



J. WALKER & COMPANY_{APC}

— ACCOUNTANTS AND ADVISORS —

Re: The Town of Delhi' 2020 Annual Financial Report

To Louisiana Legislative Auditor:

A revision was made to the Town of Delhi's 2020 annual financial report to present the LCDBG Fund expenditures clearly. Initially, the LCDBG fund expenditures were recognized as a transfer-out. However, after discussing with the Louisiana Office of Community Development, we agreed that the audit report needs to be updated to identify the program expenditures in the LCDBG fund. Therefore, no further revisions were made to the original report.

J. Walker & Company, APC

Lake Charles, Louisiana

March 10, 2021

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TOWN OF DELHI, LOUISIANA

Annual Financial Report

For the Year Ended September 30, 2020

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 of the Town of Delhi, Louisiana (the "Town"), as of and for the year ended September 30, 2020, 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.

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Opinions

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, the business-type activities, and each major fund information of the Town as of September 30, 2020, 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, and budgetary comparison information, the schedule of proportionate share of net pension liability, the schedule of pension contributions, and accompanying notes be presented to supplement the basic financial statements. Such information, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board, who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. We have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

Other Information

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the Town's basic financial statements. The schedule of compensation, benefits and other payments to the agency head, schedule of compensation paid to the members of the board of aldermen, and the schedule of insurance in force, are presented for purposes of additional analysis and are not a required part of the basic financial statements.

The schedule of compensation, benefits and other payments to the agency, and schedule of compensation paid to the members of the board of aldermen are the responsibility of management and were derived from and related directly to the underlying accounting and other records used to prepare the 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, schedule of compensation, benefits and other payments to the agency head, and schedule of compensation paid to the members of the board of aldermen are fairly stated, in all material respects, in relation to the basic financial statements as a whole.



The schedule of insurance in force has not been subject to the auditing procedures applied in the audit of the basic financial statements and, accordingly, we do not express an opinion or provide any assurance on it.

Other Reporting Required by *Government Auditing Standards*

In accordance with *Government Auditing Standards*, we have also issued our report dated March 10, 2021, 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 solely 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 the effectiveness of the Town's 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 the Town of Delhi, Louisiana's internal control over financial reporting and compliance.

J. Walker & Company, APC

Lake Charles, Louisiana

March 10, 2021



REQUIRED SUPPLEMENTARY INFORMATION - PART I

TOWN OF DELHI, LOUISIANA

Management's Discussion and Analysis For the Year Ended September 30, 2020

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, 2020. 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 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

TOWN OF DELHI, LOUISIANA

Management's Discussion and Analysis For the Year Ended September 30, 2020 (Continued)

add to a total for the Primary Government. 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 is 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 is used for accounting for financial transactions under a Louisiana Community Development Block Grant.
- d. Debt Service Fund is used for accounting for the transfers and payments of monies used to retire debt of the Town.

TOWN OF DELHI, LOUISIANA

Management's Discussion and Analysis For the Year Ended September 30, 2020 (Continued)

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 details.

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 statement's 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 and the statement of revenues, expenditures and changes in fund balances.

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, as well as the government-wide and fund financial statements.

4. Required Supplementary Information

In addition to the basic financial statements and accompanying notes, this report also presents certain required supplemental information concerning the Town's budget presentations. Budgetary comparison schedules 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.

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 \$26,228,233.

The Town's net positions are comprised of \$12,797,483 from governmental activities and \$13,430,750 from business-type activities.

TOWN OF DELHI, LOUISIANA

Management's Discussion and Analysis
For the Year Ended September 30, 2020
(Continued)

The following is a condensed statement of the Town's net position as of September 30, 2020:

<u>Activities</u>	<u>Governmental Activities</u>	<u>Business-Type Activities</u>	<u>Primary Government Total</u>	<u>Percentage</u>
Assets:				
Current assets	\$ 5,138,369	\$ 350,898	\$ 5,489,267	13%
Restricted assets	541,047	3,744,757	4,285,804	11%
Capital assets	<u>8,392,542</u>	<u>22,606,287</u>	<u>30,998,829</u>	76%
Total Assets	<u>14,071,958</u>	<u>26,701,942</u>	<u>40,773,900</u>	<u>100%</u>
 Deferred Outflows of Resources	 <u>180,851</u>	 <u>-</u>	 <u>180,851</u>	
Liabilities:				
Current liabilities	327,586	1,157,428	1,485,014	10%
Noncurrent liabilities	<u>981,362</u>	<u>12,113,764</u>	<u>13,095,126</u>	90%
Total Liabilities	<u>1,308,948</u>	<u>13,271,192</u>	<u>14,580,140</u>	<u>100%</u>
 Deferred Inflows of Resources	 <u>146,377</u>	 <u>-</u>	 <u>146,377</u>	
Net Position:				
Net investment in capital assets	8,392,542	9,540,109	17,932,651	68%
Restricted	541,047	952,414	1,493,461	6%
Unrestricted	<u>3,863,894</u>	<u>2,938,227</u>	<u>6,802,121</u>	26%
Total Net Position	<u>\$ 12,797,483</u>	<u>\$ 13,430,750</u>	<u>\$ 26,228,233</u>	<u>100%</u>

TOWN OF DELHI, LOUISIANA

Management's Discussion and Analysis For the Year Ended September 30, 2020 (Continued)

