepaid Insurance	2,101
	<hr/>
Total Current Assets	795,473

Non-Current Assets:

Restricted Assets:

Cash and Cash Equivalents	2,216,049
Investments	1,157,503

Capital Assets:

Non-depreciable	10,718
Construction in Progress	4,436
Depreciable (Net)	24,411,354
	<hr/>

Total Non-Current Assets 27,800,060

Total Assets 28,595,533

LIABILITIES

Current Liabilities:

Accounts Payable and Project Costs Payable	234,194
Payroll and Retirement Payables	3,915
Due to Other Funds	100,000
Deposits Due Others	117,284
Current Portion of Bonds Payable	952,675
	<hr/>
Total Current Liabilities	1,408,068

Non-Current Liabilities:

Bonds Payable after one year 17,747,587

Total Liabilities 19,155,655

NET POSITION

Net Investment in Capital Assets 5,726,246

Restricted Net Position

Debt Service 2,299,076

Other purposes 128,973

Unrestricted Net Position 1,285,583

Total Net Position \$ 9,439,878

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

TOWN OF DELHI, LOUISIANA
Statement of Revenues, Expenses, and Changes in Fund Net Position
Proprietary Fund
For the Year Ended September 30, 2014

	<u>Enterprise Fund</u> <u>Water System</u>
Operating Revenues	
User Charges	\$ 3,145,144
Fees	18,539
Other	<u>3,061</u>
Total Operating Revenues	3,166,744
Operating Expenses	
Salaries, Wages and Employee Benefits	446,489
Contractual Services, Materials and Supplies	199,356
Depreciation Expense	652,765
Insurance and Other Expenses	<u>534,518</u>
Total Operating Expenses	<u>1,833,128</u>
Operating Income	1,333,616
Non-Operating Revenues (Expenses)	
DHH Water Revenue Bonds Principal Forgiveness	364,663
Income on Investments	14,289
Administrative Fees on Bonds Payable	(85,832)
Interest Expense on Bonds Payable	<u>(322,614)</u>
Total Non-Operating Revenues (Expenses)	<u>(29,494)</u>
Income Before Contributions and Transfers	1,304,122
Other Financing Sources (Uses)	
Transfers In	123,965
Transfers (Out)	<u>(708,945)</u>
Total Other Financial Sources (Uses)	<u>(584,980)</u>
Change in Net Position	719,142
Net Position, Beginning of Year	<u>8,720,736</u>
Net Position, End of Year	<u>\$ 9,439,878</u>

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

TOWN OF DELHI, LOUISIANA
Statement of Cash Flows
Proprietary Fund
For the Year Ended September 30, 2014

	<u>Enterprise Fund</u>
	<u>Water System</u>
<u>Cash Flows From Operating Activities</u>	
Receipts from customers and users	\$ 3,119,466
Payments to suppliers	(726,236)
Payments to employees	(450,141)
Other receipts	3,061
Net Cash Provided (Used) by Operating Activities	1,946,150
<u>Cash Flows From Noncapital Financing Activities</u>	
Transfers from other funds	124,069
Transfers to other funds	(708,945)
Net Cash Provided (Used) by Non capital Financing Activities	(584,876)
<u>Cash Flows From Capital and Related Financing Activities</u>	
Principal payments on 2006 Sewer Revenue bonds	(20,775)
Interest expense on 2006 Sewer Revenue bonds	(59,274)
Principal payments on 2010 Sewer Revenue bonds	(512,000)
Interest expense on 2010 Sewer Revenue bonds	(43,752)
Administrative fees on 2010 Sewer Revenue bonds	(48,613)
Principal payments on 2010 Water Revenue bonds	(285,000)
Interest expense on 2010 Water Revenue bonds	(201,087)
Administrative fees on 2010 Water Revenue bonds	(34,083)
Principal payments on 2012 Water Revenue bonds	(36,000)
Interest expense on 2012 Water Revenue bonds	(18,501)
Administrative fees on 2012 Water Revenue bonds	(3,136)
2012 Water Revenue Bond Draws	1,056,632
2012 Water System Improvement Construction Costs	(1,056,632)
USDA Sewer Rehab Phase III Project Costs	(3,578)
Purchase of equipment	(40,283)
Net Cash Provided (Used) by Capital and Related Financing Activities	(1,306,082)
<u>Cash Flows From Investing Activities</u>	
Purchase of investments	(232,847)
Interest on cash and investments	14,226
Net Cash Provided (Used) by Investing Activities	(218,621)
Net Increase (Decrease) in Cash and Cash Equivalents	(163,429)
Cash and Cash Equivalents, Beginning of Year	2,684,563
Cash and Cash Equivalents, End of Year	\$ 2,521,134

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

TOWN OF DELHI, LOUISIANA
Statement of Cash Flows
Proprietary Fund
For the Year Ended September 30, 2014

	<u>Enterprise Fund</u> <u>Water System</u>
Reconciliation of Operating Income to Net Cash Provided (Used) by Operating Activities:	
Operating Income	\$ 1,333,616
Adjustments to Reconcile Operating Income to Net Cash Used by Operating Activities:	
Depreciation	652,765
Change in Assets and Liabilities:	
(Increase) decrease in account receivables	(45,164)
(Increase) decrease in prepaid insurance	(103)
Increase (decrease) in accounts payables	4,089
Increase (decrease) in customer deposits	<u>947</u>
Net cash provided (used) by operating activities	<u>\$ 1,946,150</u>
 Reconciliation of Total Cash and Cash Equivalents:	
Current Assets - Cash and Cash Equivalents	\$ 305,085
Restricted Assets - Cash and Cash Equivalents	<u>2,216,049</u>
 Total Cash and Cash Equivalents	 <u>\$ 2,521,134</u>

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

TOWN OF DELHI, LOUISIANA
Notes to the Financial Statements
For the Year Ended September 30, 2014

Note 1 – Summary of Significant Accounting Policies

The accompanying financial statements of the Town of Delhi (Town) have been prepared in conformity with generally accepted accounting principles (GAAP) as applied to governmental units. GAAP includes all relevant Governmental Accounting Standards Board (GASB) pronouncements. In the government-wide financial statements and the fund financial statements for the proprietary funds, Financial Accounting Standards Board (FASB) pronouncements and Accounting Principles Board (APB) opinions on or before November 30, 1989, have been applied unless those pronouncements conflict with or contradict GASB pronouncements, in which case, GASB prevails. The accounting and reporting framework and the more significant accounting policies are discussed in subsequent subsections of this note. For the fiscal year ended September 30, 2004, the Town adopted the financial reporting requirements of GASB Statements No. 33 and 34.

Financial Reporting Entity

The Town was incorporated under the Lawrason Act and operates under a Mayor-Board of Aldermen form of government. This report includes all funds that 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.

Government-Wide and Fund Financial Statements

The government-wide financial statements (GWFS i.e., the statement of net position and the statement of activities) display information about the reporting government as a whole. They include all funds of the reporting entity. The statements distinguish between governmental and business-type activities. Governmental activities generally are financed through taxes, intergovernmental revenues, and other non-exchange revenues. Business-type activities are financed in whole or in part by fees charged to external parties for goods or services.

The statement of activities presents a comparison between direct expenses and program revenues for the business-type activities of the Town and for each function of the Town's governmental activities. Direct expenses are those that are specifically associated with a program or function and, therefore, are clearly identifiable to a particular function. Program revenues include (a) fees, fines, and charges paid by the recipients of goods or services offered by the programs, and (b) grants and contributions that are restricted to meeting the operational or capital requirements of a particular program. Revenues that are not classified as program revenues, including all taxes, are presented as general revenues.

The Town reports all direct expenses by function in the statement of activities. Direct expenses are those that are clearly identifiable with the function. Depreciation expense is specifically identified by function and is included in the direct expense of each function. Interest on long-term debt is considered an indirect expense and is reported separately on the statement of activities.

The content and certain titles of the GWFS were changed upon the adoption in the current fiscal year of GASB Statement No. 63, Financial Reporting of Deferred Outflows of Resources, Deferred Inflows of Resources, and Net Position. This statement provides reporting guidance for deferred outflows of resources and deferred inflows of resources, and adds them, when applicable, as elements of the GWFS because they are distinct from assets and liabilities. In addition, because these additional elements may affect the residual amount of all of the elements presented in a statement of financial position, GASB 63

TOWN OF DELHI, LOUISIANA
Notes to the Financial Statements
For the Year Ended September 30, 2014

Note 1 – Summary of Significant Accounting Policies (continued)

renames that measure as net position rather than net assets. The Town had no deferred outflows or inflows of resources at September 30, 2014, and no reclassifications affecting the statement of net position from the prior period are required.

The accounts of the Town are organized on the basis of funds. A fund is a separate accounting entity with a self-balancing set of accounts. 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 of the Town are classified into two categories: governmental and proprietary. The emphasis on fund financial statements is on major governmental and enterprise funds, each displayed in a separate column. A fund is considered major if it is the primary operating fund of the Town or meets the following criteria:

- a. Total assets, liabilities, revenues, or expenditures/expenses of that individual governmental or enterprise fund are at least 10 percent of the corresponding total for all funds of that category or type: and
- b. Total assets, liabilities, revenues, or expenditures/expenses of the individual governmental or enterprise fund are at least 5 percent of the corresponding total for all governmental and enterprise funds combined.

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.
- Capital Projects Funds - These funds are used to account for the financial resources used for the acquisition or construction of major capital facilities.

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 position) is segregated into contributed

TOWN OF DELHI, LOUISIANA
Notes to the Financial Statements
For the Year Ended September 30, 2014

Note 1 – Summary of Significant Accounting Policies (continued)

capital and retained earnings components. Proprietary fund type operating statements present increases (revenues) and decreases (expenses) in net total position.

Measurement Focus, Basis of Accounting, and Financial Statement Presentation

Measurement focus is a term used to describe “which” transactions are recorded within the various financial statements. 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.

The government-wide financial statements are reported using the economic resources measurement focus and the accrual basis of accounting, as are the proprietary fund financial statements. Revenues are recorded when earned and expenses are recorded when a liability is incurred, regardless of the timing of related cash flows. Property taxes are recognized as revenues in the year for which they are levied. Grants and similar items are recognized as revenue as soon as all eligibility requirements imposed by the provider have been met.

Governmental fund financial statements are reported using the current financial resources measurement focus and the modified accrual basis of accounting. Revenues are recognized as soon as they are both measurable and available. Revenues are considered to be available when they are collectible within the current period or soon enough thereafter to pay liabilities of the current period. For this purpose, the government considers revenues to be available if they are collected within 60 days of the end of the current fiscal period. Expenditures generally are recorded when a liability is incurred, as under accrual accounting. However, debt service expenditures, as well as expenditures related to compensated absences and claims and judgments, are recorded only when payment is due.

Property taxes, franchise taxes, licenses, and interest associated with the current fiscal period are all considered to be susceptible to accrual and so have been recognized as revenues of the current fiscal period. Only the portion of special assessment receivable due with the current fiscal period is considered to be susceptible to accrual as revenue of the current period. All other revenue items are considered to be measurable and available only when cash is received by the government.

The proprietary fund financial statements are reported using the economic resources measurement focus and the accrual basis of accounting. Under the accrual basis of accounting, revenues are recognized when earned, and expenses are recognized when the liability is incurred or economic asset used. Proprietary funds distinguish operating revenues and expenses from non-operating items. Operating revenues and expenses generally result from providing services and producing and delivering goods in connection with a proprietary fund’s principal ongoing operations. Operating revenues for the Town’s proprietary fund consist of charges to customers and users of its water services. Operating expenses for the Town’s proprietary fund include the cost of sales and services, administrative expenses, and depreciation on capital assets. All revenues and expenses not meeting this definition are reported as non-operating revenues and expenses.

Inter-fund Balances (Due From to Other Funds)

Inter-fund activity is reported as loans, services provided, reimbursements or transfers. Loans are reported as inter-fund receivables and payables as appropriate and are subject to elimination upon consolidation. Services provided, deemed to be at market or near market rates, are treated as revenues

TOWN OF DELHI, LOUISIANA
Notes to the Financial Statements
For the Year Ended September 30, 2014

Note 1 – Summary of Significant Accounting Policies (continued)

and expenditures/expenses. Reimbursements are when a fund incurs a cost, charges the appropriate benefiting fund and reduces its related cost as a reimbursement. All other inter-fund transactions are treated as transfers. Transfers between governmental or enterprise funds are netted as part of the reconciliation to the government-wide financial statements.

