

TOWN OF DELHI, LOUISIANA

Annual Financial Report

For the Year Ended September 30, 2017

TOWN OF DELHI, LOUISIANA
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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, 2017, 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 auditors consider 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.

OFFICES:

2740 RUE DE JARDIN
STE.100

LAKE CHARLES
LOUISIANA 70605
(O) 337-478-7902
(F) 337-478-3345

5100 WESTHEIMER
SUITE 231
HOUSTON
TEXAS 77056
(O) 713-588-4460
(F) 713-966-6125

WWW.JWALKERCO.COM

MEMBER OF:

AMERICAN INSTITUTE OF
CERTIFIED PUBLIC ACCOUNTANTS

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, 2017, 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 4, and budgetary comparison information on pages 54 through 61, 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 Supplementary 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, benefits and other payments to agency head or chief executive officer and schedule of compensation paid to the members of the board of aldermen, found on pages 64 and 65 respectively, are presented for purposes of additional analysis and are not a required part of the basic financial statements.

The schedules of compensation 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 schedules of compensation 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 March 15, 2018, 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

March 15, 2018



REQUIRED SUPPLEMENTARY INFORMATION-PART I

TOWN OF DELHI, LOUISIANA
Management's Discussion and Analysis
For the Year Ended September 30, 2017

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, 2017. 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 15 to 16) 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, 2017

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.
- c. Capital Projects Fund used for accounting for financial transactions under a Louisiana Community Development Block Grant.

TOWN OF DELHI, LOUISIANA
Management's Discussion and Analysis
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Overview of the Financial Statements (continued)

- 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 21 to 24 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 18) and the Statement of Revenues, Expenditures and Changes in Fund Balances (reconciliation on page 20).

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 25), as well as the Government-Wide and Fund Financial Statements (included on pages 15-24).

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 54-59 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 \$24,045,954 (net position); this represents a decrease of \$666,735 from last fiscal year.

The Town's net positions are comprised of \$11,789,817 from governmental activities and \$12,256,137 from business-type activities.

TOWN OF DELHI, LOUISIANA
Management's Discussion and Analysis
For the Year Ended September 30, 2017

Government-Wide Financial Analysis (continued)

The following is a condensed statement of the Town's net position as of September 30, 2017:

<u>Activities</u>	<u>Governmental Activities</u>	<u>Business-Type Activities</u>	<u>Total</u>	<u>Percentage</u>
Assets:				
Current assets	\$ 1,183,223	\$ 1,104,315	\$ 2,287,538	5%
Restricted assets	3,521,238	4,031,024	7,552,262	18%
Capital assets	<u>8,514,682</u>	<u>24,047,545</u>	<u>32,562,227</u>	<u>77%</u>
Total Assets	13,219,143	29,182,884	42,402,027	<u>100%</u>
Liabilities:				
Current liabilities	420,612	1,238,156	1,658,768	9%
Long-term liabilities	<u>1,464,783</u>	<u>15,698,176</u>	<u>17,162,959</u>	<u>91%</u>
Total Liabilities	1,885,395	16,936,332	18,821,727	100%
Net Position:				
Net investment in capital assets	8,509,554	7,329,332	15,838,886	66%
Restricted	2,278,370	2,679,170	4,957,540	21%
Unrestricted	<u>1,001,893</u>	<u>2,247,635</u>	<u>3,249,528</u>	<u>13%</u>
Total Net Position	<u>\$ 11,789,817</u>	<u>\$ 12,256,137</u>	<u>\$ 24,045,954</u>	<u>100%</u>

The Town's net position at September 30, 2016, was \$24,712,689. The following is a condensed statement of the Town's net position as of September 30, 2016:

<u>Activities</u>	<u>Governmental Activities</u>	<u>Business-Type Activities</u>	<u>Total</u>	<u>Percentage</u>
Assets:				
	\$			
Current assets	1,093,738	\$ 1,163,492	\$ 2,257,230	7%
Restricted assets	3,447,879	4,021,970	7,469,849	21%
Capital assets	<u>-</u>	<u>24,636,291</u>	<u>24,636,291</u>	<u>72%</u>
Total Assets	<u>4,541,617</u>	<u>29,821,753</u>	<u>34,363,370</u>	<u>100%</u>
Liabilities:				
Current liabilities	441,354	1,249,322	1,690,676	9%
Long-term liabilities	<u>346,450</u>	<u>16,697,643</u>	<u>17,044,093</u>	<u>91%</u>
Total Liabilities	787,804	17,946,965	18,734,769	100%
Net Position:				
Net investment in capital assets	8,737,638	6,895,329	15,632,967	63%
Restricted	3,134,024	2,679,170	5,813,194	24%
Unrestricted	<u>966,239</u>	<u>2,300,289</u>	<u>3,266,528</u>	<u>13%</u>
Total Net Position	<u>\$ 12,837,901</u>	<u>\$ 11,874,788</u>	<u>\$ 24,712,689</u>	<u>100%</u>

TOWN OF DELHI, LOUISIANA
Management's Discussion and Analysis
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Government-Wide Financial Analysis (continued)

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, 2017 is 2.8 to 1 for governmental activities and .89 to 1 for business-type activities. The current ratio as of September 30, 2016 is 2.48 to 1 for governmental activities and .93 to 1 for business-type activities. The Town's overall current ratio is 1.38 to 1 as of September 30, 2017, and 1.34 to 1 as of September 30, 2016. These ratios indicate a good current financial position.

The Town reported positive balances in net position for both governmental and business-type activities for the years ended September 30, 2017 and 2016. Net position decreased in governmental activities by \$1,048,084 and increased in business-type activities by \$381,349. The Town's total net position decreased by 3% during the fiscal year ending September 30, 2017. The Town's net position for the year ended September 30, 2016 increased in governmental activities by \$835,139 and increased in business-type activities by \$1,107,405. During the fiscal year ended September 30, 2016, total net position increased by 8.5%.

The largest category of net position is "Net Investment in Capital Assets", and comprises 63% 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, 2017:

<u>Revenues:</u>	<u>Governmental</u>	<u>Business-Type</u>	<u>Total</u>	<u>Percentage</u>
Program:	<u>Activities</u>	<u>Activities</u>		
Charges for services	\$ 628,471	\$ -	\$ 628,471	11%
Operating grants and contributions	110,650	3,399,469	3,510,119	60%
Capital grants and contributions	9,002	53,719	62,721	0%
General:				
Property tax	209,841	-	209,841	4%
Franchise tax	85,494	-	85,494	2%
Sales tax	1,234,249	-	1,234,249	22%
Miscellaneous	29,337	-	29,337	
Rent Income	88,700	-	88,700	1%
Total Revenues	2,388,142	3,453,188	5,841,330	100%
<u>Program Expenses:</u>				
General government	1,843,915	-	1,843,915	34%
Public safety:				
Police	436,989	-	436,989	8%
Fire	88,219	-	88,219	2%
Public works	4,847	-	4,847	0%
Streets	273,880	-	273,880	5%
Interest	333,972	348,852	682,824	12%
Water and Sewer	-	2,158,754	2,158,754	39%
Total Program Expenses	2,981,822	2,507,606	5,489,428	100%
Excess (Deficiency)	(593,680)	945,582	351,902	

TOWN OF DELHI, LOUISIANA
Management's Discussion and Analysis
For the Year Ended September 30, 2017

Transfers In (Out)	<u>564,233</u>	<u>(564,233)</u>	<u>-</u>
Change in Net Position	(21,845)	381,349	359,504
Beginning Net Position, restated	<u>11,819,264</u>	<u>11,827,031</u>	<u>23,646,295</u>
Ending Net Position	<u>\$ 11,797,419</u>	<u>\$ 12,208,380</u>	<u>\$ 24,005,799</u>

The following is a condensed statement of the Town's activities for the year ended September 30, 2016:

<u>Revenues:</u>	<u>Governmental</u>	<u>Business-Type</u>	<u>Total</u>	<u>Percentage</u>
Program:	<u>Activities</u>	<u>Activities</u>		
Charges for services	\$ 512,750	\$ 3,823,501	\$ 4,336,071	54%
Operating grants and contributions	144,395	-	144,395	2%
Capital grants and contributions	1,116,101	5,342	1,121,443	14%
General:				
Property tax	197,908	-	197,908	2%
Franchise tax	84,614	-	84,614	1%
Sales tax	1,066,822	-	1,066,822	13%
Interest	4,101	19,588	23,689	0%
Other	<u>1,128,344</u>	<u>3,078</u>	<u>1,131,422</u>	<u>14%</u>
Total Revenues	<u>4,254,855</u>	<u>3,851,509</u>	<u>8,106,364</u>	<u>100%</u>
<u>Program Expenses:</u>				
General government	1,864,635	-	1,864,635	37%
Public safety:				
Police	524,129	-	524,129	11%
Fire	6,209	-	6,209	0%
Public works	5,676	-	5,676	0%
Streets	219,878	-	219,878	4%
Interest	894	394,119	395,013	8%
Water and Sewer	<u>-</u>	<u>1,918,977</u>	<u>1,918,977</u>	<u>39%</u>
Total Program Expenses	<u>2,621,421</u>	<u>2,313,096</u>	<u>4,934,517</u>	<u>100%</u>
Excess (Deficiency)	1,633,434	1,538,413	3,171,847	
Transfers In (Out)	<u>(798,295)</u>	<u>(431,008)</u>	<u>(1,229,303)</u>	
Change in Net Position	835,139	1,107,405	1,942,544	
Beginning Net Position	<u>12,002,762</u>	<u>10,767,383</u>	<u>22,770,145</u>	
Ending Net Position, restated	<u>\$ 12,837,901</u>	<u>\$ 11,874,788</u>	<u>\$24,712,689</u>	

TOWN OF DELHI, LOUISIANA
Management's Discussion and Analysis
For the Year Ended September 30, 2017

Government-Wide Financial Analysis (continued)

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 \$98,106 for police and court fines, \$272,574 for garbage collection, and \$142,133 for occupational licenses for the fiscal year ended September 30, 2017, and \$93,500 for police and court fines, \$262,533 for garbage collection, and \$156,537 for occupational licenses for the fiscal year ended September 30, 2016. Revenues in the Operating Grants and Contributions sub-category consist of \$110,650 and \$144,395 for the fiscal years ended September 30, 2017 and 2016, 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 \$9,002 and \$1,116,101 for the fiscal years ended September 30, 2017 and 2016, respectively. “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 \$1,234,249, property taxes of \$209,841, and franchise taxes of \$85,494 for the year ended September 30, 2017. The major tax revenues for the year ended September 30, 2016, are sales tax revenues of \$1,066,822, property taxes of \$197,908, and franchise taxes of \$84,614. Other “General Revenues” reported for the year ended September 30, 2017 includes \$4,188 in interest income, \$104,081 in royalties, and \$118,037 in rents and other miscellaneous revenues.

“Program Expenses” for the governmental funds are presented in the above Condensed Statement of Activities by function and total \$2,981,822 and \$2,621,421 (including interest on long-term debt) for the fiscal years ended September 30, 2017 and 2016, 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 \$1,576,489 for water, and \$1,750,020 for sewer for the year ended September 30, 2017, and \$1,686,820 for water, and \$2,136,681 for sewer for the fiscal year ended September 30, 2016. “Program Revenues” in the Capital Grants and Contributions sub-category was generated by DHH \$53,719 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 \$2,507,606 and \$2,313,096 for the years ended September 30, 2017 and 2016, respectively. The “Change in Net Position” (revenues less expenses) for the utility system was \$381,349 and \$1,107,405 for the fiscal years ended September 30, 2017 and 2016, respectively.

TOWN OF DELHI, LOUISIANA
Management's Discussion and Analysis
For the Year Ended September 30, 2017

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, 2017 was \$8,514,682 and \$24,047,545, respectively, and \$8,752,412 and \$24,636,291, respectively, as of September 30, 2016. For the year ended September 30, 2017, net investment for governmental type activities increased by .64% while net investment for business-type activities increased by 1.02%. For the year ended September 30, 2016, net investment for governmental type activities increased by 3.45% while net investment for business-type activities decreased by .33%. There was an overall increase in capital asset investment for the Town as a whole of 1.38% and 1% for the years ended September 30, 2017 and September 30, 2016 respectively.

The Town's depreciable capital assets for governmental activities were 55% and 52% depreciated as of September 30, 2017 and 2016, respectively. The Town's depreciable capital assets for its business-type activities were 23% and 21% depreciated as of September 30, 2017 and 2016, respectively.

As of September 30, 2017 and 2016, the Town had total bond indebtedness in the amount of \$16,718,213 and \$17,704,546, respectively. Pledged sewer collections support \$8,453,957 of total outstanding bond indebtedness of which \$7,916,000 represents Lamb Weston sewer system improvement construction advances. Pledged water collections support \$7,255,025 of total outstanding bond indebtedness which represents \$5,756,000 Lamb Weston water system improvement construction advances and \$815,819 2012 water system improvement construction advances.

The Town will incur \$266,019 in interest and fees over the next five years in connection with the 2006 sewer revenue bond issue. The Town will incur \$312,199 of interest and fees over the next five years in connection with the 2010 sewer revenue bond issue. The Town will incur an estimated \$845,957 of interest and fees over the next five years in connection with the 2010 water revenue bond issue. The Town will incur an estimated \$71,969 of interest and fees over the next five years in connection with the 2012 water revenue bond issue. The Town will incur an estimated \$113,351 of interest and fees over the next five years in connection with the 2016 sewer revenue bond issue. 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, 2017

The following tables provide a summary of capital asset activity for 2017:

	<u>Balance</u> <u>10/1/2016</u>	<u>Additions</u>	<u>Deletions</u>	<u>Balance</u> <u>9/30/2017</u>
Governmental activities:				
Capital assets not being depreciated:				
Land	\$ 284,161	\$ -	\$ -	\$ 284,161
Construction in progress	-	28,354	-	28,354
Other capital assets:				
Buildings	5,730,758	240,082	-	5,970,840
Infrastructure	10,532,530	13,557	-	10,546,087
Equipment	<u>1,639,467</u>	<u>39,305</u>	<u>-</u>	<u>28,354</u>
Totals	<u>18,186,916</u>	<u>321,298</u>	<u>-</u>	<u>18,508,214</u>
Less accumulated depreciation:				
Buildings	2,837,286	121,188	-	2,958,474
Infrastructure	5,464,681	342,586	-	5,807,267
Equipment	<u>1,132,537</u>	<u>95,254</u>	<u>-</u>	<u>1,227,791</u>
Total accumulated depreciation	<u>9,434,504</u>	<u>559,028</u>	<u>-</u>	<u>9,993,532</u>
Governmental activities:				
Capital assets, net	<u>\$ 8,752,412</u>	<u>\$ 237,730</u>	<u>\$ -</u>	<u>\$ 8,514,682</u>
 Business-type activities:				
Capital assets not being depreciated:				
Land	\$ 10,718	\$ -	\$ -	\$ 10,718
Construction in progress	473,948	63,190	523,138	14,000
Other capital assets:				
Buildings	551,224	-	-	551,224
Infrastructure	29,296,222	558,140	-	29,854,362
Equipment	<u>954,072</u>	<u>20,416</u>	<u>-</u>	<u>974,488</u>
Totals	<u>31,286,184</u>	<u>641,746</u>	<u>523,138</u>	<u>31,404,792</u>
Less accumulated depreciation:				
Buildings	256,129	8,749	-	264,878
Infrastructure	5,751,668	655,317	-	6,406,985
Equipment	<u>642,096</u>	<u>43,288</u>	<u>-</u>	<u>685,384</u>
Total accumulated depreciation	<u>6,649,893</u>	<u>707,354</u>	<u>-</u>	<u>7,357,247</u>
Business-type activities:				
Capital assets, net	<u>\$ 24,636,291</u>	<u>\$ 65,608</u>	<u>\$ 523,138</u>	<u>\$ 24,047,545</u>