The Town's net position on September 30, 2019, was \$12,098,409 for governmental Activities and \$13,187,450 for Business-Type Activities. The following is a condensed statement of the Town's net position as of September 30, 2019:

<u>Activities</u>	<u>Governmental Activities</u>	<u>Business-Type Activities</u>	<u>Primary Government Total</u>	<u>Percentage</u>
Assets:				
Current assets	\$ 4,545,741	\$ 509,842	\$ 5,055,583	13%
Restricted assets	499,237	3,695,948	4,195,185	10%
Capital assets	<u>8,291,024</u>	<u>23,240,603</u>	<u>31,531,627</u>	<u>77%</u>
Total Assets	<u>13,336,002</u>	<u>27,446,393</u>	<u>40,782,395</u>	<u>100%</u>
Deferred Outflows of Resources	<u>236,220</u>	<u>-</u>	<u>236,220</u>	
Liabilities:				
Current liabilities	270,293	1,164,967	1,435,260	9%
Noncurrent liabilities	<u>1,082,576</u>	<u>13,093,976</u>	<u>14,176,552</u>	<u>91%</u>
Total Liabilities	<u>1,352,869</u>	<u>14,258,943</u>	<u>15,611,812</u>	<u>100%</u>
Deferred Inflows of Resources	<u>120,944</u>	<u>-</u>	<u>120,944</u>	
Net Position:				
Net investment in capital assets	8,291,024	9,240,586	17,531,610	69%
Restricted	1,017,648	3,565,446	4,583,094	18%
Unrestricted	<u>2,789,737</u>	<u>381,418</u>	<u>3,171,155</u>	<u>13%</u>
Total Net Position	<u>\$ 12,098,409</u>	<u>\$ 13,187,450</u>	<u>\$ 25,285,859</u>	<u>100%</u>

The current ratio compares current assets to current liabilities and is an indication of the ability to pay current obligations. The Town's current ratio as of September 30, 2020, is 15.69 to 1 for governmental activities and 0.30 to 1 for business-type activities. The current ratio as of September 30, 2019, is 16.82 to 1 for governmental activities and 0.44 to 1 for business-type activities. The Town's overall current ratio is 3.70 to 1 as of September 30, 2020, and 3.52 to 1 as of September 30, 2019. 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, 2020, and 2019. Net position increased in governmental activities by \$699,074 and increased in business-type activities by \$243,300. The Town's total net position increased by 3.73% during the fiscal year ending September 30, 2020. The Town's net position for the year ended September 30, 2019, increased in governmental activities by \$227,937 and increased in business-type activities by \$170,871. During the fiscal year ended September 30, 2019, total net position increased by 1.6%.

TOWN OF DELHI, LOUISIANA

Management’s Discussion and Analysis
For the Year Ended September 30, 2020
(Continued)

The largest category of net position is “Net Investment in Capital Assets” and comprises 68% 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, 2020:

<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	\$ 567,069	\$ 3,472,777	\$ 4,039,846	66%
Operating grants and contributions	62,921	6,400	69,321	1%
Capital grants and contributions	271,250	-	271,250	4%
General:				
Property tax	216,054	-	216,054	4%
Sales tax	1,192,144	-	1,192,144	20%
Franchise tax	72,943	-	72,943	1%
Beer tax	4,726	-	4,726	0%
Interest	19,484	30,559	50,043	1%
Other	185,717	-	185,717	3%
Total Revenues	<u>2,592,308</u>	<u>3,509,736</u>	<u>6,102,044</u>	<u>100%</u>
<u>Program Expenses:</u>				
General government	1,612,032	-	1,612,032	31%
Public safety:	738,888	-	738,888	14%
Streets	333,439	-	333,439	6%
Recreation	21,286	-	21,286	0%
Fees	-	32,890	32,890	1%
Interest	-	275,530	275,530	5%
Water and sewer	-	2,145,605	2,145,605	42%
Total Program Expenses	<u>2,705,645</u>	<u>2,454,025</u>	<u>5,159,670</u>	<u>100%</u>
Excess (Deficiency)	(113,337)	1,055,711	942,374	
Transfers In (Out)	812,411	(812,411)	-	
Change in Net Position	699,074	243,300	942,374	
Beginning Net Position	<u>12,098,409</u>	<u>13,187,450</u>	<u>25,285,859</u>	
Ending Net Position	<u>\$ 12,797,483</u>	<u>\$ 13,430,750</u>	<u>\$ 26,228,233</u>	

TOWN OF DELHI, LOUISIANA

Management's Discussion and Analysis For the Year Ended September 30, 2020 (Continued)

The following is a condensed statement of the Town's activities for the year ended September 30, 2019:

<u>Revenues:</u>	<u>Governmental</u>	<u>Business-Type</u>	<u>Total</u>	<u>Percentage</u>
Program:	Activities	Activities		
Charges for services	\$ 639,219	\$ 3,384,468	\$ 4,023,687	69%
Operating grants and contributions	263,649	30,930	294,579	5%
Capital grants and contributions	-	-	-	0%
General:			-	
Property tax	208,294	-	208,294	4%
Franchise tax	74,225	-	74,225	1%
Sales tax	1,138,176	-	1,138,176	19%
Beer tax	4,718	-	4,718	0%
Interest	15,569	-	15,569	0%
Other	135,655	2,475	138,130	2%
Total Revenues	<u>2,479,505</u>	<u>3,417,873</u>	<u>5,897,378</u>	<u>100%</u>
<u>Program Expenses:</u>				
General government	1,701,756	-	1,701,756	30%
Public safety:	724,944	-	724,944	13%
Recreation	44,128	-	44,128	1%
Streets	484,390	-	484,390	9%
Interest	-	325,716	325,716	6%
Water and sewer	-	2,217,636	2,217,636	41%
Total Program Expenses	<u>2,955,218</u>	<u>2,543,352</u>	<u>5,498,570</u>	<u>100%</u>
Excess (Deficiency)	(475,713)	874,521	398,808	
Transfers In (Out)	703,650	(703,650)	-	
Change in Net Position	227,937	170,871	398,808	
Beginning Net Position	<u>11,870,472</u>	<u>13,016,579</u>	<u>24,887,051</u>	
Ending Net Position	<u>\$ 12,098,409</u>	<u>\$ 13,187,450</u>	<u>\$ 25,285,859</u>	

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

TOWN OF DELHI, LOUISIANA

Management's Discussion and Analysis For the Year Ended September 30, 2020 (Continued)

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 \$54,028 for police and court fines, \$300,221 for garbage collection, and \$212,820 for occupational licenses for the fiscal year ended September 30, 2020, and \$84,101 for police and court fines, \$279,339 for garbage collection, and \$275,779 for occupational licenses for the fiscal year ended September 30, 2019. Revenues in the Operating Grants and Contributions sub-category consist of \$69,231 and \$263,649 for the fiscal years ended September 30, 2020, and 2019, 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 \$271,250 and \$0 for the fiscal years ended September 30, 2020, and 2019, 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 \$1,192,144, property taxes of \$216,054, and franchise taxes of \$72,943 for the year ended September 30, 2020. The major tax revenues for the year ended September 30, 2019, are sales tax revenues of \$1,138,176, property taxes of \$208,294, and franchise taxes of \$74,225. Other “General Revenues” reported for the year ended September 30, 2020, includes \$4,726 in beer tax, and \$147,767 in rents and \$37,950 other miscellaneous revenues.

“Program Expenses” for the governmental funds are presented in the above Condensed Statement of Activities by function and total \$2,705,645 and \$2,955,218 (including interest on long-term debt) for the fiscal years ended September 30, 2020, and 2019, 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 \$3,472,776 for water and sewer for the year ended September 30, 2020, and \$3,384,468 for water and sewer for the fiscal year ended September 30, 2019.

The Town reports the total amount of expenses for operation of the utility system as \$2,454,025 and \$2,543,352 for the years ended September 30, 2020, and 2019, respectively. The “Change in Net Position” (revenues less expenses) for the utility system was \$246,300 and \$170,871 for the fiscal years ended September 30, 2020, and 2019, respectively.

Capital Assets and Long-Term Debt

The Town’s investment in capital assets, net of accumulated depreciation, for governmental and business-type activities as of September 30, 2020, was \$8,392,542 and \$22,606,287, respectively, and \$8,291,024 and \$23,240,603, respectively, as of September 30, 2019. For the year ended September 30, 2020, net investment for governmental type activities increased by 1% while net investment for business-type activities increased by 3%. For the year ended September 30, 2019, net investment for governmental type activities decreased by 1% while net investment for business-type activities decreased by 7%. There was an overall increase in capital asset investment for the Town as a whole of 2% and 3.32% for the years ended September 30, 2020, and September 30, 2019 respectively.

TOWN OF DELHI, LOUISIANA

Management's Discussion and Analysis
For the Year Ended September 30, 2020
(Continued)

As of September 30, 2020, and 2019, the Town had total bond indebtedness in the amount of \$13,066,178 and \$14,000,017, respectively, a decrease of 7%. The Town will incur \$783,231 in interest and fees over the next five years in connection with the 2006 sewer revenue bond issue. The Town will incur \$213,155 of interest and fees over the next five years in connection with the 2010 sewer revenue bond issue. The Town will incur an estimated \$955,012 of interest and fees over the next five years in connection with the 2010 water revenue bond issue. More detailed information about the Town's certificates of indebtedness and bond indebtedness is presented in Note 6.

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TOWN OF DELHI, LOUISIANA

Management's Discussion and Analysis For the Year Ended September 30, 2020 (Continued)

The following tables provide a summary of capital asset activity for 2020:

	Balance 10/1/2019	Additions	Deletions	Balance 9/30/2020
Governmental activities:				
Capital assets not being depreciated:				
Land	\$ 284,161	\$ -	\$ -	\$ 284,161
Construction in progress	136,078	-	-	136,078
Other capital assets:				
Buildings	6,113,435	15,067	97,324	6,031,178
Infrastructure	11,086,078	774,162	27,334	11,832,906
Equipment	1,706,686	57,388	136,078	1,627,996
Totals	19,326,438	846,617	260,736	19,912,319
Less accumulated depreciation:				
Buildings	3,206,968	125,752	-	3,332,720
Infrastructure	6,503,628	354,906	-	6,858,534
Equipment	1,324,819	90,245	86,540	1,328,524
Total accumulated depreciation	11,035,415	570,903	86,540	11,519,778
Governmental activities:				
Capital assets, net	\$ 8,291,024	\$ 275,714	\$ 174,196	\$ 8,392,542
	Balance 10/1/2019	Additions	Deletions	Balance 9/30/2020
Business-type activities:				
Capital assets not being depreciated:				
Land	\$ 10,718	\$ -	\$ -	\$ 10,718
Land improvement	66,850	-	66,850	-
Other capital assets:				
Buildings	551,224	-	-	551,224
Infrastructure	30,416,029	147,685	-	30,563,714
Equipment	990,147	23,421	22,989	990,579
Totals	32,034,968	171,106	89,839	32,116,235
Less accumulated depreciation:				
Land improvement	16,353	1,903		18,256
Buildings	282,377	8,749	-	291,126
Infrastructure	7,723,458	690,430	-	8,413,888
Equipment	772,177	37,489	22,989	786,677
Total accumulated depreciation	8,794,365	738,571	22,989	9,509,947
Business-type activities:				
Capital assets, net	\$ 23,240,603	\$ (567,465)	\$ 66,850	\$ 22,606,288