Resources belonging to particular funds are commonly shared with other funds that need access to additional resources. When resources are provided without the expectation of repayment, the transaction is reported as a transfer and is treated as a source of income by the recipient fund and as an expenditure by the providing fund.

In the process of aggregating data for the statement of net position and the statement of activities, some amount reported as inter-fund activity and balances in the funds were eliminated or reclassified. Inter-fund receivables and payables were eliminated to minimize the “grossing up” effect on assets and liabilities within the governmental activities columns.

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.

Prior to October 1, the budget is legally enacted through passage of an ordinance.

3. The Mayor is authorized to transfer budgeted amounts between departments within any fund; however, the Board of Aldermen must approve any revisions that alter the total expenditures of any fund. Therefore, the level of budgetary responsibility is by total appropriations; however, for report purposes, this level has been expanded to a functional basis.
4. Formal budgetary integration is employed as a management control device during the year for the General Fund.
5. Budgeted amounts are as originally adopted and amended by the Board of Aldermen.
6. All budgetary appropriations lapse at the end of each fiscal year; however, unexpended fund balances are used to fund expenditures of subsequent years.

Budgets for the General and Special Revenue funds are adopted on a basis consistent with accounting principles generally accepted in the United States of America (GAAP).

TOWN OF DELHI, LOUISIANA
Notes to the Financial Statements
For the Year Ended September 30, 2014

Note 1 – Summary of Significant Accounting Policies (continued)

Cash and Cash Equivalents, and Investments

For the purpose of proprietary fund statement of cash flows, cash includes cash on hand, amounts in demand deposits, interest-bearing demand deposits, and time deposits. Cash equivalents include amounts in time deposits and those investments with maturities of 90 days or less.

At September 30, 2014, the Town's cash and cash equivalents was made up of petty cash of \$375, checking and savings accounts of \$5,131,124 and certificates of deposit maturing in 3 months or less of \$6,185, for a total of \$5,137,684. Cash and cash equivalents of \$4,406,534 included in this total is restricted and is shown as such on the Statement of Net Position.

Statutes allow the Town to deposit funds in demand deposits, interest-bearing demand deposits, or time deposits with state banks organized under Louisiana law or any other state of the United States, as well as invest in United States bonds, treasury notes, or certificates. These are classified as investments if their maturities exceed 90 days; however, if the maturities are 90 days or less, they are classified as cash equivalents.

As of September 30, 2014, the Town had a total of \$2,087,903 invested in certificates of deposit having maturities of more than 90 days. Certificates of deposit of \$1,930,111 included in this total are restricted and are shown as such on the Statement of Net Position.

The cash equivalents and investments of the Town are subject to the following risks.

Interest rate risk is defined as the risk that changes in interest rates will adversely affect the fair value of investments. The Town does not have a policy addressing interest rate risk.

Credit risk; under state law, the Town may deposit funds with a fiscal agent organized under the laws of Louisiana, the laws of any other state in the union, or the laws of the United States. The Town may invest in United States bonds, treasury notes and bills, government backed agency securities or certificates and time deposits of state banks organized under Louisiana law and national banks having principal officers in Louisiana.

Custodial credit risk is the risk that in event of a bank failure, the government's deposit may not be returned to it. Louisiana Revised Statutes 39:1218-1229 required the collateralization of Local government deposits that are greater than the amount insured by the Federal Depository Insurance Coverage (FDIC) limit (currently \$250,000 per institution).

TOWN OF DELHI, LOUISIANA
Notes to the Financial Statements
For the Year Ended September 30, 2014

Note 1 – Summary of Significant Accounting Policies (continued)

	<u>Cash Equivalents</u>		<u>Investments</u>	
	<u>Cash</u>	<u>Certificates of Deposit</u>	<u>Certificates Of Deposit</u>	<u>Total</u>
At September 30, 2014 Carrying Amount on Balance Sheet	<u>\$ 5,131,499</u>	<u>\$ 6,185</u>	<u>\$ 2,087,903</u>	<u>\$ 7,225,587</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>\$ 811,876</u>	<u>\$ 6,185</u>	<u>\$ 599,343</u>	<u>\$1,417,404</u>
b. Collateralized with securities held by pledging financial institutions trust department or agent in the <u>entity's name</u>	<u>4,408,169</u>	<u>-</u>	<u>1,488,560</u>	<u>5,896,729</u>
c. Uncollateralized, including any securities held for the entity but <u>not in the entity's name</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Total Bank Balances	<u>\$ 5,220,045</u>	<u>\$ 6,185</u>	<u>\$ 2,087,903</u>	<u>\$ 7,314,133</u>

These deposits are stated at cost, which approximates market. Under state law, these deposits (or bank balances) must be secured by federal deposit insurance or the pledge of securities owned by the fiscal agent bank. The market value of the pledged securities plus the federal deposit insurance must at all times equal the amount on deposit with the fiscal agent. These securities are held in the name of the pledging fiscal agent bank in a holding or custodial bank that is mutually acceptable to both parties.

Even though the pledged securities may be considered uncollateralized (Category 3) under the provisions of GASB Statement 3, LSA-R.S. 39:1229 imposes a statutory requirement on the custodial bank to advertise and sell the pledged securities within 10 days of being notified by the Town that the fiscal agent has failed to pay deposited funds upon demand.

Receivables

In the government-wide statements, receivables consist of all revenues earned at year-end and not yet received. Major receivable balances for the governmental activities include sales and use taxes and franchise taxes. Business-type activities report customer's utility service receivables as their major receivables. Uncollectible utility service receivables are recognized as bad debts at the time information becomes available which would indicate the un-collectability of the particular receivable. Although the specific charge-off method is not in conformity with generally accepted accounting principles (GAAP), no allowance for uncollectible receivables is recorded due to immateriality at September 30, 2014. Unbilled utility service receivables resulting from utility services rendered between the date of meter reading and billing and the end of the month, are recorded at year-end.

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.

TOWN OF DELHI, LOUISIANA
Notes to the Financial Statements
For the Year Ended September 30, 2014

Note 1 – Summary of Significant Accounting Policies (continued)

Stewardship, Compliance and Accountability

Excess of expenditures over appropriations: Since the budgets were not amended, all funds had line item expenditures or transfers in excess of budgeted appropriations, and exceeding 5%.

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 \$43,717 are included on the financial statement as Revenue and Public Safety Expenditures.

Fund Balance and Equity Classifications

GASB Statement No. 54, *Fund Balance Reporting and Governmental Fund Type Definitions*, establishes standards for five fund balance classifications that comprise a hierarchy based primarily on the extent to which a government is bound to observe constraints imposed upon the use of resources reported in government funds.

Non-spendable Fund Balance - Classification includes amounts that cannot be spent because they are either (a) not in spendable form - prepaid items or inventories; or (b) legally or contractually required to be maintained intact. The spendable portion of the fund balance comprises the remaining four classifications: restricted, committed, assigned and unassigned.

Restricted Fund Balance - This classification reflects the constraints imposed on resources either (a) externally by creditors, grantors, contributors, or laws or regulations of other governments; or (b) imposed by law through constitutional provisions or enabling legislation.

Committed Fund Balance - These amounts can only be used for specific purposes pursuant to constraints imposed by formal resolutions or ordinances of the city alderman - the government's highest level of decision making authority. Those committed amounts cannot be used for any other purpose unless the city aldermen remove the specified use by taking the same type of action imposing the commitment. This classification also includes contractual obligations to the extent that existing resources in the fund have been specifically committed for use in satisfying those contractual requirements.

Assigned Fund Balance - This classification reflects the amounts constrained by the city's "intent" to be used for specific purposes, but are neither restricted nor committed. The city's aldermen and management have the authority to assign amounts to be used for specific purposes. Assigned fund balances include all remaining amounts (except negative balances) that are reported in governmental funds, other than the general fund, that are not classified as non-spendable and are neither restricted nor committed.

Unassigned Fund Balance - This fund balance is the residual classification for the general fund. It is also used to report negative fund balances in other governmental funds.

The government-wide statement of net position reports \$2,432,951 of restricted net position, all of which is restricted by enabling legislation.

TOWN OF DELHI, LOUISIANA
Notes to the Financial Statements
For the Year Ended September 30, 2014

Note 1 – Summary of Significant Accounting Policies (continued)

When both restricted and unrestricted resources are available for use, it is the Town's policy to use externally restricted resources first, then unrestricted resources - committed, assigned and unassigned - in order as needed.

Balance and Equity Classifications

In the government-wide statements, equity is classified as net position and displayed in three components:

Net investment in capital assets - consists of capital assets including restricted capital assets, net of accumulated depreciation and reduced by the outstanding balances of any bonds, mortgage, notes, or other borrowings that are attributable to the acquisition, construction, or improvement of those assets.

Restricted assets - consists of assets with constraints placed on the use either by (1) external groups such as creditors, grantor, contributors, or laws and regulations of other governments; or (2) law through constitutional provisions of enabling legislation.

Unrestricted assets - all other assets that do not meet the definition of "restricted" or "net investment in capital assets".

Estimates

The preparation of financial statements in conformity with accounting principles generally accepted in the United States of America requires management to make estimates and assumptions that affect the reported amount of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenues, expenditures, and expenses during the reporting period. Actual results could differ from those estimates.

Note 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 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 11.67 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, 2014 taxes of 11.67 mills were levied on property with taxable assessed valuations totaling \$14,843,120 for a total of \$174,847. The taxes were dedicated for general corporate purposes.

TOWN OF DELHI, LOUISIANA
Notes to the Financial Statements
For the Year Ended September 30, 2014

Note 3 – Capital Assets

Capital assets and depreciation activity as of and for the year ended September 30, 2014 for the primary government is as follows:

	Balance <u>10/01/2013</u>	<u>Additions</u>	<u>Deletions</u>	Balance <u>09/30/2014</u>
Governmental activities:				
Capital assets not being depreciated:				
Land	\$ 284,161	\$ -	\$ -	\$ 284,161
Construction in progress	1,628,191	78,100	1,633,191	73,100
Other capital assets:				
Buildings	4,547,468	4,678	-	4,552,146
Infrastructure	8,649,435	1,633,191	-	10,282,626
Equipment	<u>1,501,617</u>	<u>-</u>	<u>29,678</u>	<u>1,471,939</u>
Totals	<u>16,610,872</u>	<u>1,715,969</u>	<u>1,662,869</u>	<u>16,663,972</u>
Less accumulated depreciation:				
Buildings	2,557,766	81,919	-	2,639,685
Infrastructure	4,474,416	302,487	-	4,776,903
Equipment	<u>989,063</u>	<u>75,796</u>	<u>29,678</u>	<u>1,035,181</u>
Total accumulated depreciation	<u>8,021,245</u>	<u>460,202</u>	<u>29,678</u>	<u>8,451,769</u>
Governmental activities:				
Capital assets, net	<u>\$ 8,589,627</u>	<u>\$ 1,255,767</u>	<u>\$ 1,633,191</u>	<u>\$ 8,212,203</u>
	Balance <u>10/01/2013</u>	<u>Additions</u>	<u>Deletions</u>	Balance <u>09/30/2014</u>
Business-type activities:				
Capital assets not being depreciated:				
Land	\$ 10,718	\$ -	\$ -	\$ 10,718
Construction in progress	321,274	3,578	320,416	4,436
Other capital assets:				
Buildings	565,592	23,690	-	589,282
Infrastructure	26,952,261	1,261,614	-	28,213,875
Equipment	<u>687,714</u>	<u>230,085</u>	<u>13,260</u>	<u>904,539</u>
Totals	<u>28,537,559</u>	<u>1,518,967</u>	<u>333,676</u>	<u>29,722,850</u>
Less accumulated depreciation:				
Buildings	234,644	10,652	-	245,296
Infrastructure	3,899,237	597,318	-	4,496,555
Equipment	<u>522,956</u>	<u>44,795</u>	<u>13,260</u>	<u>554,491</u>
Total accumulated depreciation	<u>4,656,837</u>	<u>652,765</u>	<u>13,260</u>	<u>5,296,342</u>
Business-type activities:				
Capital assets, net	<u>\$ 23,880,722</u>	<u>\$ 866,202</u>	<u>\$ 320,416</u>	<u>\$ 24,426,508</u>

During the year ended September 30, 2014, the Town continued a 2012 Water System Improvement project that began during the year ended September 30, 2013 consisting of renovations to the water system utility office, upgrading the computer system and utility billing software, replacing water meters

TOWN OF DELHI, LOUISIANA
Notes to the Financial Statements
For the Year Ended September 30, 2014

Note 3 – Capital Assets (continued)

with remote-read meters and upgrading parts of the distribution system. The utility office improvements contract was completed during the year ended September 30, 2013, at a cost of \$279,535 and is included on the Proprietary Fund Statement of Net Position as capital asset additions. During the year ended September 30, 2014, additional costs of \$23,690 related to the utility office contract were incurred and are included as capital asset additions. The computer system and utility billing software contract, the automated water meter contract, and the distribution contract were completed during the year ended September 30, 2014 at a cost of \$189,802, \$1,052,091, and \$209,523, respectively. Costs for these three contracts total \$1,451,416 and are included on the Proprietary Fund Statement of Net Position as of September 30, 2014 as capital asset additions. Funding for this project is provided through Louisiana Department of Health and Hospitals (DHH) \$1,870,000 water revenue bonds. The 2012 water revenue bonds provide for principal forgiveness of thirty percent of each draw down. As of September 30, 2014, the Town has made cumulative 2012 water bond principal draw downs of \$1,719,855, of which \$515,957 have been forgiven. The principal forgiveness has been recognized as \$364,663 and \$151,294 revenue on the Proprietary Fund Statement of Revenues, Expenses, and Changes in Fund Net Position for the years ended September 30, 2014 and 2013, respectively. As of September 30, 2014, the Town has outstanding bonds payable of \$1,163,898 related to this project.