TOWN OF DELHI, LOUISIANA
Management's Discussion and Analysis
For the Year Ended September 30, 2017

The following tables provide a summary of capital asset activity for 2016:

	<u>Balance</u> <u>10/1/2015</u>	<u>Additions</u>	<u>Deletions</u>	<u>Balance</u> <u>9/30/2016</u>
Governmental activities:				
Capital assets not being depreciated:				
Land	\$ 284,161	\$ -	\$ -	\$ 284,161
Construction in progress	390,124	656,526	1,046,650	-
Other capital assets:				
Buildings	4,576,446	1,154,312	-	5,730,758
Infrastructure	10,527,885	4,645	-	10,532,530
Equipment	<u>1,558,280</u>	<u>81,187</u>	<u>-</u>	<u>1,639,467</u>
Totals	<u>17,336,896</u>	<u>1,896,670</u>	<u>1,046,650</u>	<u>18,186,916</u>
Less accumulated depreciation:				
Buildings	2,721,702	115,584	-	2,837,286
Infrastructure	5,120,526	344,155	-	5,464,681
Equipment	<u>1,034,160</u>	<u>98,377</u>	<u>-</u>	<u>1,132,537</u>
Total accumulated depreciation	<u>8,876,388</u>	<u>558,116</u>	<u>-</u>	<u>9,434,504</u>
Governmental activities:				
Capital assets, net	<u>\$ 8,460,508</u>	<u>\$ 1,338,554</u>	<u>\$ -</u>	<u>\$ 8,752,412</u>
Business-type activities:				
Capital assets not being depreciated:				
Land	<u>\$ 10,718</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 10,718</u>
Construction in progress	<u>791,227</u>	<u>550,233</u>	<u>867,511</u>	<u>473,948</u>
Other capital assets:				
Buildings	<u>551,224</u>	<u>-</u>	<u>-</u>	<u>551,224</u>
Infrastructure	<u>28,409,299</u>	<u>886,923</u>	<u>-</u>	<u>29,296,222</u>
Equipment	<u>905,544</u>	<u>48,528</u>	<u>-</u>	<u>954,072</u>
Totals	<u>30,668,012</u>	<u>1,485,683</u>	<u>867,511</u>	<u>31,286,184</u>
Less accumulated depreciation:				
Buildings	<u>247,380</u>	<u>8,749</u>	<u>-</u>	<u>256,129</u>
Infrastructure	<u>5,110,636</u>	<u>614,032</u>	<u>-</u>	<u>5,751,668</u>
Equipment	<u>592,444</u>	<u>49,652</u>	<u>-</u>	<u>642,096</u>
Total accumulated depreciation	<u>5,950,460</u>	<u>699,433</u>	<u>-</u>	<u>6,649,893</u>
Business-type activities:				
Capital assets, net	<u>\$ 24,717,552</u>	<u>\$ 786,250</u>	<u>\$ 867,511</u>	<u>\$ 24,636,291</u>

Required Supplementary Information

TOWN OF DELHI, LOUISIANA
Management's Discussion and Analysis
For the Year Ended September 30, 2017

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, special revenue fund, and capital projects 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, 2017

	Primary Government		Total
	Governmental Activities	Business-type Activities	
ASSETS			
Current Assets:			
Cash and Cash Equivalents	\$ 838,309	\$ 685,222	\$ 1,523,531
Investments	81,850	-	81,850
Receivables - User Charges	228,944	411,976	640,920
Receivables - Funding Sources	-	1,287	1,287
Rent and Royalty Receivables	-	-	-
Grant Receivables	8,077	-	8,077
Other Receivables	12,429	-	12,429
Accrued Interest	-	-	-
Internal Balances	-	-	-
Other Assets	13,614	5,830	19,444
Total Current Assets	<u>1,183,223</u>	<u>1,104,315</u>	<u>2,287,538</u>
Non-Current Assets:			
Restricted Assets:			
Cash and Cash Equivalents	2,954,464	2,587,028	5,541,492
Investments	566,774	1,443,996	2,010,770
Capital Assets:			
Land	284,161	10,718	294,879
Construction in Progress	28,354	14,000	42,354
Depreciable (net)	8,202,167	24,022,827	32,224,994
Total Non-Current Assets	<u>12,035,920</u>	<u>28,078,569</u>	<u>40,114,489</u>
Total Assets	<u>13,219,143</u>	<u>29,182,884</u>	<u>42,402,027</u>
DEFERRED OUTFLOWS OF RESOURCES			
Deferred outflows related to net pension liability	549,364	13,541	562,905
LIABILITIES			
Current Liabilities:			
Accounts Payable and Accrued Expenses	396,271	44,965	441,236
Project Costs Payable	11,138	513	11,651
Deposits Due Others	13,203	126,241	139,444
Current Portion of Bonds Payable	-	1,066,437	1,066,437
Total Current Liabilities	<u>420,612</u>	<u>1,238,156</u>	<u>1,658,768</u>
Non-Current Liabilities:			
Bonds Payable after One Year	-	15,651,776	15,651,776
Obligations under Capital Lease after One Year	5,128	-	5,128
Compensated Absences	63,897	-	63,897
Net Pension Liability	1,395,758	46,400	1,442,158
Total Non-Current Liabilities	<u>1,464,783</u>	<u>15,698,176</u>	<u>17,162,959</u>
Total Liabilities	<u>1,885,395</u>	<u>16,936,332</u>	<u>18,821,727</u>
DEFERRED INFLOWS OF RESOURCES			
Deferred inflows related to net pension liability	93,295	3,956	97,251
NET POSITION			
Net Investment in Capital Assets	8,509,554	7,329,332	15,838,886
Restricted for:			
Debt Service	-	2,556,739	2,556,739
Other Purposes	2,278,370	122,431	2,400,801
Unrestricted	1,001,893	2,247,635	3,249,528
Total Net Position	<u>\$ 11,789,817</u>	<u>\$ 12,256,137</u>	<u>\$ 24,045,954</u>

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

TOWN OF DELHI, LOUISIANA
Statement of Activities
For the Year Ended September 30, 2017

	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
<u>Functions/Programs</u>							
Primary government:							
Governmental activities:							
General government	\$ 1,851,517	\$ 530,365	\$ 76,150	\$ 9,002	\$ (1,236,000)	\$ -	\$ (1,236,000)
Public safety:							
Police	436,989	98,106	34,500	-	(304,383)	-	(304,383)
Fire	88,219	-	-	-	(88,219)	-	(88,219)
Public works	4,847	-	-	-	(4,847)	-	(4,847)
Streets	273,880	-	-	-	(273,880)	-	(273,880)
Interest on long-term debt	333,972	-	-	-	(333,972)	-	(333,972)
Total governmental activities	<u>2,989,424</u>	<u>628,471</u>	<u>110,650</u>	<u>9,002</u>	<u>(2,241,301)</u>	<u>-</u>	<u>(2,241,301)</u>
Business-type activities:							
Water and Sewer	2,110,997	-	3,399,469	53,719	-	1,342,191	1,342,191
Interest Expense on Bonds	348,852	-	-	-	-	(348,852)	(348,852)
Total business-type activities	<u>2,459,849</u>	<u>-</u>	<u>3,399,469</u>	<u>53,719</u>	<u>-</u>	<u>993,339</u>	<u>993,339</u>
Total primary government	<u>\$ 5,449,273</u>	<u>\$ 628,471</u>	<u>\$ 3,510,119</u>	<u>\$ 62,721</u>	<u>(2,241,301)</u>	<u>993,339</u>	<u>(1,247,962)</u>
General Revenues:							
Taxes:							
Property taxes					209,841	-	209,841
Franchise taxes					85,494	-	85,494
Sales taxes					1,234,249	-	1,234,249
Miscellaneous					29,337	-	29,337
Rent income					88,700	-	88,700
Transfers					564,233	(564,233)	-
Total General Revenues and Transfers					<u>2,211,854</u>	<u>(564,233)</u>	<u>1,647,621</u>
Change in Net Position					(29,447)	429,106	399,659
Net Position, as restated - October 01, 2016					<u>11,819,264</u>	<u>11,827,031</u>	<u>23,646,295</u>
Net Position - End of Year					<u>\$ 11,789,817</u>	<u>\$ 12,256,137</u>	<u>\$ 24,045,954</u>

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

TOWN OF DELHI, LOUISIANA

Balance Sheet

Governmental Funds

As of September 30, 2017

	General Fund	Sales Tax Fund	Capital Projects Fund	Total Governmental Funds
ASSETS				
Cash and Cash Equivalents	\$ 829,600	\$ -	\$ 8,709	\$ 838,309
Investments	81,850	-	-	81,850
Receivables:				
Franchise Fees	23,998	-	-	23,998
Fine Revenue	71,071	-	-	71,071
Sales Tax	-	125,838	-	125,838
Rent and Royalties	8,037	-	-	8,037
Grant Receivable - State of LA - Rec/Learning Project	8,077	-	-	8,077
Due from Other Funds	12,429	-	-	12,429
Restricted Assets:				
Cash and Cash Equivalents	448,537	2,505,927	-	2,954,464
Investments	145,367	421,407	-	566,774
Other Assets	13,225	389	-	13,614
	<u>\$ 1,642,191</u>	<u>\$ 3,053,561</u>	<u>\$ 8,709</u>	<u>\$ 4,704,461</u>
LIABILITIES AND FUND BALANCE				
LIABILITIES				
Accounts Payable & Accrued Expenses	\$ 357,302	\$ 38,969	\$ -	\$ 396,271
Project Cost Payable	11,138	-	-	11,138
Due to Other Funds	-	13,203	-	13,203
	<u>368,440</u>	<u>52,172</u>	<u>-</u>	<u>420,612</u>
DEFERRED INFLOWS OF RESOURCES:				
Unavailable Revenue	205,431	-	-	205,431
FUND BALANCE				
Non-Spendable	-	-	-	-
Restricted - Debt Service	5,046	-	-	5,046
Committed Fund Balance	-	-	-	-
Assigned - Capital Assets	572,683	-	-	572,683
Unassigned	490,591	3,001,389	8,709	3,500,689
	<u>1,068,320</u>	<u>3,001,389</u>	<u>8,709</u>	<u>4,078,418</u>
Total Fund Balance	<u>1,068,320</u>	<u>3,001,389</u>	<u>8,709</u>	<u>4,078,418</u>
	<u>\$ 1,642,191</u>	<u>\$ 3,053,561</u>	<u>\$ 8,709</u>	<u>\$ 4,704,461</u>
TOTAL LIABILITIES AND FUND BALANCE				

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, 2017

Total fund balances for governmental funds at September 30, 2017		\$ 4,078,418
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	284,161	
Construction in progress	28,354	
Buildings, net of \$2,958,474 accumulated depreciation	3,012,367	
Equipment, net of \$1,227,791 accumulated depreciation	450,981	
Infrastructure, net of \$5,807,267 accumulated depreciation	4,738,819	8,514,682
The deferred outflows of contributions to retirement systems are not available resources, and therefore, are not reported in the funds.		
		549,364
Long-term liabilities at September 30, 2017		
Obligations under capital lease		(5,128)
Bonds payable		-
Compensated absences		(63,897)
Net pension liability		(1,395,758)
The deferred inflows of contributions to retirement systems are not payable from current expendable resources and, therefore, are not reported in the funds.		
		(93,295)
Some of the Town's revenues will be collected after year-end, but are not available soon enough to pay for the current period's expenditures, and therefore, are reported as deferred inflows at the fund level.		
Unavailable revenue		205,431
Net Position of Governmental Activities		\$ 11,789,817

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, 2017

	General Fund	Sales Tax Fund	Capital Projects Fund	Total Governmental Funds
<u>Revenues:</u>				
Taxes:				
Ad valorem	\$ 209,841	\$ -	\$ -	\$ 209,841
Sales and Use	-	1,234,249	-	1,234,249
Other Taxes, Penalties, Interest, etc.	85,494	-	-	85,494
Licenses and Permits	248,669	-	-	248,669
Intergovernmental Revenues:				
State Funds:				
Transportation Funds	4,160	-	-	4,160
Grants	25,000	-	51,150	76,150
Police Supplemental Pay	34,500	-	-	34,500
Fines	98,106	-	-	98,106
Garbage Collection	274,094	-	-	274,094
Investment Earnings	-	4,842	-	4,842
Other Revenues	120,492	5,000	-	125,492
Total Revenues	<u>1,100,356</u>	<u>1,244,091</u>	<u>51,150</u>	<u>2,395,597</u>
<u>Expenditures:</u>				
General Government	1,461,899	382,016	-	1,843,915
Public Safety	525,208	-	-	525,208
Public Works	-	4,847	-	4,847
Streets	258,180	15,700	-	273,880
Capital Outlay and Completed Construction Costs	320,415	13,557	-	333,972
Total Expenditures	<u>2,565,702</u>	<u>416,120</u>	<u>-</u>	<u>2,981,822</u>
Excess (Deficiency) of Revenues Over (Under) Expenditures	<u>(1,465,346)</u>	<u>827,971</u>	<u>51,150</u>	<u>(586,225)</u>
Other Financing Sources (Uses)				
Transfers in	1,147,260	147	-	1,147,407
Transfers out	-	(531,877)	(51,150)	(583,027)
Total Other Financing Sources (Uses)	<u>1,147,260</u>	<u>(531,730)</u>	<u>(51,150)</u>	<u>564,380</u>
Net Change in Fund Balance	(318,086)	296,241	-	(21,845)
Fund Balances - Beginning	<u>1,386,406</u>	<u>2,705,148</u>	<u>8,709</u>	<u>4,100,263</u>
Fund Balances - Ending	<u>\$ 1,068,320</u>	<u>\$ 3,001,389</u>	<u>\$ 8,709</u>	<u>\$ 4,078,418</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, 2017

Net Changes in Fund Balances, Total Governmental Funds		\$ (21,845)
<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	333,972	
Depreciation expense for the year ended September 30, 2017	<u>(559,028)</u>	(225,056)
Increase in long-term compensated absences		63,897
Capital lease retirement considered an expenditure on Statement of Revenues, Expenditures and Changes in Fund Balances		10,211
Net pension (expense) benefit not requiring the use of current economic resources, and therefore, are not recorded as a fund expenditure.		(94,117)
Nonemployer contributions to the retirement systems for the year ended September 30, 2017		39,634
Some of the Town's revenues will be collected after year-end, but are not available soon enough to pay for the current period's expenditures, and therefore, are reported as deferred inflows of resources at the funding level		
Net change in unavailable revenues		<u>205,431</u>
Change in Net Position of Governmental Activities		<u>\$ (21,845)</u>

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

TOWN OF DELHI, LOUISIANA

Statement of Net Position

Proprietary Fund

September 30, 2017

ASSETS

Current Assets:

Cash and Cash Equivalents	\$ 685,222
Receivables - User Charges	411,976
Due from Other Funds	1,287
Prepaid Insurance	<u>5,830</u>
Total Current Assets	1,104,315

Non-Current Assets:

Restricted Assets:

Cash and Cash Equivalents	2,587,028
Investments	1,443,996

Capital Assets:

Non-depreciable	10,718
Construction in Progress	14,000
Depreciable, net	<u>24,022,827</u>

Total Non-Current Assets 28,078,569

Total Assets 29,182,884

DEFERRED OUTFLOWS OF RESOURCES

Deferred Outflows Related to Net Pension Liability 13,541

LIABILITIES

Current Liabilities:

Accounts Payable and Accrued Expenses	44,965
Due to Other Funds	513
Deposits Due Others	126,241
Current Portion of Bonds Payable	<u>1,066,437</u>
Total Current Liabilities	1,238,156

Non-Current Liabilities:

Net Pension Liability	46,400
Bonds Payable after one year	<u>15,651,776</u>

Total Liabilities 16,936,332

DEFERRED INFLOWS OF RESOURCES

Deferred Inflows Related to Net Pension Liability 3,956

NET POSITION

Net Investment in Capital Assets 7,329,332

Restricted Net Position

Debt Service	2,556,739
Other Purposes	122,431

Unrestricted 2,247,635

Total Net Position \$ 12,256,137

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, 2017

	<u>Enterprise Fund</u> <u>Water System</u>
Operating Revenues	
User Charges	\$ 3,374,651
Fees	19,623
Other	<u>5,195</u>
Total Operating Revenues	3,399,469
 Operating Expenses	
Salaries, Wages and Employee Benefits	458,596
Contractual Services, Materials and Supplies	370,628
Depreciation Expense	707,354
Insurance and Other Expenses	<u>576,491</u>
Total Operating Expenses	<u>2,113,069</u>
 Operating Income	 1,286,400
 Non-Operating Revenues (Expenses)	
State Grant	33,023
Income on Investments	20,696
Administrative Fees on Bonds Payable	(45,685)
Interest Expense on Bonds Payable	<u>(348,852)</u>
Total Non-Operating Revenues (Expenses)	<u>(340,818)</u>
 Income Before Contributions and Transfers	 945,582
 Other Financing Sources (Uses)	
Transfers In	274,267
Transfers (Out)	<u>(838,500)</u>
Total Other Financial Sources (Uses)	<u>(564,233)</u>
 Change in Net Position	 381,349
 Net Position, Beginning of Year	 <u>11,874,788</u>
 Net Position, End of Year	 <u>\$ 12,256,137</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, 2017

	Enterprise Fund Water System
<u>Cash Flows From Operating Activities</u>	
Receipts from Customers and Users	\$ 3,399,469
Receipts from Other Funds	24,812
Payments to Suppliers	(109,633)
Payments to Employees	(458,596)
Other Operating Payments	<u>(1,007,125)</u>
Net Cash Provided (Used) by Operating Activities	1,848,927
<u>Cash Flows From Noncapital Financing Activities</u>	
Transfers from Other Funds	274,267
Transfers to Other Funds	<u>(792,100)</u>
Net Cash Provided (Used) by Non capital Financing Activities	(517,833)
<u>Cash Flows From Capital and Related Financing Activities</u>	
Principal paid on capital debt	(986,333)
Interest Paid on Capital Debt	(348,852)
Capital Transfer from Other Funds	(60)
Capital Transfer to Other Funds	<u>2,154</u>
Net Cash Provided (Used) by Capital and Related Financing Activities	<u>(1,333,091)</u>
<u>Cash Flows From Investing Activities</u>	
Purchases of capital assets	(122,093)
Other investing receipts	<u>23,555</u>
Net Cash Provided (Used) by Investing Activities	<u>(98,538)</u>
Net Increase (Decrease) in Cash and Cash Equivalents	(100,535)
Cash and Cash Equivalents, Beginning of Year	<u>3,372,945</u>
Cash and Cash Equivalents, End of Year	<u>\$ 3,272,410</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, 2017

	<u>Enterprise Fund</u> <u>Water System</u>
Reconciliation of Operating Income to Net Cash Provided (Used) by Operating Activities:	
Operating Income	\$ 1,286,400
Adjustments to Reconcile Operating Income to Net Cash Used by Operating Activities:	
Depreciation	707,354
Change in Assets and Liabilities:	
(Increase) decrease in account receivables	(72,796)
(Increase) decrease in prepaid insurance	(3,485)
Due from Other Funds	2,154
Increase (decrease) in accounts payables	(36,837)
Due to Other Funds	(60)
Increase (decrease) in customer deposits	<u>(33,803)</u>
Net cash provided (used) by operating activities	<u>\$ 1,848,927</u>
 Reconciliation of Total Cash and Cash Equivalents:	
Current Assets - Cash and Cash Equivalents	\$ 685,222
Restricted Assets - Cash and Cash Equivalents	<u>2,587,028</u>
 Total Cash and Cash Equivalents	 <u>\$ 3,272,250</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, 2017

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.

As the municipal governing authority, for reporting purposes, the Town of Delhi, Louisiana is considered a separate financial reporting entity. The financial reporting entity consists of (a) the primary government (municipality), (b) organizations for which the primary government is financially accountable, (c) other organizations for which the nature and significance of their relationship with the primary government are such that exclusion would cause the reporting entity's financial statements to be misleading or incomplete, and (d) organizations that are closely related to, or financially integrated with the primary government.

Section 2100 of the 2011 Governmental Accounting Standards Board (GASB) *Codification of Governmental Accounting and Financial Reporting Standards*, "Defining the Financial Reporting Entity" establishes criteria for determining which entities should be considered a component unit and, as such part of the reporting entity for financial reporting purposes. The basic criteria are as follows:

1. Legal status of the potential component unit including the right to incur its own debt, levy its own taxes and charges, expropriate property in its own name, sue and be sued, and the right to buy, sell and lease property in its own name.
2. Whether the primary government's authority (Mayor and Board of Alderman) appoints a majority of board members of the potential component unit and is able to impose its will on potential component unit or whether the potential component unit is fiscally dependent on the primary government.
3. Financial benefit/burden relationship between the primary government and the potential component unit.
4. The nature and significance of the relationship between the potential component units with the primary government are such that exclusion would cause the reporting entity's financial statements to be misleading.

TOWN OF DELHI, LOUISIANA
Notes to the Financial Statements
For the Year Ended September 30, 2017

Note 1 – Summary of Significant Accounting Policies (Continued)

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 renames that measure as net position rather than net assets. The Town had deferred outflows of resources related to net pension liability in the amount of \$562,905 and deferred inflows related to net pension liability of \$97,251 at September 30, 2017. 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

TOWN OF DELHI, LOUISIANA
Notes to the Financial Statements
For the Year Ended September 30, 2017

Note 1 – Summary of Significant Accounting Policies (Continued)

- 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 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.

TOWN OF DELHI, LOUISIANA
Notes to the Financial Statements
For the Year Ended September 30, 2017

Note 1 – Summary of Significant Accounting Policies (Continued)

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.

Since the fund level statements are presented using a different measurement focus and basis of accounting than the government-wide statements, a reconciliation is presented on the page following each fund level statement that summarizes the adjustments necessary to convert the fund level statements into the government-wide presentations. As a general rule, the effect of interfund activity has been eliminated from the government-wide financial statements.

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 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.

TOWN OF DELHI, LOUISIANA
Notes to the Financial Statements
For the Year Ended September 30, 2017

Note 1 – Summary of Significant Accounting Policies (Continued)

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 amounts 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)

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.

TOWN OF DELHI, LOUISIANA
Notes to the Financial Statements
For the Year Ended September 30, 2017

Note 1 – Summary of Significant Accounting Policies (Continued)

At September 30, 2017, the Town's cash and cash equivalents were made up of petty cash of \$370, and checking and savings accounts of \$7,064,653, for a total of \$7,065,023. Cash and cash equivalents of \$5,541,492 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, 2017, the Town had a total of \$2,092,620 invested in certificates of deposit having maturities of more than 90 days. Certificates of deposit of \$2,010,770 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, 2017

Note 1 – Summary of Significant Accounting Policies (Continued)

<u>At September 30, 2017</u>	<u>Cash Equivalents</u>		<u>Investments</u>	
	<u>Cash</u>	<u>Certificates of Deposit</u>	<u>Certificates Of Deposit</u>	<u>Total</u>
Carrying Amount on Balance Sheet	<u>\$ 7,064,653</u>	<u>\$ -</u>	<u>\$ 2,100,697</u>	<u>\$ 9,165,350</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>\$ 643,144</u>	<u>\$ -</u>	<u>\$ 106,856</u>	<u>\$ 750,000</u>
b. Collateralized with securities held by pledging financial institutions trust department or agent in the <u>entity's name</u>	<u>5,909,614</u>	<u>-</u>	<u>1,360,386</u>	<u>7,270,000</u>
c. Uncollateralized, including any securities held for the entity but <u>not in the entity's name</u>	<u>593,313</u>	<u>-</u>	<u>593,313</u>	<u>1,186,626</u>
Total Bank Balances	<u>\$ 7,146,071</u>	<u>\$ -</u>	<u>\$ 2,060,555</u>	<u>\$ 9,206,626</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 must be equal to or greater than 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.

Market Mutual Funds and Pooled Deposits

Money market mutual funds and pooled deposits are stated at fair value based on quoted market values. The fair value of the deposits is determined on a weekly basis to monitor any variances between amortized cost and market value. Legally binding guarantees have not been obtained to support the value of the deposits as all are short-term, highly liquid securities.

State statutes authorize the Town to invest in United States bonds, treasury notes and bills, or certificates or time deposits of state banks organized under Louisiana law and national banks having principal offices in Louisiana. In addition, local governments in Louisiana are authorized to invest in Louisiana Asset Management Pool, Inc. (LAMP), a non-profit corporation formed by an initiative of the State Treasurer in 1993 and organized under the laws of the State of Louisiana, which operates a local government investment pool.

TOWN OF DELHI, LOUISIANA
Notes to the Financial Statements
For the Year Ended September 30, 2017

Note 1 – Summary of Significant Accounting Policies (Continued)

Receivables and due from other Governments

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, 2017. 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. Revenues from grants are recorded as earned when eligibility requirements are met.

Uncollectable Allowance

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.

Inventory

Inventory of the General Fund consists of expendable supplies held for consumption and is reported at cost. Expenditures are recognized when the items are purchased.

Stewardship, Compliance and Accountability

Excess of expenditures over appropriations: There was no amendment to the budget for the year ended September 30, 2017. No funds had revenues, 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 \$42,400 are included on the financial statements 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.

TOWN OF DELHI, LOUISIANA
Notes to the Financial Statements
For the Year Ended September 30, 2017

Note 1 – Summary of Significant Accounting Policies (Continued)

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 Town alderman - the government's highest level of decision making authority. Those committed amounts cannot be used for any other purpose unless the Town 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 Town's "intent" to be used for specific purposes, but are neither restricted nor committed. The Town'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 \$4,957,540 of restricted net position, all of which is restricted by enabling legislation.

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.

Restricted Assets

Restricted assets are reported for cash, money market mutual funds, or pooled deposits legally restricted for specified uses such as payment of debt service and fiscal fees on long-term debt.

When both restricted and unrestricted resources are available for use, it is the Town's policy to use restricted resources first, then unrestricted resources as needed.

Accumulated Compensated Absences

Allowable annual vacation and sick leave is prescribed by municipal ordinance, based on length of continuous employment by the Town, accrued on an employment anniversary basis, and accrued to specified maximums. Compensatory time is also granted to supervisory personnel in lieu of overtime pay. Employees may accumulate unused compensatory time which is paid to the employee in the form of time off or at the employee's current rate of pay upon separation from service.

Estimated accrued compensated absences resulting from unused vacation and compensatory time at the end of the fiscal year are recorded as long-term liabilities in the government-wide financial statements in accordance with GASB Statement No. 16, *Accounting for Compensated Absences*. No liability is recorded for non-vesting accumulating rights to receive sick pay benefits.

TOWN OF DELHI, LOUISIANA
Notes to the Financial Statements
For the Year Ended September 30, 2017

Note 1 – Summary of Significant Accounting Policies (Continued)

Compensated absences are paid from the General Fund that is responsible for all employees' compensation and are recorded in the fund financial statements only when payment is actually made.

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 their 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".

Long-term Liabilities

Accrued compensated absences, outstanding debt, and the related accrued interest is reported as liabilities in the government-wide financial statements. The fund financial statements recognize proceeds of debt as other financing sources of the current period. Expenditures for compensated absences, long-term debt principal, and interest payments are recorded in the fund financial statements only when payment is due.

Pensions

For purposes of measuring the net pension liability, deferred outflows of resources, and deferred inflows of resources related to pensions, and pension expense, information about the fiduciary net position of the Municipal Police Employees Retirement System (the "Plans"), and additions to/deductions from the Plans' fiduciary net position have been determined on the same basis as they are reported by the plans. For this purpose, benefit payments (including refunds of employee contributions) are recognized when due and payable in accordance with the benefit terms. Investments are reported at fair value.

Accounting and Financial Reporting for Pensions

GASB approved Statement No. 68, *Accounting and Financial Reporting for Pensions* and Statement No. 71, *Pension Transition for Contributions Subsequent to the Measurement Date – an Amendment of GASB Statement No. 68*. GASB Statement No. 68 addresses accounting and financial reporting for pensions that are provided to the employees of state and local governmental employers through pension plans that are administered through trusts or equivalent arrangements that meet the criteria established by this standard. GASB Statement 71 requires a government employer to recognize a net pension liability measured as of a date ("measurement date") no earlier than the end of its prior fiscal year. If the government employer makes a contribution to a defined benefit plan between the measurement date of the reported net pension liability and the end of the government's reporting period, the government is required to recognize its contribution as a deferred outflow of resources. The provisions of GASB Statement No. 68 and GASB Statement No. 71 were implemented by the Town during the fiscal year ending September 30, 2017.

TOWN OF DELHI, LOUISIANA
Notes to the Financial Statements
For the Year Ended September 30, 2017

Note 1 – Summary of Significant Accounting Policies (Continued)

The Statement established standards for measuring and recognizing liabilities, deferred outflows of resources, deferred inflows of resources and expenses/expenditures.

Deferred Outflows/Inflows of Resources

In addition to assets, the statements of net position reports a separate section for deferred outflows of resources. This separate financial statement element represents a consumption of net position that applies to future period and so will not be recognized as expenditure until then. In addition to liabilities, the statement of net position reports a separate section for deferred inflows of resources. This separate financial statement element represents an acquisition of net position that applies to a future period and so will not be recognized as revenue until then. The Town's deferred outflows and deferred inflows are resources related to pensions.

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, 2017 taxes of 11.67 mills were levied on property with taxable assessed valuations totaling \$17,848,830 for a total of \$208,296. The taxes were dedicated for general corporate purposes.