TOWN OF DELHI, LOUISIANA

Management's Discussion and Analysis For the Year Ended September 30, 2020 (Continued)

The following tables provide a summary of capital asset activity for 2019:

	Balance 10/1/2018	Additions	Deletions	Balance 9/30/2019
Governmental activities:				
Capital assets not being depreciated:				
Land	\$ 284,161	\$ -	\$ -	\$ 284,161
Construction in progress	167,075	136,080	167,077	136,078
Other capital assets:				
Buildings	6,022,268	91,166	-	6,113,434
Infrastructure	10,756,369	329,709	-	11,086,078
Equipment	<u>1,626,013</u>	<u>80,673</u>	-	<u>1,706,686</u>
Totals	<u>18,855,886</u>	<u>637,628</u>	<u>167,077</u>	<u>19,326,437</u>
Less accumulated depreciation:				
Buildings	3,082,395	124,572	-	3,206,967
Infrastructure	6,082,668	351,114	-	6,433,782
Equipment	<u>1,312,684</u>	<u>81,980</u>	-	<u>1,394,664</u>
Total accumulated depreciation	<u>10,477,747</u>	<u>557,666</u>	-	<u>11,035,413</u>
Governmental activities:				
Capital assets, net	<u>\$ 8,378,139</u>	<u>\$ 79,963</u>	<u>\$ 167,077</u>	<u>\$ 8,291,024</u>
Business-type activities:				
Capital assets not being depreciated:				
Land	\$ 10,718	\$ -	\$ -	\$ 10,718
Land Improvement	-	66,850	-	66,850
Other capital assets:				
Buildings	551,224	-	-	551,224
Infrastructure	30,038,892	389,761	12,624	30,416,029
Equipment	<u>971,344</u>	<u>18,803</u>	-	<u>990,147</u>
Totals	<u>31,572,178</u>	<u>475,414</u>	<u>12,624</u>	<u>32,034,968</u>
Less accumulated depreciation:				
Land Improvement	14,450	1,903	-	16,353
Buildings	273,628	8,749	-	282,377
Infrastructure	7,053,371	670,087	-	7,723,458
Equipment	<u>726,797</u>	<u>45,380</u>	-	<u>772,177</u>
Total accumulated depreciation	<u>8,068,246</u>	<u>726,119</u>	-	<u>8,794,365</u>
Business-type activities:				
Capital assets, net	<u>\$ 23,503,932</u>	<u>\$ (250,705)</u>	<u>\$ 12,624</u>	<u>\$ 23,240,603</u>

TOWN OF DELHI, LOUISIANA

Management's Discussion and Analysis
For the Year Ended September 30, 2020
(Continued)

Required Supplementary Information

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

Contacting the Town's Financial Management

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

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

Basic Financial Statements

TOWN OF DELHI, LOUISIANA

**Statement of Net Position
September 30, 2020**

	Primary Government		
	Governmental Activities	Business-type Activities	Total
ASSETS			
Current Assets:			
Cash and Cash Equivalents	\$ 4,119,129	\$ 90,133	\$ 4,209,262
Investments	709,347	-	709,347
Receivables, net	209,905	345,745	555,650
Prepaid Insurance	10,427	4,581	15,008
Internal Balances	89,561	(89,561)	-
Total Current Assets	<u>5,138,369</u>	<u>350,898</u>	<u>5,489,267</u>
Non-Current Assets:			
Restricted Assets:			
Cash and Cash Equivalents	155,204	2,789,102	2,944,306
Investments	385,843	955,655	1,341,498
Capital Assets:			
Land	284,161	10,718	294,879
Depreciable (net)	8,108,381	22,595,569	30,703,950
Total Non-Current Assets	<u>8,933,589</u>	<u>26,351,044</u>	<u>35,284,633</u>
Total Assets	<u>14,071,958</u>	<u>26,701,942</u>	<u>40,773,900</u>
DEFERRED OUTFLOWS OF RESOURCES			
Deferred outflows of Resources Related to Net Pension Liability	180,851	-	180,851
Total Assets and Deferred Outflows of Resources	<u>14,252,809</u>	<u>26,701,942</u>	<u>40,954,751</u>
LIABILITIES			
Current Liabilities:			
Accounts Payable	311,120	61,718	372,838
Accrued Expenses	16,466	9,542	26,008
Customer Deposits	-	133,754	133,754
Current Portion of Bonds Payable	-	952,414	952,414
Total Current Liabilities	<u>327,586</u>	<u>1,157,428</u>	<u>1,485,014</u>
Non-Current Liabilities:			
Bonds Payable after One Year	-	12,113,764	12,113,764
Compensated Absences	63,338	-	63,338
Net Pension Liability	918,025	-	918,025
Total Non-Current Liabilities	<u>981,363</u>	<u>12,113,764</u>	<u>13,095,127</u>
Total Liabilities	<u>1,308,949</u>	<u>13,271,192</u>	<u>14,580,141</u>
DEFERRED INFLOWS OF RESOURCES			
Deferred Inflows of Recourses Related to Net Pension Liability	146,377	-	146,377
NET POSITION			
Net Investment in Capital Assets	8,392,542	9,540,109	17,932,651
Restricted for:			
Debt Service	-	952,414	952,414
Capital Project	3,438,967	2,658,589	6,097,556
Unrestricted	965,974	279,638	1,245,612
Total Net Position	<u>12,797,483</u>	<u>13,430,750</u>	<u>26,228,233</u>
Total Liabilities, Deferred Inflows of Resources, and Net Position	<u>\$ 14,252,809</u>	<u>\$ 26,701,942</u>	<u>\$ 40,954,751</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, 2020