As of September 30, 2014, the Town has incurred cumulative construction related costs of \$12,949,048 for various sewer system improvements and \$7,759,890 for water system improvements. These infrastructure improvement projects were largely completed as of September 30, 2011, and total construction related costs of \$20,708,938 are included on the Proprietary Fund Statement of Net Position as of September 30, 2014. During the year ended September 30, 2014, the Town incurred \$40,283 of capital costs related to the Lamb Weston sewer system project. Partial funding for these sewer and water system improvement projects was provided by a \$1,000,000 American Recovery and Reinvestment Act of 2009 (ARRA) stimulus package with a zero percent interest loan and 100% principal forgiveness to be used for rehabilitation of the existing sewer system. This sewer system rehabilitation project, funded through cumulative ARRA draw downs of \$1,000,000, was completed, and in June of 2012 the Town's bond was cancelled and all ARRA draw downs were fully forgiven. The \$1,000,000 principal forgiveness was included as revenue on the Proprietary Fund Statement of Revenues, Expenses, and Changes in Fund Net Position for the year ended September 30, 2012. In addition to rehabilitation of the existing sewer infrastructure, the Town entered into various contracts for expansion of sewer and water capacity to accommodate the new facility of Lamb Weston. The funding for this expansion is provided through Louisiana Department of Environmental Quality (DEQ) \$11,000,000 sewer revenue bonds and through Louisiana Department of Health and Hospitals (DHH) \$7,500,000 water revenue bonds.

During the year ended September 30, 2014, the Town made a final draw in the amount of \$12,422 on the \$11,000,000 sewer revenue bonds. The final draw provided partial funding for the \$40,283 current year capital costs related to the Lamb Weston sewer system project. As of September 30, 2014, the Town has made sewer bond draw downs of \$11,000,000 and water bond draw downs of \$7,500,000 and is servicing the outstanding bonds for these completed expansion projects.

As of September 30, 2014, the Town has incurred cumulative construction related costs of \$1,633,191 for a sidewalk improvement project that has been accounted for in the Capital Projects Fund as expenditures beginning with the year ended September 30, 2010. The sidewalk improvement project was completed during the year ended September 30, 2014, and total constructions costs of \$1,633,191 are included in governmental activities capital assets in the Statement of Net Position. Construction costs of \$5,000 incurred during the current year are included in the Capital Project Fund as expenditures. Funding for the

TOWN OF DELHI, LOUISIANA
Notes to the Financial Statements
For the Year Ended September 30, 2014

Note 3 – Capital Assets (continued)

sidewalk project is partially provided by a Transportation Enhancement Grant from LaDOTD. The Town has earned cumulative grant revenue related to the sidewalk project totaling \$1,291,592 through September 30, 2014. The remainder of the project costs, including \$5,000 during the current year, have been funded by Town local funds.

During the year ended September 30, 2014, the Town incurred a total of \$52,000 for engineering fees and testing related to the planning phase of the Richland Parish Recreation and Learning Center project. These costs are included in the Capital Projects Fund as construction in progress expenditures for the year ended September 30, 2014. As of September 30, 2014, construction in progress of \$52,000 is included in governmental activities capital assets in the Statement of Net Position. Funding for this project is to be provided by the State of Louisiana. For the year ended September 30, 2014, the Town recognized grant revenue of \$52,000 related to this project that is included in Capital Projects Fund grant revenue.

The Town approved a project for street reconstruction and overlay of Little John Drive and Sun Road during the year ended September 30, 2014. As of September 30, 2014, this project is in the bidding phase and construction in progress of \$21,100 is included in governmental activities capital assets in the Statement of Net Position. Total costs of \$21,100 were incurred through September 30, 2014 and included in the Capital Projects Fund as construction in progress expenditures. This project is to be fully funded by local one-cent sales tax receipts. During the month of October 2014, a Town street improvement certificate of deposit held in the Sales Tax Fund matured and \$231,493 was deposited into the Town's Capital Projects Fund checking account to be used for the Little John/Sun Road street reconstruction project.

Depreciation is computed on capital assets 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 20 - 40 years; water and sewer plant and related lines are depreciated over 25 - 50 years; all other equipment is depreciated over 5 - 15 years. Depreciation expense of \$1,112,967 for the year ended September 30, 2014 was charged to the following governmental functions:

Government activities:	
General government	<u>\$ 460,202</u>
Business-type activities:	
Water	<u>\$ 652,765</u>

Note 4 – Accounts, Salaries, and Other Payables

The payables of \$342,761 at September 30, 2014 are as follows:

	Governmental Activities	Business-Type Activities	Total
Accounts payable	\$ 47,061	\$ 42,178	\$ 89,239
Payroll and retirement payable	5,591	3,915	9,506
Project cost payable	<u>52,000</u>	<u>192,016</u>	<u>244,016</u>
Total	<u>\$ 104,652</u>	<u>\$ 238,109</u>	<u>\$ 342,761</u>

TOWN OF DELHI, LOUISIANA
Notes to the Financial Statements
For the Year Ended September 30, 2014

Note 5 – Certificates of Indebtedness and Bond Indebtedness

Business Type Activities:	Beginning <u>Balance</u>	<u>Additions</u>	<u>Reductions</u>	Ending <u>Balance</u>	Current <u>Maturities</u>
<u>Bonds and Notes Payable:</u>					
Certificates of Indebtedness,					
Series 2010	\$ 6,959,000	\$ -	\$ 285,000	\$ 6,674,000	\$ 295,000
Series 2010	9,978,579	12,421	512,000	9,479,000	516,000
Series 2012	349,017	1,215,544	400,663	1,163,898	120,000
USDA Rural Development					
Sewer Bonds 2006	<u>1,404,139</u>	<u>-</u>	<u>20,775</u>	<u>1,383,364</u>	<u>21,675</u>
Total Bonds and Notes Payable	<u>\$ 18,690,735</u>	<u>\$ 1,227,965</u>	<u>\$ 1,218,438</u>	<u>\$ 18,700,262</u>	<u>\$ 952,675</u>

On August 1, 2006, the Town issued forty-year sewer revenue bonds in the amount of \$1,523,000 for the purpose of funding sewerage system improvements. Monthly installments of \$6,671, including principal and 4.25% interest, began September 1, 2007. Monthly sinking fund deposits of \$6,671 are required through July, 2046. As of September 30, 2014, the Town had received advances in the amount of \$1,523,000. Interest of \$59,274 was paid during the year ended September 30, 2014. Outstanding bond indebtedness for this issue as of September 30, 2014 amounted to \$1,383,364. Future annual payment requirements on the 2006 sewer revenue bonds are as follows:

<u>Year ending September 30,</u>	<u>Interest</u>	<u>Principal</u>	<u>Debt Service</u>
2015	\$ 58,374	\$ 21,675	\$ 80,049
2016	57,435	22,614	80,049
2017	56,455	23,594	80,049
2018	55,432	24,617	80,049
2019	54,365	25,684	80,049
2020-2024	254,134	146,111	400,245
2025-2029	219,607	180,637	400,244
2030-2034	176,922	223,322	400,244
2035-2039	124,151	276,093	400,244
2040-2044	58,910	341,335	400,245
2045-2046	<u>2,801</u>	<u>97,682</u>	<u>100,483</u>
Total	<u>\$ 1,118,586</u>	<u>\$ 1,383,364</u>	<u>\$ 2,501,950</u>

During the year ended September 30, 2010, the Town issued twenty-year sewer revenue bonds in the amount of \$11,000,000 for the purpose of funding improvements related to expansion of sewerage capacity in order to accommodate the new Lamb Weston facility. As of September 30, 2014, the Town had received advances in the amount of \$11,000,000. Outstanding bond indebtedness for this issue amounted to \$9,479,000 as of September 30, 2014, and is included on the Proprietary Fund Statement of Net Position as Bonds Payable. These bonds call for annual principal payments beginning February 2012, and interest at .45% plus administrative fees at .50% payable on a semi-annual basis beginning August 2010. Interest of \$37,964 and administrative fees of \$42,182, paid \$9,300 during the year ended September 30, 2010 and \$80,146 during the year ended September 30, 2011, have been capitalized as part of total completed infrastructure costs. The Town is required to make monthly Sinking Fund, Reserve Fund, and Contingency fund deposits for the 2010 issue beginning April, 2010. Both the 2006 and the

TOWN OF DELHI, LOUISIANA
Notes to the Financial Statements
For the Year Ended September 30, 2014

Note 5 – Certificates of Indebtedness and Bond Indebtedness (continued)

2010 sewer revenue bond issues were funded through La Department of Environmental Quality, therefore the Town has combined the monthly sinking fund, reserve fund, and contingency fund requirements for each issue. The Town is now making one combined monthly sewer revenue sinking fund deposit to a single bank account titled USDA Debt Service, one combined monthly sewer revenue reserve fund deposit to a single bank account designated as 2006/2010 Sewer Revenue Bond Reserve Fund, and one combined monthly sewer revenue contingency fund deposit to a single bank account designated as 2010 Sewer Revenue Bond.

Contingency Fund

As of September 30, 2014, the Sewer Revenue Sinking Fund had a balance of \$806,170 available for funding of future 2006 and 2010 Sewer Revenue Bond principal, interest, and administrative fees.

As of September 30, 2014, the 2006/2010 Sewer Revenue Bond Reserve Fund had a balance of \$326,130, and the 2010 Sewer Revenue Bond Contingency Fund had a balance of \$248,190. Monthly sewer revenue bond sinking fund deposits of \$57,242, including \$6,671 for the 2006 bond issue, are to continue until the 2010 issue is paid in full. Monthly sewer revenue bond sinking fund deposits of \$6,671 will continue beyond the 2010 bond issue repayment until the 2006 bond issue is paid in full. According to the bond payment schedules, the 2006 Sewer Revenue Bond Reserve funding requirement has a cap of \$80,049, and the 2010 Sewer Revenue Bond Reserve funding requirement has a cap of \$301,852. As of September 30, 2014, the Town has only six months combined reserve funding of \$10,011 per month remaining in order to reach these reserve funding caps. The 2006 Sewer Revenue Bond requires monthly contingency fund deposits of \$668 once the \$80,049 reserve fund cap has been met. The 2010 Sewer Revenue Bond Contingency funding requirement of 5% of the Water System's sewer revenue for the preceding month has a \$200,000 cap. As of September 30, 2014, the Town has only six months combined contingency funding of \$8,886 per month remaining in order to reach these contingency funding caps. After the caps are met, the Town has a combined contingency funding requirement of only \$668 per month which will continue for the life of the sewer revenue bonds.