TOWN OF DELHI, LOUISIANA
Notes to the Financial Statements
For the Year Ended September 30, 2017

Note 3 – Capital Assets

Capital assets and depreciation activity as of and for the year ended September 30, 2017 for the primary government is as follows:

	<u>Balance</u> <u>10/1/2016</u>	<u>Additions</u>	<u>Deletions</u>	<u>Balance</u> <u>9/30/2017</u>
Governmental activities:				
Capital assets not being depreciated:				
Land	\$ 284,161	\$ -	\$ -	\$ 284,161
Construction in progress	-	28,354	-	28,354
Other capital assets:				
Buildings	5,730,758	240,082	-	5,970,840
Infrastructure	10,532,530	13,557	-	10,546,087
Equipment	<u>1,639,467</u>	<u>39,305</u>	-	<u>1,678,772</u>
Totals	<u>18,186,916</u>	<u>321,298</u>	-	<u>18,508,214</u>
Less accumulated depreciation:				
Buildings	2,837,286	121,188	-	2,958,474
Infrastructure	5,464,681	342,586	-	5,807,267
Equipment	<u>1,132,537</u>	<u>95,254</u>	-	<u>1,227,791</u>
Total accumulated depreciation	<u>9,434,504</u>	<u>559,028</u>	-	<u>9,993,532</u>
Governmental activities:				
Capital assets, net	<u>\$ 8,460,508</u>	<u>\$ (237,730)</u>	<u>\$ -</u>	<u>\$ 8,514,682</u>
	<u>Balance</u> <u>10/1/2016</u>	<u>Additions</u>	<u>Deletions</u>	<u>Balance</u> <u>9/30/2017</u>
Business-type activities:				
Capital assets not being depreciated:				
Land	\$ 10,718	\$ -	\$ -	\$ 10,718
Construction in progress	473,948	63,190	523,138	14,000
Other capital assets:				
Buildings	551,224	-	-	551,224
Infrastructure	29,296,222	558,140	-	29,854,362
Equipment	<u>954,072</u>	<u>20,416</u>	-	<u>974,488</u>
Totals	<u>31,286,184</u>	<u>641,746</u>	<u>523,138</u>	<u>31,404,792</u>
Less accumulated depreciation:				
Buildings	256,129	8,749	-	264,878
Infrastructure	5,751,668	655,317	-	6,406,985
Equipment	<u>642,096</u>	<u>43,288</u>	-	<u>685,384</u>
Total accumulated depreciation	<u>6,649,893</u>	<u>707,354</u>	-	<u>7,357,247</u>
Business-type activities:				
Capital assets, net	<u>\$ 24,636,291</u>	<u>\$ 65,608</u>	<u>\$ 523,138</u>	<u>\$ 24,047,545</u>

TOWN OF DELHI, LOUISIANA
Notes to the Financial Statements
For the Year Ended September 30, 2017

Note 3 – Capital Assets (Continued)

During the year ended September 30, 2017, 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 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, 2017, the Town has made cumulative 2012 water bond principal draw-downs of \$1,870,000, of which \$561,000 have been forgiven. The principal forgiveness has been recognized as \$45,043, \$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, 2016, 2014 and 2013, respectively. The project was complete as of June 4, 2016. As of September 30, 2017, the Town has outstanding bonds payable of \$980,681 related to this project.

As of September 30, 2017, 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, 2016, the Town incurred no 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 draws of \$1,000,000, was completed, and in June of 2012 the Town's bond was cancelled and all ARRA draws 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 capital costs related to the Lamb Weston sewer system project for the year ended September 30, 2016. As of September 30, 2014, the Town has made sewer bond draws of \$11,000,000 and water bond draws of \$7,500,000 and is servicing the outstanding bonds for these completed expansion projects.

TOWN OF DELHI, LOUISIANA
Notes to the Financial Statements
For the Year Ended September 30, 2017

Note 3 – Capital Assets (Continued)

The Town began Phase III of the water and sewer system improvement projects during the year ended September 30, 2016. Phase III consists of acquiring improvements and replacements to the sewerage system, including construction, equipment, and accessories. Funding for this project is provided by a loan received from the U.S. Department of Agriculture’s Rural Development, in accordance with a forty-year sewer revenue bonds issue totaling \$875,000. As of September 30, 2016, the Town has made \$875,000 in bond principal draw downs. These costs are included in the Proprietary Fund Statement of Net Position.

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 were included in the Capital Projects Fund as construction in progress expenditures for the year ended September 30, 2014. As of September 30, 2017, this project was complete and is included in governmental activities capital assets in the Statement of Net Position. The total cost of this project was \$1,046,650, of which \$390,124 was included in construction in progress as of September 30, 2016.

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 \$1,266,382 for the year ended September 30, 2017 was charged to the following governmental functions:

Government activities:	
General government	<u>\$ 559,028</u>
Business-type activities:	
Water	<u>\$ 707,354</u>

Note 4 – Accounts, Salaries, and Other Payables

The payables of \$520,912 at September 30, 2017 are as follows:

	Governmental Activities	Business-Type Activities	Total
Account payable	396,271	44,965	441,236
Payroll and retirement payable	10,555	5,224	15,779
Project cost payable	-	63,897	63,897
Compensated absences	-	-	-
	407,276	555,322	520,912

TOWN OF DELHI, LOUISIANA
Notes to the Financial Statements
For the Year Ended September 30, 2017

Note 5 – Certificates of Indebtedness and Bond Indebtedness

Business Type Activities:	Beginning Balance	Additions	Reductions	Ending Balance	Current Maturities
<u>Bonds and Notes Payable:</u>					
Certificates of Indebtedness,					
Series 2010	\$ 6,072,000	\$ -	\$ 316,000	\$ 5,756,000	\$ 327,000
Series 2010	8,442,000	-	526,000	7,916,000	531,000
Series 2012	980,681	-	164,862	815,819	170,599
USDA Rural Development					
Sewer Bonds 2006	1,396,061	-	23,594	1,372,467	24,617
Sewer Bonds 2016	<u>870,790</u>	<u>-</u>	<u>12,863</u>	<u>857,927</u>	<u>13,221</u>
Total Bonds and Notes Payable	<u>\$ 17,761,532</u>	<u>\$ -</u>	<u>\$ 1,043,319</u>	<u>\$ 16,718,213</u>	<u>\$ 1,066,437</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, 2017, the Town had received advances in the amount of \$1,523,000. Interest of \$56,455 was paid during the year ended September 30, 2017. Outstanding bond indebtedness for this issue as of September 30, 2017 amounted to \$1,315,481. 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>
2018	\$ 55,432	\$ 24,617	\$ 80,049
2019	54,365	25,684	80,049
2020	53,252	26,797	80,049
2021	52,091	27,958	80,049
2022	50,879	29,170	80,049
2023-2027	234,302	165,942	400,244
2028-2032	195,090	205,154	400,244
2033-2037	146,611	253,633	400,244
2038-2042	86,677	313,567	400,244
2043-2046	<u>27,345</u>	<u>299,945</u>	<u>327,290</u>
Total	<u>\$ 956,044</u>	<u>\$ 1,372,467</u>	<u>\$ 2,328,511</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, 2017, the Town had received advances in the amount of \$11,000,000. Outstanding bond indebtedness for this issue amounted to \$7,916,000 as of September 30, 2017, 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.

TOWN OF DELHI, LOUISIANA
Notes to the Financial Statements
For the Year Ended September 30, 2017

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

Both the 2006 and the 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, 2017, the Sewer Revenue Sinking Fund had a balance of \$816,769 available for funding of future 2006 and 2010 Sewer Revenue Bond principal, interest, and administrative fees.

As of September 30, 2017, the 2006/2010 Sewer Revenue Bond Reserve Fund had a balance of \$468,204, and the 2010 Sewer Revenue Bond Contingency Fund had a balance of \$318,992. Monthly sewer revenue bond sinking fund deposits of \$57,242, including \$6,671 for the 2006 bond issue, are to continue until the 2010 bond 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, 2017, the reserve requirements have been satisfied. The 2006 Sewer Revenue Bond requires monthly contingency fund now only requires deposits of \$668 once since 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, 2017, the reserve requirements have been satisfied. The Town now 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>
2018	\$ 72,680	\$ 531,000	\$ 603,680
2019	67,612	536,000	603,612
2020	62,491	542,000	604,491
2021	57,318	547,000	604,318
2022	52,098	552,000	604,098
2023- 2027	180,476	2,839,000	3,019,476
2028- 2031	<u>45,282</u>	<u>2,369,000</u>	<u>2,414,282</u>
Total	<u>\$ 537,957</u>	<u>\$ 7,916,000</u>	<u>\$ 8,453,957</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, 2017, the Town had received advances in the amount of \$7,500,000. Outstanding bond indebtedness for this issue amounted to \$6,072,000, 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.

TOWN OF DELHI, LOUISIANA
Notes to the Financial Statements
For the Year Ended September 30, 2017

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

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, 2017, the 2010 Water Revenue Bond Sinking Fund had a balance of \$396,609 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, 2017, the 2010 Water Revenue Bond Reserve Fund had a balance of \$265,101, and the 2010 Water Revenue Bond

Contingency Fund had a balance of \$111,665. As of September 30, 2017, the reserve requirements have been satisfied.

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>
2018	\$ 192,941	\$ 327,000	\$ 519,941
2019	181,470	338,000	519,470
2020	169,602	350,000	519,602
2021	157,320	362,000	519,320
2022	144,624	374,000	518,624
2023-2027	516,931	2,073,000	2,589,931
2028-2031	<u>136,137</u>	<u>1,932,000</u>	<u>2,068,137</u>
Total	<u>\$ 1,499,025</u>	<u>\$ 5,756,000</u>	<u>\$ 7,255,025</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, 2017, the Town has made 2012 water bond principal drawdowns of \$1,870,000, of which \$561,000 has been forgiven. Outstanding bonds indebtedness for this issue in the amount of \$815,819 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 \$27,725 and administrative fees of \$4,699 were paid related to this issue during the year ended September 30, 2017. 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, 2017, the 2012 Water Revenue Sinking Fund had a balance of \$911,907 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.

TOWN OF DELHI, LOUISIANA
Notes to the Financial Statements
For the Year Ended September 30, 2017

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

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, 2017, the 2012 Water Revenue Reserve Fund had a balance of \$77,306, and the 2012 Water Revenue Contingency Fund had a balance of \$97,851.

Estimated future annual principal, interest, and administrative fee payment requirements 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>
2018	\$ 26,687	\$ 170,599	\$ 197,286
2019	20,751	176,536	197,287
2020	14,607	182,679	197,286
2021	8,251	189,035	197,286
2022	<u>1,673</u>	<u>96,970</u>	<u>98,643</u>
Total	<u>\$ 71,969</u>	<u>\$ 815,819</u>	<u>\$ 887,788</u>

Outstanding bond indebtedness for this issue is \$815,819 as of September 30, 2017 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 \$850,880 and \$150,146 during the years ended September 30, 2014 and 2016, respectively. All available principal draws on this bond issue have been taken as of September 30, 2017.

During the year ended September 30, 2015, the Town issued forty-year sewer revenue bonds in the amount of \$875,000 for the purpose of constructing and acquiring improvements and replacements to the sewerage system, including equipment and accessories. Outstanding bond indebtedness for this issue in the amount of \$857,927 is included on the Proprietary Fund Statement of Net Position as Bonds Payable. These bonds call for annual principal payments of \$36,648 beginning June 1, 2017, at an interest of 2.75%.

This 2016 bond issue also requires monthly Debt Service Reserve Fund deposits equal to 10% of the monthly payment each month over the life of the loan until one annual installment has been accumulated. This reserve fund is required to establish an emergency fund for maintenance and repairs and debt repayment should the need arise. Ten percent of the proposed loan installment equals \$331 per month. In addition the Town must fund a depreciation reserve for short-lived assets by depositing a sum of \$735 monthly in addition to that required for the debt service reserve.

TOWN OF DELHI, LOUISIANA
Notes to the Financial Statements
For the Year Ended September 30, 2017

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

Estimated future annual principal, interest, and administrative fee payment requirements on the 2016 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>
2018	\$ 23,427	\$ 13,221	\$ 36,648
2019	23,059	13,589	36,648
2020	22,681	13,967	36,648
2021	22,292	14,356	36,648
2022	21,892	14,756	36,648
2023-2027	103,061	80,179	183,240
2028-2032	91,257	91,983	183,240
2033-2037	77,715	105,525	183,240
2038-2042	62,179	121,061	183,240
2043-2047	44,357	138,883	183,240
2048-2052	23,910	159,330	183,240
2053-2055	3,370	91,077	94,447
Total	<u>\$ 519,200</u>	<u>\$ 857,927</u>	<u>\$ 1,377,127</u>

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 \$20,404 accumulated depreciation is included in the Town's net capital assets of governmental activities as of September 30, 2017. The present value of remaining minimum lease payments included in the Town's liabilities of governmental activities as of September 30, 2017 is \$5,128 of which \$5,128 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 \$414 for the year ended September 30, 2017 and is reported as interest on long-term debt in the Statement of Activities.

The following is a schedule by years of future minimum payments required under the lease together with their present value as of September 30, 2017:

<u>Year ending September 30,</u>	
2018	<u>\$ 5,128</u>
Total remaining minimum lease payments	5,128
Less: amount representing interest payments	<u>(46)</u>
Present value of remaining minimum lease payments	<u>\$ 5,082</u>

TOWN OF DELHI, LOUISIANA
Notes to the Financial Statements
For the Year Ended September 30, 2017

Note 7 – Inter-fund Receivables and Payables

Individual fund inter-fund receivable and payable balances at September 30, 2017 were as follows:

<u>Fund</u>	<u>Receivables</u>	<u>Payables</u>
General Fund	\$ 12,429	\$ -
Special Revenue Funds	-	13,203
Capital Projects Fund	-	-
Proprietary Fund	1,287	513
Total	<u>\$ 13,716</u>	<u>\$ 13,716</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.
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.

TOWN OF DELHI, LOUISIANA
Notes to the Financial Statements
For the Year Ended September 30, 2017

Note 9 – 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 10– Contingent Liabilities

Under the Town's personnel policies, all unused vacation lapse as of September 30. However, the town does accrue sick leave for all employees. As September 30, 2017, the total amount of sick leave accumulated is \$1,556.

Note 11 – Pension Plans and Other Pension Liabilities

The Town of Delhi (the Town) is a participating employer in two cost sharing defined benefit pension plans. These plans are administered by the Municipal Employee's Retirement System of Louisiana (MERS) and Municipal Police Employee's Retirement System (MPERS). Article X, Section 29(F) of the Louisiana Constitution of 1974 assigns the authority to establish and amend benefit provisions of these plans to the State Legislature. Each system is administered by a separate board of trustees. Each of System issues an annual financial report that is available to the public which includes financial statements and required supplementary information for the Systems. These reports may be obtained by writing, calling, or downloading the reports as follows:

MERS: 7937 Office Park Boulevard | Baton Rouge, Louisiana 70809 | www.mersla.com
MPERS: 7722 Office Park Boulevard | Baton Rouge, Louisiana 70809 | www.lampers.org

Municipal Employees' Retirement System of Louisiana (MERS)

The Municipal Employees' Retirement System of Louisiana (MERS) is the administrator of a cost sharing multiple-employer defined benefit pension plan. The System was originally established by Act 356 of the 1954 regular session of the Legislature of the State of Louisiana. The System provides retirement benefits to employees of all incorporated villages, towns and cities within the State which do not have their own retirement system and which elect to become members of the System. For the year ended September 30, 2017, there were 84 contributing municipalities in Plan A and 68 in Plan B. The Town of Delhi is a participant in Plan B only.