Functions/Programs	PROGRAM REVENUES				NET (EXPENSE) REVENUE AND CHANGES IN NET POSITION				
	EXPENSES	CHARGES FOR SERVICES		OPERATING GRANTS AND CONTRIBUTIONS		CAPITAL GRANTS AND CONTRIBUTIONS		PRIMARY GOVERNMENT	
						GOVERNMENTAL ACTIVITIES	BUSINESS-TYPE ACTIVITIES	TOTALS	
Primary Government:									
Governmental Activities:									
General Government	\$ 1,612,032	\$ -	\$ 62,921	\$ 271,250	\$ (1,277,861)	\$ -	\$ (1,277,861)		
Public Safety:	738,888	54,028	-	-	(684,860)	-	(684,860)		
Streets	333,439	-	-	-	(333,439)	-	(333,439)		
Recreation	21,286	-	-	-	(21,286)	-	(21,286)		
License and Permits	-	212,820	-	-	212,820	-	212,820		
Garbage Collection	-	300,221	-	-	300,221	-	300,221		
Total Governmental Activities	2,705,645	567,069	62,921	271,250	(1,804,405)	-	(1,804,405)		
Business-type Activities:									
Water and Sewer	2,145,605	3,455,383	6,400	-	-	1,316,178	1,316,178		
Fees	32,890	17,393	-	-	-	(15,497)	(15,497)		
Interest and Fees on Long-term Debt	275,530	-	-	-	-	(275,530)	(275,530)		
Total Business-type Activities	2,454,025	3,472,776	6,400	-	-	1,025,151	1,025,151		
Total Primary Government	\$ 5,159,670	\$ 4,039,845	\$ 69,321	\$ 271,250	(1,804,405)	1,025,151	(779,254)		
General Revenues:									
Taxes:									
Property Taxes					216,054	-	216,054		
Sales Taxes					1,192,144	-	1,192,144		
Franchise Fee					72,943	-	72,943		
Beer Tax					4,726	-	4,726		
Interest and Investment Income					19,484	30,560	50,044		
Other					185,717	-	185,717		
Transfers					812,411	(812,411)	-		
Total General Revenues and Transfers					2,503,479	(781,851)	1,721,628		
Change in Net Position					699,074	243,300	942,374		
Net Position, Beginning					12,098,409	13,187,450	25,285,859		
Net Position, Ending					\$ 12,797,483	\$ 13,430,750	\$ 26,228,233		

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

TOWN OF DELHI, LOUISIANA

**Balance Sheets
Governmental Funds
September 30, 2020**

	General Fund	Sales Tax Fund	Capital Projects Fund	LCDBG Fund	Total Governmental Funds
ASSETS					
Cash and Cash Equivalents	\$ 1,819,706	\$ 2,290,713	\$ 8,610	\$ 100	\$ 4,119,129
Investments	85,344	624,003	-	-	709,347
Receivables:					
Franchise Fees	21,354	-	-	-	21,354
Fines Revenue	49,136	-	-	-	49,136
Sales Tax	-	109,437	-	-	109,437
Rent and Royalties	4,732	-	-	-	4,732
Grants	25,000	-	-	-	25,000
Other	246	-	-	-	246
Due from Other Funds	97,565	833	-	-	98,398
Prepaid Insurance	9,313	1,114	-	-	10,427
Restricted Assets:					
Cash and Cash Equivalents	155,204	-	-	-	155,204
Investments	385,843	-	-	-	385,843
TOTAL ASSETS	\$ 2,653,443	\$ 3,026,100	\$ 8,610	\$ 100	\$ 5,688,253
LIABILITIES AND FUND BALANCE					
LIABILITIES					
Accounts Payable	\$ 282,719	\$ 28,401	\$ -	\$ -	\$ 311,120
Accrued Expenses	16,466	-	-	-	16,466
Due to Other Funds	-	8,837	-	-	8,837
Total Liabilities	299,185	37,238	-	-	336,423
FUND BALANCE					
Restricted	541,047	2,241,646	-	-	2,782,693
Assigned - Capital Assets	-	-	-	100	100
Unassigned	1,813,211	747,216	8,610	-	2,569,037
Total Fund Balance	2,354,258	2,988,862	8,610	100	5,351,830
TOTAL LIABILITIES AND FUND BALANCE	\$ 2,653,443	\$ 3,026,100	\$ 8,610	\$ 100	\$ 5,688,253