Estimated future annual principal, interest, and administrative fee payment requirements on the 2010 Sewer Revenue Bonds are as follows:

<u>Year ending September 30,</u>	<u>Interest and Fees</u>	<u>Principal</u>	<u>Total Debt Service</u>
2015	\$ 87,481	\$ 516,000	\$ 603,481
2016	82,555	521,000	603,555
2017	77,583	526,000	603,583
2018	72,561	531,000	603,561
2019	67,493	536,000	603,493
2020-2024	231,693	5,064,000	5,295,693
2025-2026	<u>19,810</u>	<u>1,785,000</u>	<u>1,804,810</u>
Total	<u>\$ 639,176</u>	<u>\$ 9,479,000</u>	<u>\$10,118,176</u>

During the year ended September 30, 2010, the Town also issued twenty-year water revenue bonds in the amount of \$7,500,000 for the purpose of funding improvements related to expansion of water capacity in order to accommodate the new Lamb Weston facility. As of September 30, 2014, the Town had received advances in the amount of \$7,500,000. Outstanding bond indebtedness for this issue amounted to

TOWN OF DELHI, LOUISIANA
Notes to the Financial Statements
For the Year Ended September 30, 2014

Note 5 – Certificates of Indebtedness and Bond Indebtedness (continued)

\$6,674,000, and is included on the Proprietary Fund Statement of Net Position as Bonds Payable. These bonds call for annual principal payments beginning February 2012, and interest at 2.95% plus administrative fees at .50% payable on a semi-annual basis beginning August 2010. Interest of \$184,282 and administrative fees of \$31,235, paid \$9,003 during the year ended September 30, 2010 and \$206,514 during the year ended September 30, 2011, have been capitalized as part of completed infrastructure costs. The Town is required to make monthly 2010 Water Revenue Bond Sinking Fund deposits beginning April, 2010. Monthly sinking fund deposit requirements are \$19,550 through January, 2011, and approximately \$43,800 for February, 2011 through January, 2031.

As of September 30, 2014, the 2010 Water Revenue Bond Sinking Fund had a balance of \$375,108 available for funding of future 2010 Water Revenue Bond principal, interest, and administrative fees. This 2010 issue also requires monthly Reserve Fund deposits of at least \$4,358 until the fund reaches \$261,493, and monthly Contingency Fund deposits equal to 5% of the Water System's water revenues for the preceding month until the contingency fund reaches \$100,000. As of September 30, 2014, the 2010 Water Revenue Bond Reserve Fund had a balance of \$236,250, and the 2010 Water Revenue Bond Contingency Fund had a balance of \$90,221. As of September 30, 2014, the Town has only six months water revenue bond reserve funding of \$4,594 per month remaining in order to reach the reserve funding cap for this issue. In addition, the Town has only six months water revenue bond contingency funding of \$1,745 per month remaining in order to reach the contingency funding cap for this issue.

Estimated future annual principal, interest, and administrative fee payment requirements on the 2010 Water Revenue Bonds are as follows:

<u>Year ending September 30,</u>	<u>Interest and Fees</u>	<u>Principal</u>	<u>Total Debt Service</u>
2015	\$ 225,164	\$ 295,000	\$ 520,164
2016	214,814	305,000	519,814
2017	204,102	316,000	520,102
2018	193,010	327,000	520,010
2019	181,539	338,000	519,539
2020-2024	721,291	1,874,000	2,595,291
2025-2029	368,978	2,220,000	2,588,978
2030-2031	34,759	999,000	1,033,759
Total	<u>\$ 2,143,657</u>	<u>\$ 6,674,000</u>	<u>\$ 8,817,657</u>

During the year ended September 30, 2013, the Town issued ten-year water revenue bonds in the amount of \$1,870,000 for the purpose of constructing and acquiring improvements and replacements to the Town's waterworks system. The 2012 Water Revenue Bonds provide for principal forgiveness of thirty percent of each draw down for a total of \$561,000 leaving principal of \$1,309,000 to be repaid. As of September 30, 2014, the Town has made 2012 water bond principal draw downs of \$1,719,854, of which \$515,956 have been forgiven. The current year-end forgiven principal of \$364,663 is included as revenue on the Proprietary Fund Statement of Revenues, Expenses, and Changes in Fund Net Position for the year ended September 30, 2014. Outstanding bonds indebtedness for this issue in the amount of \$1,163,898 is included on the Proprietary Fund Statement of Net Position as Bonds Payable. These bonds call for annual principal payments beginning January 2013, and interest at 2.95% plus administrative fees at .50% payable on a semi-annual basis beginning January 2013. Interest of \$18,501 and administrative fees of

TOWN OF DELHI, LOUISIANA
Notes to the Financial Statements
For the Year Ended September 30, 2014

Note 5 – Certificates of Indebtedness and Bond Indebtedness (continued)

\$3,136 were paid related to this issue during the year ended September 30, 2014. The Town is required to make monthly 2012 Water Revenue Bond Sinking Fund deposits beginning December 2012. Monthly sinking fund deposit requirements are approximately \$13,100 for December 2012 through January 2022. As of September 30, 2014, the 2012 Water Revenue Sinking Fund had a balance of \$837,932 available for funding of future 2012 Water Revenue Bond principal, interest, and administrative fees. This sinking fund account is being held in the Sales Tax Fund. This 2012 issue also requires monthly Reserve Fund deposits until the fund reaches \$78,242, and monthly Contingency Fund deposits equal to 5% of the Water System's water revenues for the preceding month until the contingency fund reaches \$100,000. The Town is depositing \$14,400, \$1,317, and \$1,667 monthly into the 2012 Sinking Fund, 2012 Reserve Fund, and 2012 Contingency Fund, respectively. As of September 30, 2014, the 2012 Water Revenue Reserve Fund had a balance of \$29,102, and the 2012 Water Revenue Contingency Fund had a balance of \$36,836.

Estimated future annual principal, interest, and administrative fee payment requirements (based on full principal being advanced by September 30, 2014) on the 2012 Water Revenue Bonds are as follows:

<u>Year ending September 30,</u>	<u>Interest and Fees</u>	<u>Principal</u>	<u>Total Debt Service</u>
2015	\$ 35,225	\$ 120,000	\$ 155,225
2016	31,015	124,000	155,015
2017	26,668	128,000	154,668
2018	22,184	132,000	154,184
2019	17,543	137,000	154,543
2020-2022	<u>45,100</u>	<u>522,898</u>	<u>567,998</u>
Total	<u>\$ 177,735</u>	<u>\$ 1,163,898</u>	<u>\$ 1,341,633</u>

Outstanding bond indebtedness for this issue is \$1,163,898 as of September 30, 2014 based on actual principal advancements. The future payment requirements disclosed above are based on an amortization table that assumes the full principal of \$1,309,000 was advanced upon inception. The Town was advanced only \$353,018 and \$850,880 during the years ended September 30, 2013 and 2014, respectively and has \$105,102 remaining available principal draws on this bond issue as of September 30, 2014.

Note 6 – Obligation under Capital Lease

During the year ended September 30, 2013, the Town leased a John Deere tractor, rotary cutter, and farm loader from John Deere Financial under a capital lease. The economic substance of the lease is that the Town is financing the acquisition of the equipment through the lease, and accordingly, it is recorded in the Town's assets and liabilities. The \$46,198 cost of the tractor less \$6,545 accumulated depreciation is included in the Town's net capital assets of governmental activities as of September 30, 2014. The present value of remaining minimum lease payments included in the Town's liabilities of governmental activities as of September 30, 2014 is \$33,015 of which \$8,924 is due within one year and is reported as the current portion of obligations under capital leases in the Statement of Net Position.

Total interest related to the obligation under capital lease amounted to \$1,664 for the year ended September 30, 2014 and is reported as interest on long-term debt in the Statement of Activities.

TOWN OF DELHI, LOUISIANA
Notes to the Financial Statements
For the Year Ended September 30, 2014

Note 6 – Obligation under Capital Lease (continued)

The following is a schedule by years of future minimum payments required under the lease together with their present value as of September 30, 2014:

<u>Year ending September 30,</u>	
2015	\$ 10,212
2016	10,211
2017	10,211
2018	5,128
2019	<u>-</u>
Total remaining minimum lease payments	35,762
Less: amount representing interest payments	<u>(2,747)</u>
Present value of remaining minimum lease payments	<u>\$ 33,015</u>

Note 7 – Inter-fund Receivables and Payables

Individual fund inter-fund receivable and payable balances at September 30, 2014 were as follows:

<u>Fund</u>	<u>Receivables</u>	<u>Payables</u>
General Fund	\$ 151,975	\$ 5,470
Special Revenue Funds	-	-
Capital Projects Fund	5,470	51,975
Proprietary Fund	<u>-</u>	<u>100,000</u>
Total	<u>\$ 157,445</u>	<u>\$ 157,445</u>

Note 8 – Sales Taxes

Half Cent Sales Tax

On July 15, 1980, a resolution was adopted for a half-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, again on November 3, 1998 for ten-years, and again on September 8, 2008 for an additional ten year period. The revenue from this sales tax is dedicated as follows:

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

TOWN OF DELHI, LOUISIANA
Notes to the Financial Statements
For the Year Ended September 30, 2014

Note 8 – Sales Taxes (continued)

2. After satisfaction of the above, funds can be used in any of the areas listed below:

- A. Street, sidewalk, bridge, and alley maintenance and improvement
- B. Street light maintenance
- C. Garbage collection
- D. Police department
- E. Fire department
- F. Public parks
- G. Airport
- H. Real estate and equipment acquisition as related to the above

One Cent Sales Tax

On October 7, 1989, the voters of the Town approved a one-cent sales tax that became effective January 1, 1990 for a period of ten years. The tax was renewed on November 3, 1998 for ten years, and on September 8, 2008 it was renewed for an additional ten-year period. The revenue from this tax is dedicated to streets, drainage and other capital improvements.

Note 9 – FEMA Public Assistance Grant Program Overpayment

During the year ended September 30, 2014, the Town was notified by Governor's Office of Homeland Security & Emergency Preparedness (GOHSEP) of a \$4,659 funding overpayment related to FEMA grant program funds received by the Town in prior years. The Town has agreed to reimburse FEMA the amount of overpayment, and the liability is included in governmental activities Statement of Net Position as of September 30, 2014. The current year expenditure for FEMA funds to be returned is included in general government expenditures as other administrative expenses.

Note 10 – 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 automobiles. 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.

Note 11– Contingent Liabilities

Under the Town's personnel policies, all unused vacation and sick leave lapse as of September 30. Therefore, no accrual is necessary for compensated absences.

TOWN OF DELHI, LOUISIANA
Notes to the Financial Statements
For the Year Ended September 30, 2014

Note 12 – Pension and Retirement Plans

The employees of the Town participate in a Statewide Local Government Retirement System, a cost-sharing multiple employer defined benefit 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, 7937 Park Boulevard, Baton Rouge, Louisiana 70809, and Municipal Police Employees' Retirement System, 8401 United Plaza Boulevard, Room 270, Baton Rouge, La.

Members of the MERS and MPERS are required by statute to contribute 5.0% and 10.0%, respectively, to the systems. During the year ended September 30, 2014, the Town funded \$56,533 contributions 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, 2014</u>		<u>September 30, 2013</u>		<u>September 30, 2012</u>	
	<u>Rate</u>	<u>Amount</u>	<u>Rate</u>	<u>Amount</u>	<u>Rate</u>	<u>Amount</u>
MERS	9.50%	\$ 56,533	8.75%	\$ 53,942	8.00%	\$ 43,685
MPERS	31.00%	\$ -	31.00%	\$ -	31.00%	\$ 8,332

The Town's required contribution rate changed for MPERS to 31.00% effective July 1, 2012. The Town's required contribution rate changed for MERS to 9.50% effective July 1, 2014.

Note 13 – Prior Period Adjustments

Governmental activities beginning net position has been restated for an overstatement of prior year Community Center #2 expenditures. It was discovered during the current year that a \$1,499 disbursement was incorrectly recorded as an expenditure for the year ended September 30, 2013. The disbursement actually represented a general fund operating account reimbursement to a general fund Special Reimbursement Account (SRA) that should have been offset by recording a cash deposit in transit in the SRA. The Town recorded a prior period adjustment that increased governmental activities net position as of September 30, 2013 by \$1,499.

Governmental activities beginning net position has also been restated for a \$1,563 overstatement of prior year expenditures and payables. During the current year, it was discovered that an invoice set up as payable in the sales tax fund was actually paid September 2013 by the general fund and reported as an expenditure in the general fund for the year ended September 30, 2013. To correct the duplication of prior year expenditures, the Town recorded a prior period adjustment that increased governmental activities beginning net position as of September 30, 2013 by \$1,563.

TOWN OF DELHI, LOUISIANA
Notes to the Financial Statements
For the Year Ended September 30, 2014

Note 13 – Prior Period Adjustments (continued)

Components of governmental activities Net Position-Beginning of Year, Restated for prior period adjustments are as follows:

Net Position-Beginning of Year	\$ 11,576,946
Prior Period Adjustments	3,062
Rounding	<u>2</u>
Net Position-Beginning of Year, Restated	<u>\$ 11,580,010</u>

Note 14 – Related Party Transactions

Procedures, observations, and inquiries did not disclose any material related party transactions for the fiscal year ended September 30, 2014.