Municipal Police Employees' Retirement System (MPERS)

The Municipal Police Employees' Retirement System (MPERS) is the administrator of a cost-sharing multiple-employer plan. Membership in the System is mandatory for any full-time police officer employed by a municipality of the State of Louisiana and engaged in law enforcement, empowered to make arrests, providing he or she does not have to pay social security and providing he or she meets the statutory criteria. The System provides retirement benefits for municipal police officers. The projections of benefit payments in the calculation of the total pension liability includes all benefits to be provided to current active and inactive employees through the System in accordance with benefit terms and any additional legal agreements to provide benefits that are in force at the measurement date. Benefit provisions are authorized within Act 189 of 1973 and amended by LRS 11:2211- 11:2233.

TOWN OF DELHI, LOUISIANA
Notes to the Financial Statements
For the Year Ended September 30, 2017

Note 11 – Pension Plans and Other Pension Liabilities (continued)

Funding Policy

Article X, Section 29(E)(2)(a) of the Louisiana Constitution of 1974 assigns the Legislature the authority to determine employee contributions. Employer contributions are actuarially determined using statutorily established methods on an annual basis and are constitutionally required to cover the employer’s portion of the normal cost and provide for the amortization of the unfunded accrued liability. Employer contributions are adopted by the Legislature annually upon recommendation of the Public Retirement Systems’ Actuarial Committee (PRSAC).

Contributions to the plans are required and determined by State statute (which may be amended) and are expressed as a percentage of covered payroll. The contribution rates in effect for the year ended September 30, 2017, for the Town and covered employees were as follows:

Plan	Town	Employees
MERS (Plan B)	11.00%	5.00%
MPERS	33.75%	8.00%

The contributions made to the Systems for the past three fiscal years were as followed:

Plan	2017	2016	2015
MERS (Plan B)	\$71,276	-	-
MPERS	27,364	-	-
Total	\$98,640	-	-

Pension Liabilities, Pension Expense, and Deferred Outflows of Resources and Deferred Inflows of Resources Related to Pensions

The following schedule lists the Town’s proportionate share of the Net Pension Liability allocated by each of the pension plans for based on the June 30, 2017 measurement date. The Town uses this measurement to record its Net Pension Liability and associated amounts as of September 30, 2017 in accordance with GASB Statement 68. The schedule also includes the proportionate share allocation rate used at June 30, 2017 along with the change compared to the June 30, 2016 rate. The Town’s proportion of the Net Pension Liability was based on a projection of the Agency’s long-term share of contributions to the pension plan relative to the projected contributions of all participating employers, actuarially determined.

	Net Pension Liability at June 30, 2017	Current Measurement Rate	Previous Measurement Rate	Increase (Decrease)
MERS	\$ 713,841	0.825028%	0.886368%	(0.061340)%
MPERS	256,439	0.029373%	0.035387%	(0.006014)%
Total	\$ 970,280			

TOWN OF DELHI, LOUISIANA
Notes to the Financial Statements
For the Year Ended September 30, 2017

Note 11 – Pension Plans and Other Pension Liabilities (continued)

The following schedule lists each pension plan’s recognized pension expense (benefit) for the Town for the year ended September 30, 2017

	<u>Total</u>
Municipal Employee’s Retirement Fund	\$ 74,276
Municipal Police Employees’ Retirement Fund	27,364
Total	\$ 101,640

At September 30, 2017, the Town reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

Deferred Outflows of Resources	MERS	MPERS	Total
Differences between expected and actual experience	\$ 3,739	\$ 1,679	\$ 5,418
Changes of assumptions	31,431	18,247	49,678
Net Difference between projected and actual earnings on pension plan investments	150,403	11,226	161,629
Changes in proportion and differences between Employer contributions and proportionate share of contributions	3,728	131,220	134,948
Differences between allocated and actual contributions	-	-	-
Employer contributions subsequent to the measurement date	18,839	5,731	24,570
Total	\$208,140	\$168,103	\$376,243

Deferred Inflows of Resources	MERS	MPERS	Total
Differences between expected and actual experience	\$ 15,497	\$ 1,971	\$ 17,468
Changes of assumptions	-	-	-
Net Difference between projected and actual earnings on pension plan investments	-	-	-
Changes in proportion and differences between Employer contributions and proportionate share of contributions	45,357	34,390	79,747
Differences between allocated and actual contributions	-	-	-
Employer contributions subsequent to the measurement date	-	-	-
Total	\$ 60,854	\$ 36,361	\$ 97,215

The Town reported a total of \$24,570 as deferred outflows of resources related to pension contributions made subsequent to the measurement period of June 30, 2017 which will be recognized as a reduction in net pension liability in the year ended September 30, 2018. The following schedule lists the pension contributions made subsequent to the measurement period for each pension plan:

	<u>Subsequent Contributions</u>
Municipal Employee’s Retirement Fund	\$ 18,839
Municipal Police Employees’ Retirement Fund	5,731
Total	\$ 20,429

TOWN OF DELHI, LOUISIANA
Notes to the Financial Statements
For the Year Ended September 30, 2017

Note 11 – Pension Plans and Other Pension Liabilities (continued)

Other amounts reported as deferred outflows of resources and deferred inflows of resources related to pensions will be recognized in pension expense as follows:

Year	MERS	MPERS	Total
2018	\$46,705	\$65,218	\$111,923
2019	47,121	69,612	116,733
2020	24,127	(2,310)	21,817
2021	6,766	(6,014)	752

Actuarial Assumptions A summary of the actuarial methods and assumptions used in determining the total pension liability for each pension plan as of June 30, 2017 are as follows:

	Measurement/Valuation Date	Expected Remaining Service Lives	Investment Rate of Return
MERS	June 30, 2017	4 years	7.40%
MPERS	June 30, 2017	4 years	7.33%, net of investment expense

Mortality:

MERS

Mortality rates based on the RP-2000 Sex Distinct Mortality Table.

MPERS

Mortality assumptions were set based upon an experience study performed by the prior actuary on plan data for the period July 1, 2009 through June 30, 2014. The RP-2000 Employee Mortality Table was selected for active members. The RP-2000 Healthy Annuitant Mortality Table was selected for healthy annuitants and beneficiaries. The RP- 2000 Disabled Lives Mortality Table was selected for disabled annuitants

Salary Increases:

MERS 5.0% (2.775% Inflation, 2.225% Merit).

MPERS

Years of Service	Salary Growth Rate
1-2	9.75%
3-23	4.75%
Over 23	4.25%

TOWN OF DELHI, LOUISIANA
Notes to the Financial Statements
For the Year Ended September 30, 2017

Note 11 – Pension Plans and Other Pension Liabilities (continued)

Cost of Living Adjustments:

MERS

The System is authorized under state law to grant a cost of living increase to members who have been retired for at least one year. The adjustment cannot exceed 2% of the retiree's original benefit for each full calendar year since retirement and may only be granted if sufficient funds are available from investment income in excess of normal requirements. State law allows the System to grant an additional cost of living increase to all retirees and beneficiaries who are age sixty-five and above equal to 2% of the benefit being received on October 1, 1977, or the original benefit, if retirement commenced after that date.

MPERS

The Board of Trustees is authorized to provide annual cost-of-living adjustments computed on the amount of the current regular retirement, disability, beneficiary or survivor's benefit, not to exceed 3% in any given year. The Board is authorized to provide an additional 2% COLA, computed on the member's original benefit, to all regular retirees, disability, survivors and beneficiaries who are 65 years of age or older on the cut-off date which determines eligibility.

The following methods used by each of the retirement systems in determining the long term rate of return on pension plan investments:

MERS

The long-term expected rate of return on pension plan investments was determined using a building-block method in which best-estimates ranges of expected future real rates of return (expected returns, net of pension plan investment expense and inflation) are developed for each major asset class. These ranges are combined to produce the long-term expected rate of return by weighting the expected future real rates of return by the target asset allocation percentage and by adding expected inflation of 2.6% and an adjustment for the effect of rebalancing /diversification. The resulting expected long-term rates of return is 7.2% for the plan year ended June 30, 2017.

MPERS

The forecasted long-term expected rate of return on pension plan investments was determined using a building-block method in which best-estimates ranges of expected future real rates of return (expected returns, net of pension plan investment expense and inflation) are developed for each major asset class. These ranges are combined to produce the long-term expected rate of return by weighting the expected future real rates of return by the target asset allocation percentage and by adding expected 2.75% inflation of and an adjustment for the effect of rebalancing/diversification. The resulting forecasted long-term rate of return is 8.19% for the plan year ended June 30, 2017. The following table provides a summary of the best estimates of arithmetic/geometric real rates of return for each major asset class included in each of the Retirement Systems target asset allocations as of June 30, 2017:

TOWN OF DELHI, LOUISIANA
Notes to the Financial Statements
For the Year Ended September 30, 2017

Note 11 – Pension Plans and Other Pension Liabilities (continued)

Asset Class	Target Allocations		Long-Term Expected Real Rate of Return	
	MERS	MPERS	MERS	MPERS
Public Equity	50%	-	2.30%	-
Equity	-	53%	-	3.66%
Public Fixed Income	35%	-	1.60%	-
Fixed Income	-	21%	-	0.52%
Alternatives	15%	20%	0.70%	1.10%
Other	-	6%	-	0.16%
Total	100%	100%	4.60%	5.44%
Inflation			2.60%	2.75%
Expected Arithmetic Nominal Return			7.2%	8.19%

Discount Rate

The projection of cash flows used to determine the discount rate assumed that plan member contributions will be made at the current contribution rate and that sponsor contributions will be made at rates equal to the difference between actuarially determined contribution rates and the member rate. Based on those assumptions, each of the pension plan's fiduciary net position was projected to be available to make all projected future benefit payments of current plan members. Therefore, the long-term expected rate of return on pension plan investments was applied to all periods of projected benefit payments to determine the total pension liability. The discount rate used to measure the total pension liability for MERS and MPERS were 7.4% and 7.325%, respectively.

Sensitivity to Changes in Discount Rate

The following table presents the Town's proportionate share of the Net Pension Liability (NPL) using the discount rate of each Retirement System as well as what the Town's proportionate share of the NPL would be if it were calculated using a discount rate that is one percentage-point lower or one percentage-point higher than the current rate used by each of the Retirement Systems:

	1.0% Decrease	Current Discount Rate	1.0% Increase
MERS			
Discount Rates	6.4%	7.4%	8.4%
Shares of Net Pension Liability	\$923,630	\$713,841	\$534,815
MPERS			
Discount Rates	6.325%	7.325%	8.325%
Shares of Net Pension Liability	\$354,295	\$256,439	\$174,345

TOWN OF DELHI, LOUISIANA
Notes to the Financial Statements
For the Year Ended September 30, 2017

Note 12 – Cooperative Endeavor Agreements

On April 15, 2016, the Town and Delhi Area Fire Protection District No. 1 (the “District”) entered into a cooperative endeavor agreement with Delhi Volunteer Fire Department, Inc. effective April 1, 2016 and remains in effect until terminated by one or both parties for the Town to defray the expenses or cost associated with furnishing fire protection to the citizens of the District.

The Town agreed to pay the Fire Department a budgeted amount per month, with said budget to be approved annually by the Town of Delhi Town Council.

Note 13 - Contingencies and Risk Management

As of the date of this report, there were no pending or threatening litigation suits involving the Town. The Town is exposed to various risk of loss related to torts; theft of, damage to, and destruction of assets, errors and omissions; injuries to employees; and natural disasters. The Town carries commercial insurance for all risks of loss, including workers’ compensation and employee health and accident insurance. There were no significant reductions in the insurance coverage during the fiscal year. Settlement amounts have not exceeded insurance coverage for the current year or the three prior fiscal years.

The Town participates in numerous state and federal grants programs, which are governed by various rules and regulations of the grantor agencies. Costs charged to the respective grant programs are subject to audit and adjustments by the grantor agencies; therefore, to the extent that the Town has not complied with the rules and regulations governing the grants, refunds of any money received may be required and the collectability of any related receivable as of September 30, 2017 may be impaired. In the opinion of Town management, there are no significant contingent liabilities relating to compliance with the rules and regulations governing the respective grants; therefore, no provision has been recorded in the accompanying financial statements for such contingencies.

Note 14 - Related Party Transactions

Procedures, observations, and inquiries did not disclose any material related party transactions for the fiscal year ended September 30, 2017.

Note 15 - New Accounting Pronouncements

During the fiscal year ending September 31, 2017, the Town of Delhi, Louisiana adopted Governmental Accounting Standards Board (GASB) Statement No. 68, *Accounting and Financial Reporting for Pensions*, which addresses accounting and financial reporting for pensions that are provided to the employees of state and local governmental employers through pension plans that are administered through trusts or equivalent arrangements that meet the criteria established by this standard.

TOWN OF DELHI, LOUISIANA
Notes to the Financial Statements
For the Year Ended September 30, 2017

Note 16 - Beginning Net Position Adjustments

The following schedule reconciles the September 30, 2016, net position as previously reported, to beginning net position, as restated, as a result of the reclassification of previously reported liabilities, deferred outflows of resources related to pensions, and deferred inflows of resources related to pensions by the adoption of GASB Statement No. 68.