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, 2020

Total fund balances for governmental funds at September 30, 2020		\$ 5,351,830
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	
Buildings, net of accumulated depreciation	2,698,458	
Equipment, net of accumulated depreciation	408,217	
Infrastructure, net of accumulated depreciation	<u>5,001,706</u>	8,392,542
The deferred outflows of contributions to retirement systems are not available resources, and therefore, are not reported in the funds.		180,851
Long-term liabilities at September 30, 2020		
Compensated absences		(63,338)
Net pension liability		(918,025)
The deferred inflows of contributions to retirement systems are not payable from current expendable resources and, therefore, are not reported in the funds.		<u>(146,377)</u>
Net Position of Governmental Activities		<u>\$ 12,797,483</u>

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, 2020**

	General Fund	Sales Tax Fund	Capital Projects Fund	LCDBG Fund	Total Governmental Funds
Revenues:					
Taxes:					
Ad valorem	\$ 216,054	\$ -	\$ -	\$ -	\$ 216,054
Sales and Use	-	1,192,144	-	-	1,192,144
Other Taxes, Penalties, Interest, etc.	88,490	-	-	-	88,490
Licenses and Permits	212,820	-	-	-	212,820
Intergovernmental Revenues:					
State Funds:					
Transportation Funds	4,160	-	-	-	4,160
Grants	58,761	-	-	271,250	330,011
Police Supplemental Pay	37,950	-	-	-	37,950
Fines	54,028	-	-	-	54,028
Garbage Collection	300,221	-	-	-	300,221
Investment Earnings	-	8,663	-	-	8,663
Other Revenues					
Rent	107,007	-	-	-	107,007
Miscellaneous	40,759	-	-	-	40,759
Total Revenues	<u>1,120,250</u>	<u>1,200,807</u>	<u>-</u>	<u>271,250</u>	<u>2,592,307</u>
Expenditures:					
General Government	870,240	395,330	-	-	1,265,570
Public Safety	595,128	3,712	-	-	598,840
Streets	237,146	2,716	-	-	239,862
Recreation	-	12,761	-	-	12,761
Capital Outlay	435,111	4,279	-	271,150	710,540
Total Expenditures	<u>2,137,625</u>	<u>418,798</u>	<u>-</u>	<u>271,150</u>	<u>2,827,573</u>
Excess (Deficiency) of Revenues Over (Under) Expenditures	<u>(1,017,375)</u>	<u>782,009</u>	<u>-</u>	<u>100</u>	<u>(235,266)</u>
Other Financing Sources (Uses)					
Transfers In	1,343,432	-	-	-	1,343,432
Transfers Out	-	(491,772)	(39,249)	-	(531,021)
Total Other Financing Sources (Uses)	<u>1,343,432</u>	<u>(491,772)</u>	<u>(39,249)</u>	<u>-</u>	<u>812,411</u>
Net Change in Fund Balance	326,057	290,237	(39,249)	100	577,145
Fund Balances - Beginning	<u>2,028,201</u>	<u>2,698,625</u>	<u>47,859</u>	<u>-</u>	<u>4,774,685</u>
Fund Balances - Ending	<u>\$ 2,354,258</u>	<u>\$ 2,988,862</u>	<u>\$ 8,610</u>	<u>\$ 100</u>	<u>\$ 5,351,830</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, 2020

Net Changes in Fund Balances, Total Governmental Funds		\$ 577,145
Amounts reported for governmental activities in the Statement of Activities are different because:		
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. This is the amount by which depreciation exceeds capital outlays.		
Capital outlay	710,540	
Deprecation expense	<u>(570,903)</u>	139,637
The liability and expense for compensated absences are not reported in governmental funds. Instead, payments for compensated absences are reported as salaries when they occur. Only the payment consumes current financial resources and it would take a catastrophic event for this liability to become a current liability.		(6,733)
Net pension (expense) benefit not requiring the use of current economic resources, and therefore, are not recorded as a fund expenditure.		<u>(10,975)</u>
Change in Net Position of Governmental Activities		<u>\$ 699,074</u>

TOWN OF DELHI, LOUISIANA

**Statement of Net Position
Proprietary Fund
September 30, 2020**

ASSETS

Current Assets:

Cash and Cash Equivalents	\$ 90,133
Receivables - User Charges, net	305,745
Receivables - Grant	40,000
Prepaid Insurance	4,581
Due from Other Funds	<u>7,648</u>
Total Current Assets	<u>448,107</u>

Non-Current Assets:

Restricted Assets:

Cash and Cash Equivalents	2,789,102
Investments	955,655

Capital Assets:

Non-depreciable	10,718
Depreciable, net	<u>22,595,569</u>

Total Non-Current Assets	<u>26,351,044</u>
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Total Assets	<u><u>26,799,151</u></u>
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LIABILITIES

Current Liabilities:

Accounts Payable	61,718
Accrued Payroll Liability	9,542
Customer Deposits	133,754
Due to Other Funds	97,209
Current Portion of Bonds Payable	<u>952,414</u>

Total Current Liabilities	<u>1,254,637</u>
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Non-Current Liabilities:

Bonds Payable, after one year	<u>12,113,764</u>
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Total Liabilities	<u>13,368,401</u>
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NET POSITION

Net Investment in Capital Assets	9,540,109
Restricted Net Position	3,611,003
Unrestricted	<u>279,638</u>