Note 15 – Subsequent Events

Management of the Town of Delhi, Louisiana evaluated subsequent events and transactions for potential recognition or disclosure in the financial statements through May 1, 2015, the date which the financial statements were available to be used.

REQUIRED SUPPLEMENTARY INFORMATION (PART II)

TOWN OF DELHI, LOUISIANA

General Fund
Budgetary Comparison Schedule
September 30, 2014

	Original Budget	Final Budget	Actual Amounts Budgetary Basis	Variance With Final Budget Favorable/ (Unfavorable)
Budgetary fund balances, beginning	\$ 1,190,605	\$ 1,190,605	\$ 1,190,605	\$ -
Resources (inflows):				
Taxes:				
Ad valorem	163,000	163,000	174,847	11,847
Other Taxes, Penalties, Interest, etc.	71,664	71,664	89,588	17,924
Licenses and Permits	141,500	141,500	157,837	16,337
Intergovernmental Revenues:				
State Funds:				
Transportation Funds	4,000	4,000	4,160	160
Parish Insurance Rebates	12,506	12,506	12,330	(176)
Grants	5,000	5,000	25,000	20,000
Police Supplemental Pay	-	-	43,717	43,717
Federal Funds:				
Grants	-	-	-	-
Fines	234,965	234,965	172,768	(62,197)
Garbage Collection	196,400	196,400	209,452	13,052
Investment Earnings	6,826	6,826	5,035	(1,791)
Other Revenues				
Royalties	200,000	200,000	181,020	(18,980)
Rent	56,412	56,412	65,462	9,050
Community Center/Country Club	6,225	6,225	7,963	1,738
Civic Center	11,760	11,760	12,725	965
Donations - Cave	5,000	5,000	-	(5,000)
Miscellaneous	10,664	10,664	12,247	1,583
Transfers from other funds	819,000	819,000	762,165	(56,835)
Amounts available for appropriations	<u>3,135,527</u>	<u>3,135,527</u>	<u>3,126,921</u>	<u>(8,606)</u>
Charges to appropriations (outflows):				
General Government:				
Professional Fees	69,181	69,181	79,994	(10,813)
Utilities	16,230	16,230	28,999	(12,769)
Administrative	21,282	21,282	27,460	(6,178)
Public Facilities	40,776	40,776	50,740	(9,964)
Insurance	164,681	164,681	141,398	113,941
Employment Taxes	59,170	59,170	54,423	4,747
Other Administrative Expenses	11,000	11,000	20,778	(9,778)
Asbestos Removal	15,000	15,000	10,000	5,000
Salaries	191,432	191,432	205,040	(13,608)
Retirements	16,720	16,720	18,221	(1,501)
Waste Management	185,328	185,328	186,524	(1,196)
Repairs and Maintenance	5,985	5,985	6,018	(33)
Livestock Show	7,450	7,450	6,647	803
Tax Assessor Fee	5,000	5,000	4,906	94
Total General Government Expenditures	<u>809,235</u>	<u>809,235</u>	<u>841,148</u>	<u>(31,913)</u>
Public safety:				
Police:				
Salaries	384,520	384,520	390,527	(6,007)
Auto	42,658	42,658	50,926	(8,268)

TOWN OF DELHI, LOUISIANA

General Fund
Budgetary Comparison Schedule
September 30, 2014

	Original Budget	Final Budget	Actual Amounts Budgetary Basis	Variance With Final Budget Favorable/ (Unfavorable)
Expenditures: (Continued)				
Administrative	24,796	30,796	30,074	722
Supplies	9,000	9,000	9,359	(359)
Prisoner Care	6,700	6,700	6,460	240
Retirement	22,128	22,128	2,154	19,974
Police Training	2,781	2,781	4,129	(1,348)
Uniforms	7,500	7,500	4,044	3,456
Fine Collection Fees	1,000	1,000	13,699	(12,699)
Animal Control	8,150	8,150	9,458	(1,308)
Total Police Expenditures	509,233	515,233	520,830	(5,597)
Fire:				
Auto	2,900	2,900	6,818	(3,918)
Volunteers	30,000	30,000	30,000	-
Telephone	1,200	1,200	1,126	74
Supplies, Maintenance, and Utilities	6,750	6,750	11,369	(4,619)
Donations to Fire Dept.	19,404	19,404	19,404	-
Total Fire Expenditures	60,254	60,254	68,717	(8,463)
Total Public Safety Expenditures	569,487	575,487	589,547	(14,060)
Streets:				
Utilities	45,375	45,375	54,820	(9,445)
Administrative	3,000	3,000	2,838	162
Salaries	168,595	168,595	102,663	65,932
Retirement	14,752	14,752	6,998	7,754
Repairs and Maintenance	20,000	20,000	22,885	(2,885)
Oil and Gas	25,000	25,000	21,363	3,637
Supplies	16,007	16,007	15,751	256
Mosquito Control	3,500	3,500	1,523	1,977
Equipment Rent	-	-	-	-
Total Streets Expenditures	296,229	296,229	228,841	67,388
Capital Outlay				
General Government	-	-	4,678	\$ (4,678)
Public Safety:				
Police	-	35,000	-	35,000
Fire	-	-	-	-
Streets	-	-	-	-
Total Capital Outlay	-	35,000	4,678	30,322
Other Charges:				
Transfers out to other funds	10,211	10,211	10,211	-
Total charges to appropriations	1,685,162	1,726,162	1,674,425	51,737
Prior period adjustment	-	-	1,499	
Budgetary fund balances, ending	\$ 1,450,365	\$ 1,409,365	\$ 1,453,995	\$ 44,630

TOWN OF DELHI, LOUISIANA

Sales Tax Fund
Budgetary Comparison Schedule
September 30, 2014

	Original Budget	Final Budget	Actual Amounts Budgetary Basis	Variance With Final Budget Favorable/ (Unfavorable)
Budgetary fund balances, beginning	\$ 1,838,078	\$ 1,838,078	\$ 1,838,078	\$ -
Resources (inflows):				
Taxes:				
Sales and Use:				
Sales Tax 1/2 cent	\$ 240,000	\$ 240,000	\$ 282,158	\$ 42,158
Sales Tax 1 cent	480,000	480,000	564,316	84,316
Total Taxes	720,000	720,000	846,474	126,474
Transfers in from other funds	-	-	-	-
Investment Earnings	3,342	3,342	4,620	1,278
Amounts available for appropriations	2,561,420	2,561,420	2,689,172	127,752
Charges to appropriations (outflows):				
General Government:				
1/2 Cent:				
Recreation	55,789	55,789	62,360	(6,571)
Administration	41,629	41,629	43,866	(2,237)
Public Works/Safety	15,085	15,085	20,414	(5,329)
Miscellaneous	81	81	130	(49)
Total 1/2 Cent	112,584	112,584	126,770	(14,186)
1 Cent:				
Streets, Drainage & Other Capital Improvements	115,000	84,480	8,434	76,046
Sales Tax Commission	6,734	6,734	7,359	(625)
Miscellaneous	-	-	131	(131)
Total 1 Cent	121,734	91,214	15,924	75,290
Total General Government	234,318	203,798	142,694	61,104
Capital Outlay	25,000	25,000	-	25,000
Other Charges:				
Transfers out to other funds	254,818	285,338	203,285	82,053
Total charges to appropriations	514,136	514,136	345,979	168,157
Prior period adjustment	-	-	1,563	
Budgetary fund balances, ending	\$ 2,047,284	\$ 2,047,284	\$ 2,344,756	\$ 297,472

TOWN OF DELHI, LOUISIANA

Capital Projects Fund
Budgetary Comparison Schedule
September 30, 2014

	Original Budget	Final Budget	Actual Amounts Budgetary Basis	Variance With Final Budget Favorable/ (Unfavorable)
Budgetary fund balances, beginning	\$ 200	\$ 200	\$ 200	\$ -
Resources (inflows):				
Grants:				
Louisiana Department of Health and Hospitals	-	-	52,000	52,000
DOTD Transportation Enhancement	117,425	117,425	-	(117,425)
Transfers in from other funds	28,796	28,796	26,100	(2,696)
Amounts available for appropriations	146,421	146,421	78,300	(68,121)
Charges to appropriations (outflows):				
Construction Costs - DOTD Transportation Enhancement	146,221	146,221	-	146,221
Construction Costs - Recreational and Learning Center	-	-	5,000	(5,000)
Construction in Progress - Recreational and Learning Center	-	-	73,100	(73,100)
Total charges to appropriations	146,221	146,221	78,100	68,121
Budgetary fund balances, ending	\$ 200	\$ 200	\$ 200	\$ -

TOWN OF DELHI, LOUISIANA
Notes to the Budgetary Comparison Schedules
For the Year Ended September 30, 2014

Note A – Budget Practices

A proposed budget for the general fund and the special revenue funds of the Town of Delhi is prepared on the modified accrual basis of accounting. The budget is legally adopted by the Town of Delhi and then amended during the year, as necessary. The budget is established and controlled at the object level of expenditures. Appropriations lapse at year-end and must be re-appropriated for the following year. The Town of Delhi authorizes all amendments to the budget. One amendment was made to the original budget.

Formal budgetary integration is employed as a management control device during the year.

Note B – Budget to GAAP Reconciliation

Explanation of differences between budgetary inflows and outflows and GAAP revenues and expenditures are presented on the next page.

Note C – Excess of Expenditures over Appropriations

There were no instances of excess expenditures over appropriations for any funds for the fiscal year ended September 30, 2014.

TOWN OF DELHI, LOUISIANA
Notes to Budgetary Comparison Schedules
For the Year Ended September 30, 2014

	<u>General</u>	<u>Sales Tax</u>	<u>Capital Improvements</u>
Sources/Inflows of resources:			
Actual amounts (budgetary basis) "available for appropriation" from the Budgetary Comparison Schedule	\$ 3,126,921	\$ 2,689,172	\$ 78,300
Adjustments:			
The fund balance at the beginning of the year is a budgetary resource but is not a current-year revenue for financial reporting purposes	(1,190,605)	(1,838,078)	(200)
Transfers from other funds are inflows for budgetary purposes but are not revenue for financial reporting purposes	<u>(762,165)</u>	<u>-</u>	<u>(26,100)</u>
Total revenues as reported on the Statement of Revenues, Expenditures, and Changes in Fund Balances - Governmental Funds	<u>\$ 1,174,151</u>	<u>\$ 851,094</u>	<u>\$ 52,000</u>
Uses/Outflows of resources:			
Actual amounts (budgetary basis) "Total charges to appropriations" from the Budgetary Comparison Schedule	\$ 1,674,425	\$ 345,979	\$ 78,100
Adjustments:			
Transfers to other funds are outflows for budgetary purposes but are not expenditures for financial reporting purposes	<u>(10,211)</u>	<u>(203,285)</u>	<u>-</u>
Total expenditures as reported on the Statement of Revenues, Expenditures and Changes in Fund Balances - Governmental Funds	<u>\$ 1,664,214</u>	<u>\$ 142,694</u>	<u>\$ 78,100</u>

OTHER SUPPLEMENTARY INFORMATION

TOWN OF DELHI, LOUISIANA
Schedule of Compensation Paid to the Mayor and Members of the Board of Aldermen
For the Year Ended September 30, 2014

<u>Council Member:</u>	<u>Amount</u>
J. Lynn Lewis, Mayor	\$ 68,000
Bobby Benson, Council Member	7,200
Caroline Christman, Council Member	7,200
Larry Rancher, Council Member	7,200
Henry Washington, Council Member	<u>7,200</u>
 Total	 <u>\$ 104,000</u>

TOWN OF DELHI, LOUISIANA
 Schedule of Expenditures of Federal Awards
 For the Year Ended September 30, 2014

Federal Grantor Pass-through Grantor/Program Name	Federal CFDA Number	Pass-Through Identifying Number	Federal Expenditure
<u>U.S Environmental Protection Agency</u>	66.468	1083002-02	<u>\$ 1,215,544</u>
American Recovery Act Award Passed through the Louisiana Department of Health and Hospitals - Drinking Water Revolving Loan Fund Program (DWRLF)			
Total Federal Awards			<u>\$ 1,215,544</u>

TOWN OF DELHI, LOUISIANA
Schedule of Expenditures of Federal Awards
For the Year Ended September 30, 2014

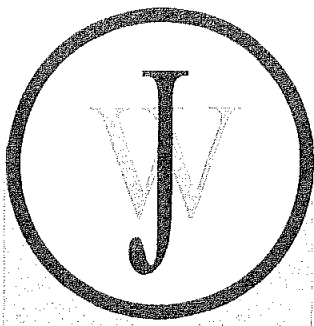
Note 1 – General

The accompanying Schedule of Expenditures of Federal Awards presents the activity of all federal awards programs of the Town of Delhi. The Town's reporting entity is defined in Note 1 to the Town's financial statements. All federal awards received directly from federal agencies, as well as federal awards passed through other government agencies, are included on the schedule.