	<u>Governmental Activities</u>	<u>Business-Type Activities</u>
Net position, previously reported	\$ 12,837,901	\$ 11,874,788
Prior period adjustment:		
Change in accounting principle:		
Net effect of recording net pension liability	<u>(1,018,637)</u>	<u>(47,757)</u>
Net position, as restated	<u>\$ 11,819,264</u>	<u>11,827,031</u>

REQUIRED SUPPLEMENTARY INFORMATION (PART II)

TOWN OF DELHI, LOUISIANA
General Fund
Budgetary Comparison Schedule
For the Year Ended September 30, 2017

	Original Budget	Final Budget	Actual Amounts Budgetary Basis	Variance With Final Budget Favorable/ (Unfavorable)
Budgetary Fund Balances, Beginning	\$ 1,568,699	\$ 1,568,699	\$ 1,568,699	\$ -
Resources (Inflows):				
Taxes:				
Ad Valorem	198,000	198,000	209,841	11,841
Other Taxes, Penalties, Interest, etc.	54,300	54,300	81,303	27,003
Licenses and Permits	151,900	151,900	144,588	(7,312)
Intergovernmental Revenues:				
State Funds:				
Transportation Funds	4,160	4,160	4,160	-
Parish Insurance Rebates	-	-	-	-
Grants	25,000	25,000	26,565	1,565
Police Supplemental Pay	40,000	40,000	34,500	(5,500)
Federal Funds:				
Grants	-	-	-	-
Fines	140,000	140,000	98,106	(41,894)
Garbage Collection	250,650	250,650	273,497	22,847
Investment Earnings	3,800	3,800	4,191	391
Other Revenues				
Royalties	78,000	78,000	104,081	26,081
Rent	84,100	84,100	88,700	4,600
Community Center/Country Club	7,600	7,600	14,980	7,380
Civic Center	12,000	12,000	7,525	(4,475)
Donations - Cave	-	-	-	-
Miscellaneous	6,000	6,000	10,220	4,220
Transfers from Other Funds	1,177,000	1,177,000	1,152,260	(24,740)
Amounts Available for Appropriations	<u>3,801,209</u>	<u>3,801,209</u>	<u>3,823,216</u>	<u>22,007</u>
Charges to Appropriations (Outflows):				
General Government:				
Professional Fees	48,500	48,500	37,261	11,239
Utilities	8,250	8,250	9,159	(909)
Administrative	39,000	39,000	40,438	(1,438)
Public Facilities	66,200	66,200	62,025	4,175
Insurance	166,000	166,000	151,092	14,908
Employment Taxes	50,000	50,000	52,765	(2,765)
Other Administrative Expenses	64,500	64,500	50,694	13,806
Asbestos Removal	-	-	-	-
Salaries	261,487	261,487	222,076	39,411
Retirements	20,267	20,267	20,301	(34)
Waste Management	250,000	250,000	273,165	(23,165)
Repairs and Maintenance	10,000	10,000	2,620	7,380
Livestock Show	5,000	5,000	4,240	760
Golf Course Legislative Act	5,000	5,000	5,000	-
Tax Assessor Fee	5,000	5,000	4,676	324
Total General Government Expenditures	<u>999,204</u>	<u>999,204</u>	<u>935,512</u>	<u>63,692</u>

TOWN OF DELHI, LOUISIANA
General Fund
Budgetary Comparison Schedule
For the Year Ended September 30, 2017

	Original Budget	Final Budget	Actual Amounts Budgetary Basis	Variance With Final Budget Favorable/ (Unfavorable)
Expenditures: (Continued)				
Public safety:				
Police:				
Salaries	464,092	464,092	376,522	87,570
Auto	28,000	28,000	33,220	(5,220)
Administrative	22,000	22,000	23,975	(1,975)
Supplies	12,000	12,000	10,429	1,571
Prisoner Care	6,000	6,000	7,372	(1,372)
Retirement	32,000	32,000	27,364	4,636
Police Training	6,000	6,000	4,547	1,453
Uniforms	5,500	5,500	4,078	1,422
Miscellaneous	14,000	14,000	13,085	915
Fine Collection Fees	-	-	-	-
Animal Control	19,900	19,900	18,488	1,412
Total Police Expenditures	<u>609,492</u>	<u>609,492</u>	<u>519,080</u>	<u>90,412</u>
Fire:				
Supplies, Maintenance, and Utilities	-	-	77	(77)
Donations to Fire Dept.	-	-	-	-
Total Fire Expenditures	<u>-</u>	<u>-</u>	<u>77</u>	<u>(77)</u>
Total Public Safety Expenditures	<u>609,492</u>	<u>609,492</u>	<u>519,157</u>	<u>90,335</u>
Streets:				
Utilities	47,000	47,000	43,503	3,497
Administrative	1,400	1,400	-	1,400
Salaries	185,250	185,250	108,768	76,482
Retirement	21,000	21,000	10,378	10,622
Repairs and Maintenance	39,000	39,000	41,669	(2,669)
Rent	20,670	20,670	7,702	-
Oil and Gas	12,000	12,000	17,483	(5,483)
Supplies	17,000	17,000	26,495	(9,495)
Miscellaneous	2,000	2,000	2,000	-
Mosquito Control	1,375	1,375	182	1,193
Total Streets Expenditures	<u>324,025</u>	<u>324,025</u>	<u>248,478</u>	<u>75,547</u>
Capital Outlay				
General Government	185,000	185,000	248,912	(63,912)
Community & Civic Center	20,000	20,000	14,579	-
Country Club	8,000	8,000	-	-
Public Safety:				
Police	38,500	38,500	30,125	8,375
Fire	-	-	-	-
Streets	25,000	25,000	-	25,000
Total Capital Outlay	<u>276,500</u>	<u>276,500</u>	<u>293,616</u>	<u>(17,116)</u>
Other Charges:				
Transfers Out to Other Funds	-	-	-	-
Total Charges to Appropriations	<u>2,209,221</u>	<u>2,209,221</u>	<u>1,996,763</u>	<u>212,458</u>
Budgetary Fund Balances, Ending	<u>\$ 1,591,988</u>	<u>\$ 1,591,988</u>	<u>\$ 1,826,453</u>	<u>\$ (234,465)</u>

TOWN OF DELHI, LOUISIANA
Sales Tax Fund
Budgetary Comparison Schedule
For the Year Ended September 30, 2017

	Original Budget	Final Budget	Actual Amounts Budgetary Basis	Variance With Final Budget Favorable/ (Unfavorable)
Budgetary Fund Balances, Beginning	\$ 2,510,244	\$ 2,510,244	\$ 2,705,148	\$ 194,904
Resources (Inflows):				
Taxes:				
Sales and Use:				
Sales Tax 1/2 cent	510,000	510,000	617,124	107,124
Sales Tax 1 cent	503,000	503,000	621,886	118,886
Total Taxes	<u>1,013,000</u>	<u>1,013,000</u>	<u>1,239,010</u>	<u>226,010</u>
Transfers in from Other Funds	-	-	-	-
Investment Earnings	<u>75</u>	<u>75</u>	<u>80</u>	<u>5</u>
Amounts Available for Appropriations	<u>3,523,319</u>	<u>3,523,319</u>	<u>3,944,238</u>	<u>420,919</u>
Charges to Appropriations (Outflows):				
General Government:				
1/2 Cent:				
Recreation	26,300	26,300	29,223	(2,923)
Administration	52,150	52,150	45,761	6,389
Public Works/Safety	6,000	6,000	4,846	1,154
Sales Tax Commission	260,000	260,000	275,386	(15,386)
Miscellaneous	23,700	23,700	22,545	1,155
Total 1/2 Cent	<u>368,150</u>	<u>368,150</u>	<u>377,761</u>	<u>(9,611)</u>
1 Cent:				
Streets, Drainage & Other Capital Improvements	49,750	49,750	1,925	47,825
Sales Tax Commission				-
Miscellaneous	6,550	6,550	9,100	(2,550)
Total 1 Cent	<u>56,300</u>	<u>56,300</u>	<u>11,025</u>	<u>45,275</u>
Total General Government	<u>424,450</u>	<u>424,450</u>	<u>388,786</u>	<u>35,664</u>
Capital Outlay	<u>22,000</u>	<u>22,000</u>	<u>13,557</u>	<u>8,443</u>
Other Charges:				
Transfers Out to Other Funds	<u>565,700</u>	<u>565,700</u>	<u>531,877</u>	<u>33,823</u>
Total Charges to Appropriations	<u>1,012,150</u>	<u>1,012,150</u>	<u>934,220</u>	<u>77,930</u>
Budgetary Fund Balances, Ending	<u>\$ 2,511,169</u>	<u>\$ 2,511,169</u>	<u>\$ 3,010,018</u>	<u>\$ 498,849</u>

TOWN OF DELHI, LOUISIANA
 Capital Projects Fund
 Budgetary Comparison Schedule
 For the Year Ended September 30, 2017

	Original Budget	Final Budget	Actual Amounts Budgetary Basis	Variance With Final Budget Favorable/ (Unfavorable)
Budgetary Fund Balances, Beginning	\$ (7,413)	\$ (7,413)	\$ (7,413)	\$ -
Resources (Inflows):				
Grants:				
Louisiana Department of Health and Hospitals	-	-	672,238	672,238
LCDBG Sewer Grant	-	-	443,863	443,863
Other	-	-	4,413	4,413
Transfers in from Other Funds	-	-	642	642
	<u>(7,413)</u>	<u>(7,413)</u>	<u>1,113,743</u>	<u>1,121,156</u>
Amounts Available for Appropriations				
Charges to Appropriations (Outflows):				
Construction in Progress - Recreational and Learning Center	-	-	661,171	(661,171)
Other Charges:				
Transfers Out to Other Funds	-	-	443,863	(443,863)
	<u>-</u>	<u>-</u>	<u>1,105,034</u>	<u>(1,105,034)</u>
Total Charges to Appropriations				
	<u>-</u>	<u>-</u>	<u>1,105,034</u>	<u>(1,105,034)</u>
Budgetary Fund Balances, Ending	<u>\$ (7,413)</u>	<u>\$ (7,413)</u>	<u>\$ 8,709</u>	<u>\$ 16,122</u>

TOWN OF DELHI, LOUISIANA
Proprietary Fund
Budgetary Comparison Schedule
For the Year Ended September 30, 2017

	Original Budget	Final Budget	Actual Amounts Budgetary Basis	Variance With Final Budget Favorable/ (Unfavorable)
Resources (Inflows):				
Water				
Water Revenue	700,000	700,000	698,695	(1,305)
Water Commodity	311,000	311,000	377,375	66,375
Water Fixed	525,000	525,000	528,000	3,000
Safe Drinking Water Fee	-	-	12,419	12,419
Sewer				
Sewer Revenue	630,000	630,000	484,753	
Sewer Commodity	685,000	685,000	653,267	(31,733)
Sewer Fixed	606,000	606,000	612,000	6,000
Grants	-	-	33,023	33,023
Investment Earnings	17,000	17,000	20,696	3,696
Other Revenues				
Garbage	250,000	250,000	277,176	27,176
Fees	22,000	22,000	19,017	(2,983)
Taps	2,300	2,300	1,600	(700)
Miscellaneous	6,000	6,000	7,134	1,134
Transfers from (to) Other Funds	(20,000)	(20,000)	(49,456)	(29,456)
Amounts Available for Appropriations	<u>3,734,300</u>	<u>3,734,300</u>	<u>3,675,699</u>	<u>86,646</u>

TOWN OF DELHI, LOUISIANA
Proprietary Fund
Budgetary Comparison Schedule
For the Year Ended September 30, 2017

	Original Budget	Final Budget	Actual Amounts Budgetary Basis	Variance With Final Budget Favorable/ (Unfavorable)
Expenditures:				
Water & Sewer:				
Salaries	280,000	290,000	274,214	15,786
Retirement	24,000	33,000	19,318	13,682
Repairs and Maintenance	118,430	203,296	140,844	62,452
Professional Fees	50,500	54,000	39,314	14,686
Investments	405,200	405,200	394,538	10,662
Depreciation	260,000	313,000	313,924	(924)
Office Expense	128,900	145,900	112,071	33,829
Supplies	58,000	75,000	43,073	31,927
Insurance	63,000	63,000	54,549	8,451
Training	6,500	6,500	1,933	4,567
Uniforms	5,600	6,200	6,137	63
Miscellaneous	144,500	216,900	156,572	60,328
Total Water & Sewer Expenditures	<u>1,544,630</u>	<u>1,811,996</u>	<u>1,556,487</u>	<u>255,509</u>
Lamb Weston:				
Salaries	127,000	127,000	131,114	(4,114)
Retirement & Social Security	10,000	21,000	22,569	(1,569)
Repairs & Maintenance	159,000	21,000	18,269	2,731
Supplies	48,000	48,000	47,882	118
Professional Fees	10,100	32,100	46,495	(14,395)
Uniforms	3,400	3,400	3,023	377
Training	1,000	1,000	516	484
Chemicals	18,000	24,500	32,151	(7,651)
Office Expense	150,000	150,000	167,347	(17,347)
Plant & Well	29,000	65,350	88,597	(23,247)
Miscellaneous	396,500	396,500	394,004	2,496
Total Lamb Weston Expenditures	<u>952,000</u>	<u>889,850</u>	<u>951,967</u>	<u>(62,117)</u>
Total Expenditures	<u>2,496,630</u>	<u>2,701,846</u>	<u>2,508,454</u>	<u>193,392</u>
Capital Outlay				
Office Air	1,480	1,480	-	1,480
Treatment Plan	2,100	2,100	-	2,100
Other	2,075	2,075	-	2,075
Total Capital Outlay	<u>5,655</u>	<u>5,655</u>	<u>-</u>	<u>5,655</u>
Other Charges:				
Transfers Out to Other Funds	842,000	842,000	838,500	(3,500)
Total Charges to Appropriations	<u>3,344,285</u>	<u>3,549,501</u>	<u>3,346,954</u>	<u>195,547</u>
Budgetary Fund Balances, Ending	<u>\$ 390,015</u>	<u>\$ 184,799</u>	<u>\$ 328,745</u>	<u>\$ (108,901)</u>

TOWN OF DELHI, LOUISIANA
Notes to the Budgetary Comparison Schedules
For the Year Ended September 30, 2017

Note A – Budget Practices

A proposed budget for the general fund and the special revenue funds of the Town of Delhi, Louisiana is prepared on the modified accrual basis of accounting. The budget is legally adopted by the Town of Delhi, Louisiana 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, Louisiana authorizes all amendments to the 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.

TOWN OF DELHI, LOUISIANA
Notes to Budgetary Comparison Schedules
For the Year Ended September 30, 2017

	<u>General</u>	<u>Sales Tax</u>	<u>Capital Projects</u>
<u>Sources/Inflows of resources:</u>			
Actual amounts (budgetary basis) "available for appropriation" from the Budgetary Comparison Schedule	\$ 3,823,216	\$ 3,944,238	\$ 1,113,743
<u>Adjustments:</u>			
The fund balance at the beginning of the year is a budgetary resource but is not a current-year revenue for financial reporting purposes	1,568,699	2,705,148	(7,413)
Transfers from other funds are inflows for budgetary purposes but are not revenue for financial reporting purposes	<u>1,152,260</u>	<u>-</u>	<u>642</u>
Total revenues as reported on the Statement of Revenues, Expenditures, and Changes in Fund Balances - Governmental Funds	<u>\$ 6,544,175</u>	<u>\$ 6,649,386</u>	<u>\$ 1,106,972</u>
<u>Uses/Outflows of resources:</u>			
Actual amounts (budgetary basis) "Total charges to appropriations" from the Budgetary Comparison Schedule	\$ 1,996,763	\$ 934,220	\$ 1,105,034
<u>Adjustments:</u>			
Transfers to other funds are outflows for budgetary purposes but are not expenditures for financial reporting purposes	<u>-</u>	<u>531,877</u>	<u>443,863</u>
Total expenditures as reported on the Statement of Revenues, Expenditures and Changes in Fund Balances - Governmental Funds	<u>\$ 1,996,763</u>	<u>\$ 1,466,097</u>	<u>\$ 1,548,897</u>

**SCHEDULE OF EMPLOYER'S SHARE OF NET PENSION LIABILITY
YEAR ENDED SEPTEMBER 30, 2017**

	2017	
	MERS (Plan B)	MPERS
Employer's Proportion of the Net Pension Liability	0.825028%	0.029373%
Employer's Proportion of the Net Pension Liability	713,841	256,439
Employer's Covered-Employee Payroll	619,585	87,054
Employer's Proportionate Share of the Net Pension Liability as a Percentage of its Covered Employee Payroll	115.22%	294.58%
Plan Fiduciary Net Position as a Percentage Of the Total Pension Liability	70.08%	63.49%

*Schedule is intended to show information for 10 years.
Additional years will be displayed as they become available.*

**TOWN OF DELHI, LOUISIANA
SCHEDULE OF PENSION CONTRIBUTIONS
YEAR ENDED SEPTEMBER 30, 2017**

	2017	
	MERS (Plan B)	MPERS
Contractually Required Contribution	67,362	27,859
Contributions in Relation to Contractually Required Contribution	71,276	27,364
Contribution (Excess) Deficiency	(3,914)	495
Employer's Covered Employee Payroll	619,585	87,054
Contributions as a % of Covered Employee Payroll	11.51%	31.44%

*Schedule is intended to show information for 10 years.
Additional years will be displayed as they become available.*

OTHER SUPPLEMENTARY INFORMATION

TOWN OF DELHI, LOUISIANA
Schedule of Compensation, Benefits and Other Payments to Agency Head
For the Year Ended September 30, 2017

Jesse Washington, Mayor

October 1, 2016 - September 30, 2017

<u>Purpose</u>	<u>Amount</u>
Salary	\$ 68,000
Benefits - Insurance	-
Benefits - Retirement	3,400
Car Allowance	-
Per diem	-
Reimbursements	-
Travel	-
Registration Fees	200
Conference Travel	<u>651</u>
 Total Compensation, Benefits, and Other Payments to Agency Head	 <u>\$ 72,251</u>

TOWN OF DELHI, LOUISIANA
Schedule of Compensation Paid to the Mayor and Members of the Board of Aldermen
For the Year Ended September 30, 2017

The schedule of compensation paid to the Mayor and Council Members was prepared in compliance with House Concurrent Resolution No. 54 of the 1979 Session of the Louisiana Legislature. Compensation of the mayor and council Members are include in the general administrative expenditures of the General Fund. The Mayor and Council Members receive compensation pursuant to Louisiana Revised Statute 404.1.