Total Net Position	<u>13,430,750</u>
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Total Liabilities and Net Position	<u><u>\$ 26,799,151</u></u>
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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, 2020**

	<u>Enterprise Fund Water System</u>
Operating Revenues	
User Charges	\$ 3,454,512
Fees	17,393
Other	<u>872</u>
Total Operating Revenues	<u>3,472,777</u>
Operating Expenses	
Salaries, Wages and Employee Benefits	394,667
Contractual Services, Materials and Supplies	534,034
Depreciation Expense	738,571
Insurance and Other Expenses	<u>478,333</u>
Total Operating Expenses	<u>2,145,605</u>
Operating Income	<u>1,327,172</u>
Non-Operating Revenues (Expenses)	
State Grant	6,400
Income on Investments	30,559
Administrative Fees on Bonds Payable	(32,890)
Interest Expense on Bonds Payable	<u>(275,530)</u>
Total Non-Operating Revenues (Expenses)	<u>(271,461)</u>
Income Before Contributions and Transfers	<u>1,055,711</u>
Other Financing Sources (Uses)	
Transfers (Out)	<u>(812,411)</u>
Total Other Financial Sources (Uses)	<u>(812,411)</u>
Change in Net Position	243,300
Net Position, Beginning of Year	<u>13,187,450</u>
Net Position, End of Year	<u>\$ 13,430,750</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, 2020

	<u>Enterprise Fund Water System</u>
<u>Cash Flows From Operating Activities</u>	
Receipts from Customers and Users	\$ 3,435,170
Payments to Suppliers	(599,242)
Payments to Employees	(386,622)
Other Operating Payments	<u>(478,576)</u>
Net Cash Provided (Used) by Operating Activities	<u>1,970,730</u>
<u>Cash Flows From Noncapital Financing Activities</u>	
Due from Other Funds	7,648
Due to Other Funds	(97,209)
Transfers to Other Funds	<u>(812,410)</u>
Net Cash Provided (Used) by Non capital Financing Activities	<u>(901,971)</u>
<u>Cash Flows From Capital and Related Financing Activities</u>	
Interest Expenses	(275,530)
Purchase of Capital Assets	(171,106)
Administrative fees on Bonds Payable	(32,890)
Repayment of Long-term Debt	<u>(685,671)</u>
Net Cash Provided (Used) by Capital and Related Financing Activities	<u>(1,165,197)</u>
<u>Cash Flows From Investing Activities</u>	
Change in Investment	(51,880)
Interest Income	<u>30,559</u>
Net Cash Provided (Used) by Investing Activities	<u>(21,321)</u>
Net Increase (Decrease) in Cash and Cash Equivalents	(117,759)
Cash and Cash Equivalents, Beginning of Year	<u>2,996,994</u>
Cash and Cash Equivalents, End of Year	<u>\$ 2,879,235</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, 2020

	(continued) Enterprise Fund <u>Water System</u>
Reconciliation of Operating Income to Net Cash Provided (Used) by Operating Activities:	
Operating Income	\$ 1,327,172
Adjustments to Reconcile Operating Income to Net Cash Used by Operating Activities:	
Depreciation	738,571
Change in Assets and Liabilities:	
Increase in account receivables	(40,857)
Increase in prepaid insurance	(243)
Decrease in accounts payables	(65,208)
Increase in accrued expenses	8,045
Increase in customer deposits	<u>3,250</u>
Net cash provided (used) by operating activities	<u>\$ 1,970,730</u>
 Reconciliation of Total Cash and Cash Equivalents:	
Current Assets - Cash and Cash Equivalents	\$ 90,133
Restricted Assets - Cash and Cash Equivalents	<u>2,789,102</u>
Total Cash and Cash Equivalents	<u>\$ 2,879,235</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, 2020

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.

The Town follows GASB Statement No.34 *Basic Financial Statements – and Management’s Discussion and Analysis – for State and Local Governments*. Certain of the significant features of the Statement include the following:

- A Management’s Discussion and Analysis (MD&A) section is provided which includes an analysis of the Town’s overall financial position and results of operations.
- Financial statements are prepared using full accrual accounting for all of the Town’s activities, including infrastructure (roads, bridges, etc.); and
- Fund financial statements with a focus on the major funds.

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.

TOWN OF DELHI, LOUISIANA

Notes to the Financial Statements (continued)
For the Year Ended September 30, 2020

Note 1 – Summary of Significant Accounting Policies, continued

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.

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 \$205,587 and deferred inflows related to net pension liability of \$918,025 at September 30, 2020. No reclassifications affecting the statement of net position from the prior period are required.

TOWN OF DELHI, LOUISIANA

Notes to the Financial Statements (continued)
For the Year Ended September 30, 2020

Note 1 – Summary of Significant Accounting Policies, continued

The accounts of the Town are organized on the basis of funds. A fund is a separate accounting entity with a self-balancing set of accounts. Government resources are allocated to and accounted for in individual funds based upon the purposes for which they are to be spent and the means by which spending activities are controlled. The various funds of the Town are classified into two categories: governmental and proprietary. The emphasis on fund financial statements is on major governmental and enterprise funds, each displayed in a separate column. A fund is considered major if it is the primary operating fund of the Town or meets the following criteria:

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

Governmental Funds

- General Funds - 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.