Note 2 – Basis of Accounting

The accompanying Schedule of Expenditures of Federal Awards is presented using the accrual basis of accounting, which is described in Note 1 of the Financial Statement to the Town of Delhi Louisiana's financial statements. The information in this schedule is presented in accordance with the requirements of Circular A-133, Audits of States, Local Governments, and Non-Profit Organizations. Therefore, some amounts presented in this schedule may differ from amounts in, or used in the preparation of, the basic financial statements.

INTERNAL CONTROL, COMPLIANCE, AND OTHER MATTERS



J. WALKER & COMPANY^{APC}

ACCOUNTANTS AND ADVISORS

INDEPENDENT AUDITORS' REPORT ON INTERNAL CONTROL OVER FINANCIAL REPORTING AND ON COMPLIANCE AND OTHER MATTERS BASED ON AN AUDIT OF FINANCIAL STATEMENTS PERFORMED IN ACCORDANCE WITH *GOVERNMENT AUDITING STANDARDS*

Honorable Jesse Washington, Mayor
and Members of the Board of Aldermen
Town of Delhi, Louisiana

We have audited, in accordance with the auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States, the financial statements of the governmental activities, the business-type activities, and each major fund, of the Town of Delhi, Louisiana, as of and for the year ended September 30, 2014, and the related notes to the financial statements, which collectively comprise the Town of Delhi, Louisiana's basic financial statements and have issued our report thereon dated May 1, 2015.

Internal Control over Financial Reporting

In planning and performing our audit of the financial statements, we considered the Town of Delhi, Louisiana's internal control over financial reporting (internal control) to determine the audit procedures that are appropriate in the circumstances for the purpose of expressing our opinions on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of the Town of Delhi, Louisiana's internal control. Accordingly, we do not express an opinion on the effectiveness of the Town of Delhi, Louisiana's internal control.

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

Our consideration of internal control was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control that might be material weaknesses or significant deficiencies and therefore, material weaknesses or significant deficiencies may exist that were not identified. Given these limitations, during our audit we did not identify any deficiencies in internal control that we consider to be material weaknesses. However, material weaknesses may exist that have not been identified. We did identify certain deficiencies in internal control, described as 2014-01, 2014-02, 2014-03, 2014-06, and 2014-07 in the accompanying schedule of findings and questioned costs that we consider to be significant deficiencies.

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Compliance and Other Matters

As part of obtaining reasonable assurance about whether the Town of Delhi Louisiana's financial statements are free from material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements, noncompliance with which could have a direct and material effect on the 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 instances of noncompliance or other matters that are required to be reported under *Government Auditing Standards* and which are described in the accompanying schedule of findings and questioned costs as items 2014-04, 2014-05, 2014-08, and 2014-09.

Town of Delhi, Louisiana's Response to Findings

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

Purpose of this Report

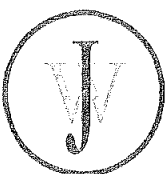
The purpose of this report is solely to describe the scope of our testing of internal control and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the entity's internal control or on compliance. This report is an integral part of an audit performed in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

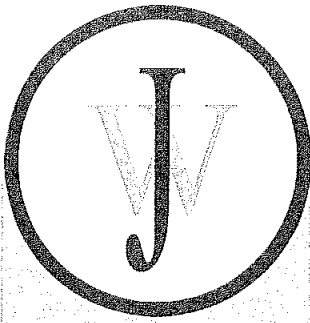
This report is intended solely for the information and use of management, Town Council, others within the organization, federal awarding agencies, and pass-through entities and is not intended to be and should not be used by anyone other than these specified parties. However, under Louisiana Revised Statute 24:513, this report is distributed by the Louisiana Legislative Auditor as a public document.

J. Walker & Company, APC

Lake Charles, Louisiana

May 1, 2015





J. WALKER & COMPANY_{APC}

ACCOUNTANTS AND ADVISORS

INDEPENDENT AUDITORS' REPORT ON COMPLIANCE FOR EACH MAJOR PROGRAM AND ON INTERNAL CONTROL OVER COMPLIANCE REQUIRED BY OMB CIRCULAR A-133

Honorable Jesse Washington, Mayor
and the Members of the Board of Aldermen
Town of Delhi, Louisiana

Report on Compliance for Each Major Federal Program

We have audited the Town of Delhi, Louisiana's compliance with the types of compliance requirements described in the *OMB Circular A-133 Compliance Supplement* that could have a direct and material effect on each of the Town of Delhi, Louisiana's major federal programs for the year ended September 30, 2014. 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.

Management's Responsibility

Management is responsible for compliance with the requirements of laws, regulations, contracts, and grants applicable to its federal programs.

Auditor's Responsibility

Our responsibility is to express an opinion on compliance for each of the Town of Delhi, Louisiana's major federal programs based on our audit of the types of compliance requirements referred to above. We conducted our audit of compliance in accordance with auditing standards generally accepted in the United States of America; the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States; and 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 on compliance for each major federal program. However, our audit does not provide a legal determination of the Town of Delhi, Louisiana's compliance.

Opinion on Each Major Federal Program

In our opinion, the Town of Delhi, Louisiana complied, in all material respects, with the types of compliance requirements referred to above that could have a direct and material effect on each of its major federal programs for the year ended September 30, 2014.

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Other Matters

The results of our auditing procedures disclosed no instances of noncompliance, which are required to be reported in accordance with OMB Circular A-133.

Report on Internal Control over Compliance

Management of the Town of Delhi, Louisiana is responsible for establishing and maintaining effective internal control over compliance with the types of compliance requirements referred to above. In planning and performing our audit of compliance, we considered the Town of Delhi, Louisiana's internal control over compliance with the types of requirements that could have a direct and material effect on each major federal program to determine the auditing procedures that are appropriate in the circumstances for the purpose of expressing an opinion on compliance for each major federal program and to test and report on internal control over compliance in accordance with OMB Circular A-133, but not for the purpose of expressing an opinion on the effectiveness of internal control over compliance. Accordingly, we do not express an opinion on the effectiveness of the Town of Delhi, Louisiana's internal control over compliance.

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

Our consideration of internal control over compliance was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control over compliance that might be material weaknesses or significant deficiencies and therefore, material weaknesses or significant deficiencies may exist that were not identified. We did not identify any deficiencies in internal control over compliance that we consider to be material weaknesses. However, we identified a deficiency in internal control over compliance, as described in the accompanying schedule of findings and questioned costs as item 2014-10, that we consider to be a significant deficiency.

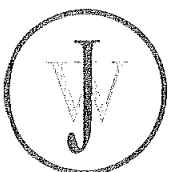
The Town of Delhi, Louisiana's response to the internal control over compliance findings identified in our audit is described in the accompanying management's corrective action plan. The Town of Delhi, Louisiana's response was not subjected to the auditing procedures applied in the audit of compliance and, accordingly, we express no opinion on the response.

The purpose of this report on internal control over compliance is solely to describe the scope of our testing of internal control over compliance and the results of that testing based on the requirements of OMB Circular A-133. Accordingly, this report is not suitable for any other purpose. Under Louisiana Revised Document Statue 24:513, this report is distributed by the Legislative Auditor as a public document.

J. Walker & Company, APC

Lake Charles, Louisiana

May 1, 2015



TOWN OF DELHI, LOUISIANA
Schedule of Findings and Questioned Costs
For the Year Ended September 30, 2014

I. Summary of Auditors' Results

a. Financial Statements

1. The independent auditors' report expresses an unqualified opinion on the financial statements of the Town of Delhi, Louisiana.
2. There were five (5) control deficiencies disclosed during the audit of the financial statements and reported in the *Independent Auditors' Report on Internal Control over Financial Reporting and on Compliance and Other Matters Based on an Audit of Financial Statements Performed in Accordance with Government Auditing Standards*. None of these deficiencies are reported as material weaknesses.
3. There were four (4) instances of noncompliance that are reported in the *Independent Auditors' Report on Internal Control over Financial Reporting and on Compliance and Other Matters Based on an Audit of Financial Statements Performed in Accordance with Government Auditing Standards*.
4. There was one (1) control deficiency in internal control over major federal programs disclosed during the audit reported in the *Independent Auditors' Report on Compliance for Each Major Program and on Internal Control Over Compliance Required by OMB Circular A-133*.

b. Federal Awards

5. Audit findings that are required to be reported in accordance with Section 501(a) of OMB Circular A-133 are reported in Section III of this schedule.
6. The following program was considered major for the year ended September 30, 2014:

	<u>CFDA Number</u>
U. S. Environmental Protection Agency – Drinking Water Revolving Loan Fund	66.468

7. The threshold used for distinguishing between Type A and Type B programs was \$300,000.
8. The Town of Delhi, Louisiana does not qualify as a low-risk auditee.

c. Management Letter

9. A management letter was issued in connection with the audit for the year ended September 30, 2014.

TOWN OF DELHI, LOUISIANA
Schedule of Findings and Questioned Costs
For the Year Ended September 30, 2014

II. Findings – Financial Statement Audit

INTERNAL CONTROL AND COMPLIANCE FINDINGS

2014-01 – Credit Card Charges

Condition:

A review of the Town's credit card statements detailed charges that appeared to be for purposes that were not beneficial to the operations of the Town. Reimbursements were also made to the Mayor for charges incurred on his personal credit card that had no apparent benefit to the Town. The charges in question on the Town's credit card statement included four transactions with the Apple iTunes Store totaling \$69.83 which were identified as being for the renewal of an iPhone application, iCloud storage for an Apple iPhone, and an iTunes bill.

Criteria:

The Town's governing body is responsible for implementing monitoring procedures to protect the Town's assets from abuse and misappropriation.

Cause:

The cause appears to be insufficient monitoring by the Town. Approvals for the reimbursements on the Mayor's credit card transactions were authorized and initialed by the Mayor and the Town's Clerk.

Effect:

The effect of the lack of internal controls and monitoring procedures by the Town could lead to possible misappropriation of the Town's assets.

Recommendation:

The Town's governing body should ensure that the Town's credit card is secured in the vault and only used for agreed-upon purposes. A review of the activities reported on the Town's credit card statements should be conducted on a monthly basis, and any questionable activities should be investigated. In addition, the Board should implement procedures to ensure that all reimbursements for the Mayor's expenses are authorized and approved by the governing body before any funds are returned.

The Mayor should approve all credit card transactions for the Town's general operations before any usage. The Town's governing body should appoint a designated member of the Board to authorize and approve all credit card transactions for activities that are in the interest of the Mayor before any usage.

Response:

See management's corrective action plan.

TOWN OF DELHI, LOUISIANA
Schedule of Findings and Questioned Costs
For the Year Ended September 30, 2014

2014-02 – Insufficient Effort to Collect Receivables Due to the Town

Condition:

The Town entered into an amended lease agreement with Dumas Candy Company on March 1, 2012 to reestablish a monthly payment amount of \$1,500 per month. At the time of the amendment to the original contract, Dumas Candy Company was \$32,500 in payment arrears to the Town. As of September 30, 2014, the receivable balance due from Dumas Candy Company had grown to approximately \$54,000, while the Company continued to operate from the building owned by the Town.

Criteria:

The Town is required to secure their assets and make every effort to collect funds that are due to the Town.

Cause:

The Town failed to take appropriate action against Dumas Candy Company for the breach of the lease agreement, and allowed the Company to continue operations despite the outstanding balance.

Effect:

The effect is the inappropriate use of the Town's Assets. Also, cash could be materially understated due to the lack of monthly rental payments being received.

Recommendation:

The Town should take appropriate legal procedures against the Company for the breach of the contractual lease obligation; and should make every effort to obtain the outstanding amounts due to the Town.

Response:

See management's corrective action plan.