<u>Council Members:</u>	<u>Amount</u>
Jess Washington, Mayor	\$ 72,251
Bobby Benson, Council Member	7,200
Danniel Dixon, Council Member	7,200
Marvin Hamilton, Council Member (October, 2016)	600
W.B. Sumner, Council Member	7,200
Henry Washington, Council Member	7,200
Lennon Whitney, Council Member (November, 2016 to September, 2017)	6,600
 Total Mayor's and Council Members' Compensation	 <u>\$ 108,251</u>

-

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, the aggregate discretely presented component units, each major fund, and the aggregate remaining fund information of the Town of Delhi, Louisiana as of and for the year ended September 30, 2017, 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 March 15, 2018.

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. 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.

OFFICES:

2740 RUE DE JARDIN
STE.100
LAKE CHARLES
LOUISIANA 70605
(O) 337-478-7902
(F) 337-478-3345

5100 WESTHEIMER
SUITE 231
HOUSTON
TEXAS 77056
(O) 713-588-4460
(F) 713-966-6125

WWW.JWALKERCO.COM

MEMBER OF:

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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 no instances of noncompliance or other matters that are required to be reported under *Government Auditing Standards*.

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.

J. Walker & Company, APC

Lake Charles, Louisiana

March 15, 2018



TOWN OF DELHI, LOUISIANA
Schedule of Findings and Questioned Costs
For the Year Ended September 30, 2017

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 no 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 no instances of noncompliance that is 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*.

b. Federal Awards

1. The entity reported they received less than \$750,000 in federal awards during the year ended September 30, 2017 and therefore is exempt from the audit requirements as required by *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards*.

c. Management Letter

1. No management letter was issued in connection with the audit for the year ended September 30, 2017.

TOWN OF DELHI, LOUISIANA
Schedule of Findings and Questioned Costs
For the Year Ended September 30, 2017

II. Findings – Financial Statement Audit

INTERNAL CONTROL AND COMPLIANCE FINDINGS

2017-01 Failure to timely file audit report

Fiscal Year Finding Originated: Unknown.

Condition:

The Organization failed to submit audited report to LA Legislative Auditor in a timely manner.

Criteria:

La. 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:

Certain documents were not provided to the auditor in a timely manner.

Effect:

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

Recommendation:

Town should engage independent auditor in a timely manner to ensure adequate time for completion of audit and the timely filing of report.

Response:

The Town engaged the auditor in a timely manner. The late submission was due to the auditors.

TOWN OF DELHI, LOUISIANA
Summary of Prior Year Findings
For the Year Ended September 30, 2017

INTERNAL CONTROL AND COMPLIANCE FINDINGS

2016-01 – Non-Town Business Related Travel

Condition:

A review of the Town's Fuelman gas card detailed travel expenses for the Town's Police Department that were incurred for expenses that did not appear to be beneficial to the operations of the Town. Of the transactions reviewed, three out-of-state transactions were observed for which no supporting documentation was provided. The business purposes were not apparent; therefore, making it indeterminable as to whether the travel expenses were appropriate and necessary. A total of \$905.14 in questionable charges for approximately 447 gallons of gasoline was expensed to the Town's Fuelman card by officers of the Police Department's travels to throughout Louisiana, Mississippi, Arkansas, and Texas between February of 2016 and February of 2017. No support documents were provided to substantiate the purpose of the travel, and whether or not the travel was related to Town business. It was also observed that Town vehicles were used during the travels.

On April 23, 2016, a fuel purchase was made in Meridian, Mississippi for \$33.92. This purchase was identified by the Town as being for an officer that had not been employed since February, 25, 2016. Another fuel transaction was noted on January 28, 2017 in Winnsboro, Louisiana for \$22.65. This purchase was identified by the Town as being for an officer that had not been employed since November 5, 2015.

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 for these transactions.

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. The policies and procedures manual should be revised to specify that all Fuelman cards be returned to the Town once an officer is no longer considered employed. 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 proper authorities.

Current Status:

Resolved

TOWN OF DELHI, LOUISIANA
Summary of Prior Year Findings
For the Year Ended September 30, 2017

2016-02 – Recording of Time

Condition:

It was noted during fieldwork that a member of the Town's Police Department is also an Assistant Coach for the local high school basketball team. On February 17, 2017, the officer's squad car was observed parked at the high school for approximately two hours as the basketball team practiced. Upon review of the officer's time card, it was noted that the officer was still on duty while assisting the basketball team with practice. A comparison of the officer's time cards to the basketball team's game schedule detailed

five occasions where game times fell between the hours that the officer was on duty. On these days, the officer was documented as being on duty for approximately 13.00, 14.00, 12.50, and 12.75, and 15.00 hours respectively. There are also concerns about the officer utilizing the Town's squad car to escort the basketball team to away games, as well as other sporting events played outside of the Town. No contracts or cooperative endeavor agreements between the Town and the Parish School Board were provided to determine if police escort services by the Town were allowable. As of the date of this report, the officer in question is still employed by the Town, and has not made any restitution to the Town. The Town has not contacted any law enforcement body regarding the matter, and no investigation has been conducted as of the date of this report. The amount of the potential misappropriation is indeterminable and will require further investigation.

Recommendation:

Management should more closely analyze payroll reports to ensure that the times being reported are accurate, and should not authorize time cards whereby no supporting documentation accompanies overtime requests. Management should also require that off-duty secondary employment is contracted through the Town. Furthermore, management must implement more effective internal controls and monitoring procedures to ensure that officers are not performing other off-duty employment duties during their regularly-scheduled work hours. In addition, the Town should notify the Louisiana Legislative Auditor and the District Attorney, as required by Louisiana Revised Statute 24:253.

Current Status:

Resolved

2016-03 – Timely Filing of Report

Condition:

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

Recommendation:

The Town should seek to remain in compliance with all State laws governing audit engagements. Not only should the Town engage with a CPA firm in a timely manner to allow an audit firm to begin and complete the engagement within the six month allotted time frame, but the Town should also ensure that all federal and state funds received and expended are itemized and easily determinable to assist the auditor in planning, performing and reporting the appropriate type of audit engagement.

TOWN OF DELHI, LOUISIANA
Summary of Prior Year Findings
For the Year Ended September 30, 2017

Current Status:

Unresolved. See finding 2017-01.

Findings and Questioned Costs– Major Federal Awards Program Audit

U.S. Department of Agriculture – Water and Waste Disposal Systems for Rural Communities

2016-04 – Identification of Federal Award Expenditures

Condition:

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

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.

Current Status:

Town of Delhi didn't reach the threshold for reporting under federal guidelines.



J. WALKER & COMPANY_{APC}

ACCOUNTANTS AND ADVISORS

INDEPENDENT ACCOUNTANTS' REPORT ON APPLYING AGREED-UPON PROCEDURES

We have performed the procedures enumerated below, which were agreed to by the Town of Delhi, Louisiana (the "Town") and the Louisiana Legislative Auditor (LLA) on the control and compliance (C/C) areas identified in the LLA's Statewide Agreed-Upon Procedures (SAUPs) for the fiscal year October 1, 2016 through September 30, 2017. The Town's management is responsible for those C/C areas identified in the SAUPs.

This agreed-upon procedures engagement was conducted in accordance with attestation standards established by the American Institute of Certified Public Accountants and applicable standards of *Government Auditing Standards*. The sufficiency of these procedures is solely the responsibility of the specified users of this report. Consequently, we make no representation regarding the sufficiency of the procedures described below either for the purpose for which this report has been requested or for any other purpose.

The procedures and associated findings are as follows:

Written Policies and Procedures

1. Obtain the entity's written policies and procedures and report whether those written policies and procedures address each of the following financial/business functions (or report that the entity does not have any written policies and procedures), as applicable:

a) **Budgeting**, including preparing, adopting, monitoring, and amending the budget

We performed the above procedure and noted no exceptions.

b) **Purchasing**, including (1) how purchases are initiated; (2) how vendors are added to the vendor list; (3) the preparation and approval process of purchase requisitions and purchase orders; (4) controls to ensure compliance with the public bid law; and (5) documentation required to be maintained for all bids and price quotes.

We performed the above procedure and noted no exceptions.

c) **Disbursements**, including processing, reviewing, and approving

We performed the above procedure and noted no exceptions.

d) **Receipts**, including receiving, recording, and preparing deposits

We performed the above procedure and noted the following exception:

Town was unable to provide written policies and procedures relating to receipts.

Management's Response:

The Town is in the process of establishing policies and procedures relating to including receiving, recording, and preparing deposits.

OFFICES:

2740 RUE DE JARDIN
STE.100
LAKE CHARLES
LOUISIANA 70605
(O) 337-478-7902
(F) 337-478-3345

5100 WESTHEIMER
SUITE 231
HOUSTON
TEXAS 77056
(O) 713-588-4460
(F) 713-966-6125

WWW.JWALKERCO.COM

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- e) **Payroll/Personnel**, including (1) payroll processing, and (2) reviewing and approving time and attendance records, including leave and overtime worked.

We performed the above procedure and noted no exceptions.

- f) **Contracting**, including (1) types of services requiring written contracts, (2) standard terms and conditions, (3) legal review, (4) approval process, and (5) monitoring process

We performed the above procedure and noted the following exception:

Town was unable to provide written policies and procedures relating to contracting.

Management's Response:

The Town is in the process of establishing policies and procedures relating to contracting, including types of services requiring written contracts, standard terms and conditions, legal review, approval process and monitoring.

- g) **Credit Cards (and debit cards, fuel cards, P-Cards, if applicable)**, including (1) how cards are to be controlled, (2) allowable business uses, (3) documentation requirements, (4) required approvers, and (5) monitoring card usage

We performed the above procedure and noted no exceptions.

- h) **Travel and expense reimbursement**, including (1) allowable expenses, (2) dollar thresholds by category of expense, (3) documentation requirements, and (4) required approvers

We performed the procedures above and noted no exceptions.

- i) **Ethics**, including (1) the prohibitions as defined in Louisiana Revised Statute 42:1111-1121, (2) actions to be taken if an ethics violation takes place, (3) system to monitor possible ethics violations, and (4) requirement that all employees, including elected officials, annually attest through signature verification that they have read the entity's ethics policy. Note: Ethics requirements are not applicable to nonprofits.

We performed the above procedure and noted the following exception:

Town was unable to provide written policies and procedures relating to ethics.

Management's Response:

The Town is in the process of establishing policies and procedures relating to Ethics, including the prohibitions as defined in LARS42:1111-1121, actions to be taken if an ethics violation takes place, a system to monitor possible ethics violations, and requirement that all employees, including elected officials, annually attest through signature verification that they have read the entity's ethics policy.



- j) **Debt Service**, including (1) debt issuance approval, (2) EMMA reporting requirements, (3) debt reserve requirements, and (4) debt service requirements.

We performed the above procedure and noted no exception:

Board (or Finance Committee, if applicable)

2. Obtain and review the board/committee minutes for the fiscal period, and:
- a) Report whether the managing board met (with a quorum) at least monthly, or on a frequency in accordance with the board's enabling legislation, charter, or other equivalent document.

We performed the procedures above and noted no exceptions.

- b) Report whether the minutes referenced or included monthly budget-to-actual comparisons on the General Fund and any additional funds identified as major funds in the entity's prior audit (GAAP-basis).
- If the budget-to-actual comparisons show that management was deficit spending during the fiscal period, report whether there is a formal/written plan to eliminate the deficit spending for those entities with a fund balance deficit. If there is a formal/written plan, report whether the meeting minutes for at least one board meeting during the fiscal period reflect that the board is monitoring the plan.

We performed the procedures above and noted no exceptions.

- c) Report whether the minutes referenced or included non-budgetary financial information (e.g. approval of contracts and disbursements) for at least one meeting during the fiscal period.

We performed the procedures above and noted no exceptions.

Bank Reconciliations

3. Obtain a listing of client bank accounts from management and management's representation that the listing is complete.
4. Using the listing provided by management, select all of the entity's bank accounts (if five accounts or less) or one-third of the bank accounts on a three year rotating basis (if more than 5 accounts). If there is a change in practitioners, the new practitioner is not bound to follow the rotation established by the previous practitioner. *Note: School student activity fund accounts may be excluded from selection if they are otherwise addressed in a separate audit or AUP engagement.* For each of the bank accounts selected, obtain bank statements and reconciliations for all months in the fiscal period and report whether:

- a) Bank reconciliations have been prepared;

We performed the above procedure and noted no exceptions.



- b) Bank reconciliations include evidence that a member of management or a board member (with no involvement in the transactions associated with the bank account) has reviewed each bank reconciliation; and

We performed the above procedure and noted no exceptions.

- c) If applicable, management has documentation reflecting that it has researched reconciling items that have been outstanding for more than 6 months as of the end of the fiscal period.

We performed the procedures above and noted no exceptions

Collections

- 5. Obtain a listing of cash/check/money order (cash) collection locations and management's representation that the listing is complete.
- 6. Using the listing provided by management, select all of the entity's cash collection locations (if five locations or less) or one-third of the collection locations on a three year rotating basis (if more than 5 locations). If there is a change in practitioners, the new practitioner is not bound to follow the rotation established by the previous practitioner. *Note: School student activity funds may be excluded from selection if they are otherwise addressed in a separate audit or AUP engagement. For each cash collection location selected:*

- a) Obtain existing written documentation (e.g. insurance policy, policy manual, job description) and report whether each person responsible for collecting cash is (1) bonded, (2) not responsible for depositing the cash in the bank, recording the related transaction, or reconciling the related bank account (report if there are compensating controls performed by an outside party), and (3) not required to share the same cash register or drawer with another employee.
- b) Obtain existing written documentation (e.g. sequentially numbered receipts, system report, reconciliation worksheets, policy manual) and report whether the entity has a formal process to reconcile cash collections to the general ledger and/or subsidiary ledgers, by revenue source and/or agency fund additions, by a person who is not responsible for cash collections in the cash collection location selected.

We performed the procedures above and noted no exceptions.

- c) Select the highest (dollar) week of cash collections from the general ledger or other accounting records during the fiscal period and:
 - Using entity collection documentation, deposit slips, and bank statements, trace daily collections to the deposit date on the corresponding bank statement and report whether the deposits were made within one day of collection. If deposits were not made within one day of collection, report the number of days from receipt to deposit for each day at each collection location.

We performed the procedures above and noted no exceptions.