2014-03 – Non-Business Related Travel

Condition:

A review of the Town's Fuelman gas card detailed travel expenses that were incurred for expenses that did not appear to be beneficial to the operations of the Town. Of the transactions reviewed, eleven out-of-state transactions were observed for which no supporting documentation was provided. The business purpose of the trip was not apparent; therefore, making it indeterminable as to whether the travel expenses were appropriate and necessary. A total of \$616.61 in questionable charges for approximately 208 gallons of gasoline was expensed to the Town's Fuelman card for the Mayor's travels to Alabama, Arkansas, Illinois, Mississippi, Missouri, and Texas between September of 2013 and March of 2014. These charges were solely for the amount of gasoline that was purchased, and do not include other questionable charges that were made on the Town's credit card in accordance with the Mayor's travels.

TOWN OF DELHI, LOUISIANA
Schedule of Findings and Questioned Costs
For the Year Ended September 30, 2014

No support documents were provided to substantiate the purpose of the travel. It was also observed that Town vehicles were used during the travels.

The Town's Fuelman statements detail gasoline purchases in Arkansas on September 29, 2013, Illinois on September 30, 2013, and both Missouri and Mississippi on October 1, 2013. While a notation was placed on the Town's credit card statement saying that the purpose of the trip was to pick up equipment for the Town's Cave Theatre, no supporting documentation was provided to substantiate the claim. No receipts were provided to detail the type of equipment that was purchased, the state in which the purchase took place, or from which vendor the equipment was purchased. Although, it is believed that the Mayor purchased an antique movie projector which totaled approximately \$700, no evidence of that purchase has been noted. The projector is currently being stored on display at the Town's Cave Theatre, which is currently closed and awaiting rehabilitation.

As of the date of this report, the Town has not notified law enforcement, the District Attorney, or the Louisiana Legislative Auditor's office to discuss the alleged misappropriations. Additionally, no restitution payments were noted as being received by the Town.

Criteria:

Documentation should always be provided and maintained on file to substantiate the business necessity for any travel. Neither the Town's Fuelman gas card, nor the Town's vehicles should be used for any non-business related travel.

Cause:

The Town has not enacted any monitoring procedures to ensure that only pre-approved out-of-state travel is conducted while using either the Town's vehicles or the Town's gas card.

Effect:

Non-business related or personal travel could potentially abuse the Town's resources.

Recommendation:

Documentation should be provided and maintained on file to substantiate the business necessity of any out-of-state travel while utilizing the Town resources. Also, the Town's Board of Alderpersons should conduct periodic reviews of the Town's gas card statements and investigate any perceived abuse or misuse. Furthermore, the Town's governing body should report this matter to the Louisiana Legislative Auditor and the District Attorney in an effort to investigate this matter more fully.

Response:

See management's corrective action plan.

TOWN OF DELHI, LOUISIANA
Schedule of Findings and Questioned Costs
For the Year Ended September 30, 2014

2014-04 – Identification of Fixed Assets

Condition:

The Town does not have procedures in place where an employee performs an annual physical inventory and maintains a complete listing of the Town's capital assets, nor do they have procedures to ensure that all additions and deletions are properly reflected and monitored. Other than vehicles, none of the Town's assets are properly tagged for identification purposes.

Criteria:

Louisiana Revised Statute LSA-R.S. 24: 515 requires the Town to maintain a comprehensive listing of all capital assets which were purchased or otherwise acquired.

Cause:

There was no oversight placed on documenting and maintaining the listing of capital assets.

Effect:

The Town may have been in violation of state law, and had inadequate internal controls over their capital assets. Also, a failure to locate, timely tag, and maintain location records of all moveable property exposes the Town to possible loss, theft, and misuse of its assets.

Recommendation:

Management of the Town should consider appointing an employee as property manager who will maintain a comprehensive listing of capital assets as additions and deletions occur during the year. Department heads should be given addition and deletion forms and be required to complete the forms as purchases or deletions of capital assets are made and then given to the property manager. Deletions should be supported by written documentation stating the reason for deletion, method of disposition such as sale, donation or junked and appropriate evidence of approval for the action taken. All disposals should be approved by the Mayor and presented to the Aldermen. The property manager should perform an annual physical inventory of all capital assets and any missing assets identified should be investigated. All assets should be tagged as property of the Town and serial numbers retained by the property manager. The property manager should also maintain records for all construction projects to determine the status of each project and which projects have been completed and should be added to the capital asset listing.

2014-05 – Board Meeting Financials

Condition:

Through inquiries and information provided by members within the Town's Board of Alderpersons, and reviews of the Town's Board minutes, it was determined that monthly financial statements for all Town funds, including budget-to-actual comparisons, were either not provided to the Board, or were provided months in arrears. Examples include financials for October of 2013 were not provided to the Board until March of 2014. November 2013 financials were not provided until May 2014. December 2013 financials were not provided until June 2014. January 2014 financials were not provided until July 2014. February

TOWN OF DELHI, LOUISIANA
Schedule of Findings and Questioned Costs
For the Year Ended September 30, 2014

2014 financials were not provided until July 2014, March, April, May, and June of 2014 financials were not provided until September 2014, July and August 2014 financials were both provided in October 2014, and no financials were provided for September 2014.

Criteria:

The Mayor and Board of Alderpersons should receive timely and accurate monthly financial reports to aid in their responsibility for managing the fiscal affairs of the Town efficiently, effectively and in compliance with all applicable laws and regulations.

Cause:

It appears that the inability to produce timely bank reconciliations, as well staff being overwhelmed due to a lack of personnel was the reason for the delayed financial statements.

Effect:

Those charged with governance are inhibited from making educated financial decisions if they are unknowledgeable about the Town's current financial status.

Recommendation:

The Mayor and the Board should be provided with current monthly financial statements for all Town funds, including budget-to-actual comparisons. In addition, they should be provided with detailed information regarding the Town's expenditures, including the due dates. The Mayor and Board should discuss this information at its regular meetings, and such discussion should be reflected in the monthly agenda and documented in the minutes. Town staff that are familiar with financial information should be present at the meetings to address questions regarding the Town current financial standings.

Response:

See management's corrective action plan.

2014-06 – Policies and Procedures Manual

Condition:

The Town did not have written policies and procedures for any of its key financial areas. Our audit disclosed that the Town has been operating without a written policies and procedures manual.

Criteria:

Written policies and procedures aid in the continuity of Town operations, good internal control and are necessary to provide a clear understanding of what should be done, how it should be done, who should do it, and when it should be done. In addition, written policies and procedures aid in the cross-training of staff and the training of new staff members.

TOWN OF DELHI, LOUISIANA
Schedule of Findings and Questioned Costs
For the Year Ended September 30, 2014

Cause:

It is indeterminable as to why the Town has been operating without an official policies and procedures manual.

Effect:

The failure to maintain a manual which outlines the Town's significant accounting policies, as well as the procedures detailing which personnel is responsible for certain duties can adversely affect the Town's operations. Also, the lack of documented accounting policies and procedures exposes the Town to the risk of practicing inconsistent methods, and can also contribute to errors and inaccurate financial reporting.

Recommendation:

We recommend that the Town's Board of Aldermen work together to develop a manual which details the Town's policies and procedures for all significant areas of operations. All policies and procedures should be approved and placed into effect immediately, as well as monitored and modified as necessary to assure accurate and consistent application. The website of the Louisiana Legislative Auditor should be

consulted for sample policies and procedures to aid in the implementation of the necessary procedures to comply with state guidelines and laws. Once implemented, the policies and procedures should be strictly enforced and continually monitored to ensure compliance.

Response:

See management's corrective action plan.

2014-07 – Incomplete Personnel Files

Condition:

Through a review of the Town's personnel files, it was observed that not all files contained the required documentation. Of the files reviewed for employees that were hired during the audit period, two files lacked the required MERS or MPERS documentation, and five files lacked applications.

Criteria:

Personnel files should contain all required documentation.

Cause:

No written policies or procedures detailing the required documents to maintain in personnel files were identified.

Effect:

The Town's personnel files are inconsistent and incomplete.

TOWN OF DELHI, LOUISIANA
Schedule of Findings and Questioned Costs
For the Year Ended September 30, 2014

Recommendation:

The Town should establish a written policy for maintaining personnel files and review their personnel files to ensure that all required and relevant documentation is being maintained per that policy.

Response:

See management's corrective action plan.

2014-08 – Timely Filing of Report

Condition:

The report was not submitted to the Louisiana Legislative Auditor's office on a timely basis.

Criteria:

LSA-R.S.24.513 states that "all engagements must be completed and transmitted to the legislative auditor within six months of the close of the auditee's fiscal year."

Cause:

The cause appears to be the late engagement of auditor due to the disengagement of the Town's previous auditor.

Effect:

The Town was not in compliance with the State Law governing the completion and submission of audit reports.

Recommendation:

The Town should remain in compliance with all State laws governing audit engagements. A CPA firm should be selected and submitted to the Louisiana Legislative Auditor for approval early enough to allow an audit firm to begin and complete the engagement within the six month allotted time frame.

Response:

See management's corrective action plan.

2014-09 – Noncompliance with Louisiana Public Records Law

Condition:

The Town did not make the minutes from six Council meetings public record by not publishing within its official journal.

TOWN OF DELHI, LOUISIANA
Schedule of Findings and Questioned Costs
For the Year Ended September 30, 2014

Criteria:

Louisiana Revised Statute (R.S.) 42:20 states that “minutes are considered public records and must be made available within a reasonable time after a meeting.”

Louisiana Revised Statute (R.S.) 43:144 states that “the municipal clerk is to furnish the official journal, within 20 days after the date of any meeting, a copy of the minutes, ordinances, resolutions, budgets, and proceedings for publication.”

Cause:

It is indeterminable as to why the Town failed to make the minutes from the Council meetings public record.

Effect:

The Town has failed to comply with the Louisiana Open Meetings Law.

Recommendation:

The Town should ensure that the minutes of all public meetings are documented and submitted for publishing within a timely manner after the meeting.

Response:

See management’s corrective action plan.

III. Findings and Questioned Costs– Major Federal Awards Program Audit

U.S. Environmental Protection Agency – Drinking Water Revolving Loan Fund Program passed through the Louisiana Department of Health and Hospitals.

2013-10 – Identification of Federal Award Expenditures

Condition:

The Town was unable to identify the amount of Federal funds that were expended during the audit period.

Criteria:

The Town should prepare a Schedule of Expenditures of Federal Awards to assist the Town with determining its reporting and compliance requirements under Circular A-133.

Cause:

The Town did not have sufficient internal controls or monitoring procedures to ensure that the expended federal funds were adequately documented. Also, Town personnel may not have been knowledgeable of the reporting requirement of Federal funds expended in excess of \$500,000.

TOWN OF DELHI, LOUISIANA
Schedule of Findings and Questioned Costs
For the Year Ended September 30, 2014

Effect:

An oversight could occur in which an audit that is required to be conducted in accordance with Federal guidelines is not reported as such, due to unidentified Federal award expenditures.

Recommendation:

Management should implement procedures to ensure that all Federal funds both received and expensed are documented on a spreadsheet according to the Federal program it involves, and should be monitored periodically by management and reconciled to documents maintained by the Town's Engineer to ensure accuracy.

Response:

See management's corrective action plan.

TOWN OF DELHI, LOUISIANA
Summary of Prior Year Findings
For the Year Ended September 30, 2014

INTERNAL CONTROL AND COMPLIANCE FINDINGS

2013 - 01 Budgets

Condition:

During the year, the Town of Delhi, Louisiana exceeded the 5% threshold for budget variances in several funds and line items within those funds. The Town adopts its budget by line item and the more material line item unfavorable variances are outlined on pages 48-49 in the Notes to the Budgetary Comparison Schedules.

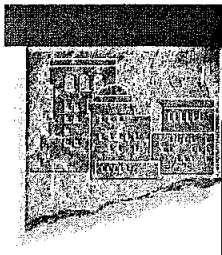
The budgets were not amended at year end to adjust for these 5% variances as is required by Louisiana State Budget Law.

Recommendation:

It is recommended that the Town try to remain within budget limits, but it is understood that unforeseen items occur during the year that are not known at the time the original budget is created. It is also recommended that the Town amend its 2013 budget to adjust for the 5% variances as required by state law.

Current Status:

Resolved



Town of Delhi

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Response to Audit Comment

2014-01 - Credit Card Charges

Before credit cards can be used, the council will implement a policy for usage, review the monthly statement to assure policy has been followed and credit cards secured in the safe when not in use.

2014-02 - Insufficient Effort to Collect Receivables Due to the Town

Upon taking office, Mayor Washington contacted the town lawyer, David Doughty, to file the necessary paper work to shut Dumas Candy Company down and possibly collect back payments.