- Using sequentially numbered receipts, system reports, or other related collection documentation, verify that daily cash collections are completely supported by documentation and report any exceptions.



We performed the procedures above and noted no exceptions.

7. Obtain existing written documentation (e.g. policy manual, written procedure) and report whether the entity has a process specifically defined (identified as such by the entity) to determine completeness of all collections, including electronic transfers, for each revenue source and agency fund additions (e.g. periodic confirmation with outside parties, reconciliation to utility billing after cutoff procedures, reconciliation of traffic ticket number sequences, agency fund forfeiture monies confirmation) by a person who is not responsible for collections.

We performed the above procedure and noted the following exceptions:

Town was unable to provide a written policy pertaining to receipts.

Management's Response:

The Town is in the process of establishing policies and procedures relating to process defined to determine completeness of all collections.

Disbursements – General (excluding credit card/debit card/fuel card/P-Card purchases or payments)

8. Obtain a listing of entity disbursements from management or, alternately, obtain the general ledger and sort/filter for entity disbursements. Obtain management's representation that the listing or general ledger population is complete.
9. Using the disbursement population from #8 above, randomly select 25 disbursements (or randomly select disbursements constituting at least one-third of the dollar disbursement population if the entity had less than 25 transactions during the fiscal period), excluding credit card/debit card/fuel card/P-card purchases or payments. Obtain supporting documentation (e.g. purchase requisitions, system screens/logs) for each transaction and report whether the supporting documentation for each transaction demonstrated that:
 - a) Purchases were initiated using a requisition/purchase order system or an equivalent electronic system that separates initiation from approval functions in the same manner as a requisition/purchase order system.

We performed the above procedure and noted the following exception:

25 of the 40 transactions selected Town was unable to provide purchase orders.

Management's Response:

The Town will review it's policy on the requirement of purchase order with all parties with all department heads.

- b) Purchase orders, or an electronic equivalent, were approved by a person who did not initiate the purchase.

We performed the above procedure and noted no exceptions.



- c) Payments for purchases were not processed without (1) an approved requisition and/or purchase order, or electronic equivalent; a receiving report showing receipt of goods purchased, or electronic equivalent; and an approved invoice.

We performed the above procedure and noted the following exception:
25 of the 40 transactions selected did not have a purchase order.

Management's Response:

The Town will review it's policy on the requirement of purchase order with all parties with all department heads.

10. Using entity documentation (e.g. electronic system control documentation, policy manual, written procedure), report whether the person responsible for processing payments is prohibited from adding vendors to the entity's purchasing/disbursement system.

We performed the above procedure and noted no exceptions.

11. Using entity documentation (e.g. electronic system control documentation, policy manual, written procedure), report whether the persons with signatory authority or who make the final authorization for disbursements have no responsibility for initiating or recording purchases.

We performed the above procedure and noted no exceptions.

12. Inquire of management and observe whether the supply of unused checks is maintained in a locked location, with access restricted to those persons that do not have signatory authority, and report any exceptions. Alternately, if the checks are electronically printed on blank check stock, review entity documentation (electronic system control documentation) and report whether the persons with signatory authority have system access to print checks.

We performed the above procedure and noted no exceptions.

13. If a signature stamp or signature machine is used, inquire of the signer whether his or her signature is maintained under his or her control or is used only with the knowledge and consent of the signer. Inquire of the signer whether signed checks are likewise maintained under the control of the signer or authorized user until mailed. Report any exceptions.

The Town does not have a signature stamp, therefore this procedure is not applicable to the entity.

Credit Cards/Debit Cards/Fuel Cards/P-Cards

14. Obtain from management a listing of all active credit cards, bank debit cards, fuel cards, and P-cards (cards), including the card numbers and the names of the persons who maintained possession of the cards. Obtain management's representation that the listing is complete.
15. Using the listing prepared by management, randomly select 10 cards (or at least one-third of the cards if the entity has less than 10 cards) that were used during the fiscal



period, rotating cards each year. If there is a change in practitioners, the new practitioner is not bound to follow the rotation established by the previous practitioner.

Obtain the monthly statements, or combined statements if multiple cards are on one statement, for the selected cards. Select the monthly statement or combined statement with the largest dollar activity for each card (for a debit card, select the monthly bank statement with the largest dollar amount of debit card purchases) and:

- a) Report whether there is evidence that the monthly statement or combined statement and supporting documentation was reviewed and approved, in writing, by someone other than the authorized card holder. [Note: Requiring such approval may constrain the legal authority of certain public officials (e.g., mayor of a Lawrason Act municipality); these instances should not be reported.)]

We performed the above procedure and noted no exceptions.

- b) Report whether finance charges and/or late fees were assessed on the selected statements.

We performed the above procedure and noted no exceptions.

16. Using the monthly statements or combined statements selected under #15 above, obtain supporting documentation for all transactions for each of the 10 cards selected (i.e. each of the 10 cards should have one month of transactions subject to testing).

- a) For each transaction, report whether the transaction is supported by:

- An original itemized receipt (i.e., identifies precisely what was purchased)

We performed the procedures above and noted no exceptions.

- Documentation of the business/public purpose. For meal charges, there should also be documentation of the individuals participating.

We performed the above procedure and noted no exceptions.

- Other documentation that may be required by written policy (e.g., purchase order, written authorization.)

We performed the procedures above and noted no exceptions.

- b) For each transaction, compare the transaction's detail (nature of purchase, dollar amount of purchase, supporting documentation) to the entity's written purchasing/disbursement policies and the Louisiana Public Bid Law (i.e. transaction is a large or recurring purchase requiring the solicitation of bids or quotes) and report any exceptions.

We performed the procedures above and noted no exceptions.

- c) For each transaction, compare the entity's documentation of the business/public purpose to the requirements of Article 7, Section 14 of the Louisiana Constitution, which prohibits the loan, pledge, or donation of funds, credit, property, or things of value, and report any exceptions (e.g. cash advances or



non-business purchases, regardless whether they are reimbursed). If the nature of the transaction precludes or obscures a comparison to the requirements of Article 7, Section 14, the practitioner should report the transaction as an exception.

We performed the above procedure and noted no exceptions.

Travel and Expense Reimbursement

17. Obtain from management a listing of all travel and related expense reimbursements, by person, during the fiscal period or, alternately, obtain the general ledger and sort/filter for travel reimbursements. Obtain management's representation that the listing or general ledger is complete.
18. Obtain the entity's written policies related to travel and expense reimbursements. Compare the amounts in the policies to the per diem and mileage rates established by the U.S. General Services Administration (www.gsa.gov) and report any amounts that exceed GSA rates.

We performed the procedures above and noted no exceptions.

19. Using the listing or general ledger from #17 above, select the three persons who incurred the most travel costs during the fiscal period. Obtain the expense reimbursement reports or prepaid expense documentation of each selected person, including the supporting documentation, and choose the largest travel expense for each person to review in detail. For each of the three travel expenses selected:
 - a) Compare expense documentation to written policies and report whether each expense was reimbursed or prepaid in accordance with written policy (e.g., rates established for meals, mileage, lodging). If the entity does not have written policies, compare to the GSA rates (#18 above) and report each reimbursement that exceeded those rates.

We performed the procedures above and noted no exceptions.

- b) Report whether each expense is supported by:
 - An original itemized receipt that identifies precisely what was purchased. [Note: An expense that is reimbursed based on an established per diem amount (e.g., meals) does not require a receipt.]

We performed the procedures above and noted no exceptions.

- Documentation of the business/public purpose (Note: For meal charges, there should also be documentation of the individuals participating).

We performed the procedures above and noted no exceptions.

- Other documentation as may be required by written policy (e.g., authorization for travel, conference brochure, certificate of attendance)

We performed the procedures above and noted no exceptions.

- c) Compare the entity's documentation of the business/public purpose to the requirements of Article 7, Section 14 of the Louisiana Constitution, which prohibits the loan, pledge, or donation of funds, credit, property, or things of value, and report any exceptions (e.g. hotel stays that extend beyond conference



periods or payment for the travel expenses of a spouse). If the nature of the transaction precludes or obscures a comparison to the requirements of Article 7, Section 14, the practitioner should report the transaction as an exception.

We performed the procedures above and noted no exceptions.

- d) Report whether each expense and related documentation was reviewed and approved, in writing, by someone other than the person receiving reimbursement.

We performed the procedures above and noted no exceptions.

Contracts

20. Obtain a listing of all contracts in effect during the fiscal period or, alternately, obtain the general ledger and sort/filter for contract payments. Obtain management's representation that the listing or general ledger is complete.

21. Using the listing above, select the five contract "vendors" that were paid the most money during the fiscal period (excluding purchases on state contract and excluding payments to the practitioner). Obtain the related contracts and paid invoices and:

We performed the above procedure and noted no exceptions.

- a) Report whether there is a formal/written contract that supports the services arrangement and the amount paid.

We performed the above procedure and noted the following exceptions:

3 of the 5 contracts selected did not have a service and price arrangement.

Management's Response:

The Town is in the process of establishing policies and procedures relating to contracting, including types of services requiring written contracts.

- b) Compare each contract's detail to the Louisiana Public Bid Law or Procurement Code. Report whether each contract is subject to the Louisiana Public Bid Law or Procurement Code and:

- If yes, obtain/compare supporting contract documentation to legal requirements and report whether the entity complied with all legal requirements (e.g., solicited quotes or bids, advertisement, selected lowest bidder)
- If no, obtain supporting contract documentation and report whether the entity solicited quotes as a best practice.

We performed the procedures above and noted no exceptions.

- c) Report whether the contract was amended. If so, report the scope and dollar amount of the amendment and whether the original contract terms contemplated or provided for such an amendment.

We performed the above procedure and noted no exceptions.



- d) Select the largest payment from each of the five contracts, obtain the supporting invoice, compare the invoice to the contract terms, and report whether the invoice and related payment complied with the terms and conditions of the contract.

For the vendors we reviewed with written contracts; no exceptions noted.

- e) Obtain/review contract documentation and board minutes and report whether there is documentation of board approval, if required by policy or law (e.g. Lawrason Act or Home Rule Charter).

We performed the above procedure and noted no exceptions.

Payroll and Personnel

- 22. Obtain a listing of employees (and elected officials, if applicable) with their related salaries, and obtain management's representation that the listing is complete. Randomly select five employees/officials, obtain their personnel files, and:

- a) Review compensation paid to each employee during the fiscal period and report whether payments were made in strict accordance with the terms and conditions of the employment contract or pay rate structure.

We performed the above procedure and noted no exceptions.

- b) Review changes made to hourly pay rates/salaries during the fiscal period and report whether those changes were approved in writing and in accordance with written policy.

We performed the above procedure and noted no exceptions.

- 23. Obtain attendance and leave records and randomly select one pay period in which leave has been taken by at least one employee. Within that pay period, randomly select 25 employees/officials (or randomly select one-third of employees/officials if the entity had less than 25 employees during the fiscal period), and:

- a) Report whether all selected employees/officials documented their daily attendance and leave (e.g., vacation, sick, compensatory). (Note: Generally, an elected official is not eligible to earn leave and does not document his/her attendance and leave. However, if the elected official is earning leave according to policy and/or contract, the official should document his/her daily attendance and leave.)

We performed the procedures above and noted no exceptions.

- b) Report whether there is written documentation that supervisors approved, electronically or in writing, the attendance and leave of the selected employees/officials.

We performed the procedures above and noted no exceptions.

- c) Report whether there is written documentation that the entity maintained written leave records (e.g., hours earned, hours used, and balance available) on those selected employees/officials that earn leave.

We performed the procedures above and noted no exceptions.



24. Obtain from management a list of those employees/officials that terminated during the fiscal period and management's representation that the list is complete. If applicable, select the two largest termination payments (e.g., vacation, sick, compensatory time) made during the fiscal period and obtain the personnel files for the two employees/officials. Report whether the termination payments were made in strict accordance with policy and/or contract and approved by management.

We performed the procedures above and noted no exceptions.

25. Obtain supporting documentation (e.g. cancelled checks, EFT documentation) relating to payroll taxes and retirement contributions during the fiscal period. Report whether the employee and employer portions of payroll taxes and retirement contributions, as well as the required reporting forms, were submitted to the applicable agencies by the required deadlines.

We performed the procedures above and noted no exceptions.

Ethics

26. Using the five randomly selected employees from procedure under "Payroll and Personnel", obtain ethics compliance documentation from management and report whether the entity maintained documentation to demonstrate that required ethics training was completed.

We performed the above procedure and noted the following exceptions:
2 of the 5 employees selected had not completed ethics training.

Management's Response:

The Town will ensure that we maintain documentation of the required ethics training. Those taking Ethics at a conference must print out their certificate upon returning to work

27. Inquire of management whether any alleged ethics violations were reported to the entity during the fiscal period. If applicable, review documentation that demonstrates whether management investigated alleged ethics violations, the corrective actions taken, and whether management's actions complied with the entity's ethics policy. Report whether management received allegations, whether management investigated allegations received, and whether the allegations were addressed in accordance with policy.

We performed the above procedure and noted the following:

Inquired of management and there was one alleged ethics violation. The matter involved an alleged stolen Town asset (bushhog). The Mayor indicated that a Town employee was allowed to bring the Town's property to his residence to determine if said item was operable with necessary attachment. Employee was informed that the asset would be placed for public auction; and that he (employee) would be able to bid on item at the surplus asset auction.



Debt Service

- 2 If debt was issued during the fiscal period, obtain supporting documentation from the entity, and report whether State Bond Commission approval was obtained.

The Town of Delhi did not issue any new debt during the fiscal period therefore these procedures are not applicable.

- 3 If the entity had outstanding debt during the fiscal period, obtain supporting documentation from the entity and report whether the entity made scheduled debt service payments and maintained debt reserves, as required by debt covenants.

We performed the procedures above and noted no exceptions.

- 4 If the entity had tax millages relating to debt service, obtain supporting documentation and report whether millage collections exceed debt service payments by more than 10% during the fiscal period. Also, report any millages that continue to be received for debt that has been paid off.

We performed the procedures above and noted no exceptions.

Other

31. Inquire of management whether the entity had any misappropriations of public funds or assets. If so, obtain/review supporting documentation and report whether the entity reported the misappropriation to the legislative auditor and the district attorney of the parish in which the entity is domiciled.

We performed the procedures above and noted no exceptions.

32. Observe and report whether the entity has posted on its premises and website, the notice required by R.S. 24:523.1. This notice (available for download or print at www.la.la.gov/hotline) concerns the reporting of misappropriation, fraud, waste, or abuse of public funds.

We performed the procedures above and noted no exceptions.

33. If the practitioner observes or otherwise identifies any exceptions regarding management's representations in the procedures above, report the nature of each exception.

We performed the procedures above and noted no exceptions.

We were not engaged to and did not conduct an examination or review, the objective of which would be the expression of an opinion or conclusion, respectively, on those C/C areas identified in the SAUPs. Accordingly, we do not express such an opinion or conclusion. Had we performed additional procedures, other matters might have come to our attention that would have been reported to you.



The purpose of this report is solely to describe the scope of testing performed on those C/C areas identified in the SAUPs, and the result of that testing, and not to provide an opinion on control or compliance. Accordingly, this report is not suitable for any other purpose. Under Louisiana Revised Statute 24:513, this report is distributed by the LLA as a public document.

J. Walker & Company, APC

Lake Charles, Louisiana
March 16, 2018