2014-03 - Non-Business Related Travel

In the future, all travel expenses charged to Fuelman will have the necessary documentation maintained with the bill, and the Council will be given copies of all charges. Upon taking office, Mayor Washington implemented a policy that the Town's vehicles would be parked at Town Hall and only used for official business. The Town also intends to contact the Louisiana Legislative Auditor, as well as the District Attorney to investigate this matter.

2014-04 - Identification of Fixed Assets

Upon taking office, Mayor Washington started the process of inventorying Town assets, starting with the Recreation's Department. The next step in the process is to get a complete inventory of Public Works and Office assets. Once the initial inventory process has been completed there will be an annual review, with documentation to support all deletions and any missing assets identified and investigated.

2014-05 – Board Meeting Financials

Upon taking office, Mayor Washington found the Town was behind in providing information to the CPA. Actions were taken to rectify this. We feel this issue will be resolved in the next few months and all efforts will be made to provide timely financial information.

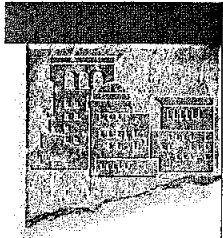
2014-06 – Policies and Procedures Manual

Policies and Procedures Manual will be written and implemented.

2014-7 – Incomplete Personnel Files

From this point forward, necessary documents will be attained and placed in the personnel's file.

Jesse Washington
Mayor



Town of Delhi

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2014-08 – Timely Filing of Report

To remain in compliance with the State laws governing audit engagements, the Town will implement procedures to begin the engagement process earlier in order to give the auditor more time to complete.

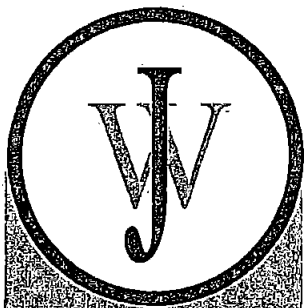
2014-09 – Noncompliance with Louisiana Public Records Law

The Town recognizes the importance of State laws governing Public Records and Open Meetings, and will ensure that all minutes will be published in the Town's official journal within the month following any Council meeting.

2014-10 – Identification of Federal Award Expenditures

The Town is in the process of implementing internal controls and monitoring procedures to document and track all grant awards received from State and Federal sources. The Town is also in the process of developing a spreadsheet to identify the revenues and expenses associated with all awards to assist in the preparation of the Schedule of Expenditures of Federal Awards at year-end.

Jesse Washington
Mayor



J. WALKER & COMPANY^{APC}

ACCOUNTANTS AND ADVISORS

COMMENTS TO MANAGEMENT

Honorable Jesse Washington, Mayor
and Members of the Board of Aldermen
Town of Delhi
Delhi, Louisiana

In planning and performing our audit of the governmental activities, the business-type activities, and each major fund of the Town of Delhi, Louisiana (the "Town"), in accordance with auditing standards generally accepted in the United States of America, as of and for the year ended September 30, 2014, which collectively comprise the Town's basic financial statements. We considered the Town's internal control to plan our auditing procedures for the purpose of expressing our opinions on the financial statements and not to provide an opinion on the internal control.

Our consideration of internal control was for the limited purpose described in the preceding paragraph and was not designed to identify all deficiencies in internal control that might be significant deficiencies or material weaknesses and therefore, there can be no assurance that all deficiencies, significant deficiencies, or material weaknesses have been identified. We did not identify any deficiencies in internal control that we consider to be material weaknesses. However, as discussed below, we identified certain matters involving the internal control and other operational matters that are presented for your consideration. This letter does not affect our report dated May 1, 2015 on the financial statements of the Town of Delhi, Louisiana. We will review the status of these comments during our next audit engagement. Our comments and recommendations, all of which have been discussed with appropriate members of management, are intended to improve the internal control or result in other operating efficiencies. We will be pleased to discuss these comments in further detail at your convenience, perform any additional study of these matters, or assist you in implementing the recommendations.

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MEMBER OF:

AMERICAN INSTITUTE OF
CERTIFIED PUBLIC ACCOUNTANTS
SOCIETY OF LOUISIANA
CERTIFIED PUBLIC ACCOUNTANTS

Our Responsibility under U.S. Generally Accepted Auditing Standards

As stated in our engagement letter signed December 30, 2014, our responsibility, as described by professional standards, is to express an opinion about whether the financial statements prepared by management with your oversight are fairly presented, in all material respects, in conformity with U.S. generally accepted accounting principles. Our audit of the financial statements does not relieve you or management of your responsibilities. Our responsibility is to plan and perform the audit to obtain reasonable, but not absolute, assurance that the financial statements are free of material misstatement.

As part of the audit we considered the internal control of the Town of Delhi, Louisiana. Such considerations are solely for the purpose of determining our audit procedures and not to provide any assurance concerning such internal control.

We are responsible for communicating significant matters related to the audit that are, in our professional judgment, relevant to your responsibilities in overseeing the financial reporting process. However, we are not required to design procedures specifically to identify such matters.

Significant Accounting Policies

Management is responsible for the selection and use of appropriate accounting policies. The significant accounting policies used by the Town of Delhi, Louisiana are described in Note 1 to the financial statements. No new accounting policies were adopted, and the application of existing policies was not changed during the fiscal year ended September 30, 2014. We noted no transactions entered into by the Town of Delhi, Louisiana during the year for which there was a lack of authoritative guidance or consensus.

Difficulties Encountered in Performing the Audit

We encountered no significant difficulties in dealing with management in performing and completing our audit. We take this opportunity to recognize the excellent assistance rendered to us by management and staff during the performance of the audit and completion of our reports thereon.

Corrected and Uncorrected Misstatements

Professional standards require us to accumulate all known and likely misstatements identified during the audit, other than those that are trivial, and communicate them to the appropriate level of management. Management has corrected all such misstatements.

Disagreements with Management

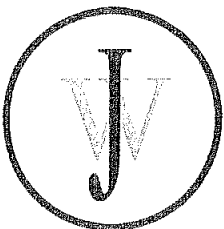
For purposes of this letter, professional standards define a disagreement with management as a financial accounting, reporting, or auditing matter, whether or not resolved to our satisfaction, that could be significant to the financial statements or the auditor's report. We are pleased to report that no such disagreements arose during the course of our audit.

Status of Current Year Comments

2014 -- MI Controls Over Cash

Comment:

It was observed that the Town's payment acceptance clerks balanced their tills at the end of the business day without any clear monitoring or verification procedures from management, unless the teller notified management that they were out of balance. The objective of internal control over cash receipts is to obtain control over amounts received at the time of receipt. We feel that implementing more clearly defined procedures for the cash receipts system of the Town will result in much greater internal control in this particular area. To achieve this control, certain duties involving receipts should be handled by more than one member of the Town's personnel. Employees who have both custodial and record keeping responsibilities over cash create an inherent risk due to the threat of misappropriation, as well as a significant internal control weakness if not adequately monitored.



Recommendation:

The Town should implement tighter controls over their teller's cash verification process at the end of daily operations. The Town's Clerk should initial the daily transaction reports to show that he/she reviewed and reconciled the balance to the Teller's cash deposit at the end of each day. The Clerk should also verify that the correct balances are left in the drawers before the funds are placed into the vault.

2014 – M2 Security System at Town Hall

Comment:

Given the amount of cash transactions conducted on a daily basis, as well as the amount of cash that can be generated and held on site before the next day's bank deposit, the Town has an inherent risk of loss due to either error or fraud. The Town also has the obligation to ensure the safety of its assets within the Municipal Building, as well as its officials and office personnel.

Recommendation:

The Town's Municipal Building should consider investing in the same GeoVision surveillance equipment provided by the Digital Security Company that is currently used in the Town's Public Works Department to monitor and protect its assets.

2014 – M3 Computer Access Capabilities

Comment:

It was noted during fieldwork that employees of the Town had unrestricted access to internet websites, and were able to download material to the Town computers. This places the Town's information and computer assets at risk by potentially being subjected to viruses, malware, or tracking spyware.

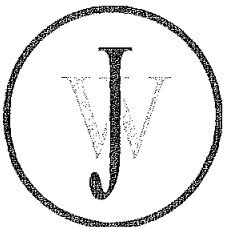
Recommendation:

We recommend that the access rights to certain websites should be restricted. To establish stronger controls, the Town should contract with a computer networking company to assist with developing an intranet system which only grants the staff access to services, information, and search capabilities that are beneficial to the Town.

2014 – M4 Legal Representation

Comment:

The Town was not engaged with an attorney during the period under audit. It is in the interest of the Town to engage legal representation, and to routinely seek consultation to ensure that decisions are being made in the best interest of the Town.



Recommendation:

The Town's governing body should appoint a municipal attorney to represent its interests should a litigious situation arise, to regularly attend Board meetings as a source of counsel, and to review contractual agreements before any obligations are finalized.

2014 – M5 Segregation of Duties

Comment:

Due to the Town's limited staff, many of the critical duties are combined and assigned to the available employees. Presently, a single individual performs the majority of the Town's accounting functions. One individual enters invoices into the accounting software, prepares checks, maintains custody of unused checks, and mails signed checks to vendors. This combination of certain accounting functions significantly weakens the internal control structure of the Town.

Recommendation:

To the extent possible, duties should be segregated to serve as a check and balance to achieve the most effective control environment. While we understand a complete segregation of duties is impractical in an office environment with limited personnel, we believe the implementation of certain procedures could significantly improve controls. Some of the suggested procedures include:

- One employee, preferably the receptionist, should open the mail, make a control list of all receipts, and restrictively endorse all items received as "for deposit only." This would prevent any unauthorized endorsement should the checks be misplaced or lost before being deposited.
- The receipts should then go to another employee for further processing and deposit to the bank on a timely basis.
- Then, someone who does not otherwise handle receipts should compare the deposit slips to the list of receipts to ensure that all funds reflected on the receipts were deposited.

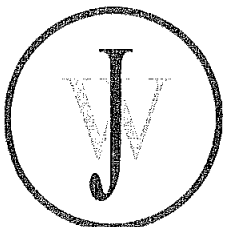
2014 – M6 Establishment of Dedicated Accounts for Cash Disbursements

Comment:

The Town's current disbursement procedures involves allocating amounts to the various units of the Town, and making payments using numerous checks to pay a single invoice. This process is not an efficient use of time for the person responsible for processing checks for disbursements, costly to the Town due to the number of checks that are being used on a monthly basis, and often difficult to trace during audit engagements due to partial payments being recorded to multiple funds or departments.

Recommendation:

The Town should allocate a designated account for the specific purpose of making routine bill payments. The amounts to be allocated to the specific funds should still be



determined using the Town's current methods, and that amount should then be transferred to the designated account so that the invoice can be paid using only one check.

Status of Prior Year Comments

No comments were provided during the prior audit period.

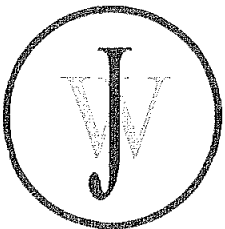
Our audit procedures are designed primarily to enable us to form an opinion on the financial statements and therefore, may not reveal all weaknesses in policies and procedures that may exist.

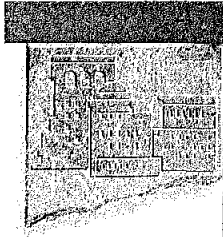
This report is intended solely for the use of the Board of Aldermen, management and federal awarding agencies and pass-through entities and is not intended to be and should not be used by anyone other than these specified parties. Although the intended use of these reports may be limited, under Louisiana Revised Statute 24:513 this report is distributed by the Office of the Louisiana Legislative Auditor as a public document.

J. Walker & Company, APC

Lake Charles, Louisiana

May 1, 2015





Town of Delhi

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Response to Comments to Management

2014 - M1 Controls over Cash

Controls have been implemented for day's end verification process and will be included in the Policies and Procedures manual.

2014 – M2 Security System at Town Hall

This recommendation will be presented to the Council for their consideration.

2014 – M3 Computer Access Capabilities

This recommendation will be presented to the Council for their consideration.

2014 – M4 Legal Representation

This has been addressed and resolved. The Town's lawyer is David Doughty from Rayville, Louisiana

2014 – M5 Segregation of Duties

This recommendation will be taken under consideration.

2014 – M16 Establishment of Dedicated Accounts for Cash Disbursement

This recommendation will be discussed with the Town's CPA for consideration.

Jesse Washington
Mayor