TOWN OF DELHI, LOUISIANA

Notes to the Financial Statements (continued)
For the Year Ended September 30, 2020

Note 1 – Summary of Significant Accounting Policies, continued

Measurement Focus, Basis of Accounting, and Financial Statement Presentation

Measurement focus is a term used to describe “which” transactions are recorded within the various financial statements. Basis of accounting refers to when revenues and expenditures or expenses are recognized in the accounts and reported in the financial statements. Basis of accounting relates to the timing of the measurements made, regardless of the measurement focus applied.

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

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

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

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

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.

TOWN OF DELHI, LOUISIANA

Notes to the Financial Statements (continued)
For the Year Ended September 30, 2020

Note 1 – Summary of Significant Accounting Policies, continued

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.

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 activity’s 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.

TOWN OF DELHI, LOUISIANA

Notes to the Financial Statements (continued)
For the Year Ended September 30, 2020

Note 1 – Summary of Significant Accounting Policies, continued

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

A consolidated bank account has been established into which most monies are deposited and from which most disbursements are made. In addition, investment purchases are charged, and maturities are deposited to the consolidated bank account. The purpose of this consolidation of bank accounts is to provide administrative efficiency and to maximize investment earnings. The account titled “Cash and cash equivalents” is therefore composed of a fund’s pro rata share of the cash balance in the consolidated cash account as well as its pro rata share of certificates of deposit with maturities of three months or less and the Louisiana Asset Management Pool (“LAMP”) account. Investment earnings are shared by each fund on a pro rata basis according to its average cash balance.

	Cash Equivalents		Investments	
<u>At September 30, 2019</u>	Cash	Certificates of Deposit	Certificates Of Deposit	Total
Carrying Amount on Balance Sheet	\$ 4,415,891	\$ -	\$ 2,050,844	\$ 6,466,735
 <u>Bank Balances:</u>				
a. Insured (FDIC) or collateralized with securities held by the entity or its agent in the entity’s name	750,000	-	-	750,000
b. Collateralized with securities held by pledging financial institutions trust department or agent in the entity’s name	3,665,891	-	2,050,844	5,716,735
c. Uncollateralized, including any securities held for the entity but not in the entity’s name	-	-	-	-
Total Bank Balances	\$ 4,415,891	\$ -	\$ 2,050,844	\$ 6,466,735

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.

TOWN OF DELHI, LOUISIANA

Notes to the Financial Statements (continued)
For the Year Ended September 30, 2020

Note 1 – Summary of Significant Accounting Policies, continued

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.

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, 2020. 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.

TOWN OF DELHI, LOUISIANA

Notes to the Financial Statements (continued)
For the Year Ended September 30, 2020

Note 1 – Summary of Significant Accounting Policies, continued

Stewardship, Compliance and Accountability

Excess of expenditures over appropriations: There was an amendment to the budget for the year ended September 30, 2020. 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 \$37,950 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.

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.

TOWN OF DELHI, LOUISIANA

Notes to the Financial Statements (continued)
For the Year Ended September 30, 2020

Note 1 – Summary of Significant Accounting Policies, continued

The government-wide statement of net position reports \$952,514 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.

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".

TOWN OF DELHI, LOUISIANA

Notes to the Financial Statements (continued)
For the Year Ended September 30, 2020

Note 1 – Summary of Significant Accounting Policies, continued

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, 2020.

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 report 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.

TOWN OF DELHI, LOUISIANA

Notes to the Financial Statements (continued)
For the Year Ended September 30, 2020

Note 1 – Summary of Significant Accounting Policies, continued

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 – Cash and Investments

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.

At September 30, 2020, the Town's cash and cash equivalents were made up of petty cash of \$370, and checking and savings accounts of \$7,153,198, for a total of \$7,153,568. Cash and cash equivalents of \$2,944,306 included in this total is restricted and is shown as such on the Statement of Net Position.

As of September 30, 2020, the Town had a total of \$2,050,845 invested in certificates of deposit having maturities of more than 90 days. Certificates of deposit of \$1,341,498 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).

LAMP is administered by LAMP, Inc., a non-profit corporation organized under the laws of the State of Louisiana. Only local government entities having contracted to participate in LAMP have an investment interest in its pools of assets. Investment earnings are shared by each fund on a pro rata basis according to its average cash balance.

TOWN OF DELHI, LOUISIANA

Notes to the Financial Statements (continued)
For the Year Ended September 30, 2020

LAMP is an investment pool that, to the extent practical, invest in a manner consistent with GASB Statement No. 79. The following facts are relevant for investment pools:

- Credit risk: LAMP is rated AAAM by Standard & Poor's.
- Custodial risk: LAMP participants' investments in the pool are evidenced by shares of the pool. Investments in pools should be disclosed, but not categorized because they are not evidenced by securities that exist physical or book-entry form. The public entity's investment is with the pool, not the securities that make up the pool; therefore, no disclosure is required.
- Concentration of credit risk: Pooled investments are excluded from the 5 percent disclosure requirement.
- Interest rate risk: LAMP is designed to be highly liquid to give its participants immediate access to their account balances. LAMP prepares its own interest rate risk disclosure using the weighted average maturity (WAM) method. The WAM of LAMP assets is restricted to not more than 90 days and consists of no securities with maturity in excess of 397 days or 762 days for U.S. Government floating/variable rate investments.
- Foreign currency risk: Not applicable.

The investments in LAMP are stated at fair value. The fair value is determined on a weekly basis by LAMP and the value of the position in the external investment pool is the same as the net value of the pool shares. LAMP, Inc. is subject to the regulatory oversight of the state treasurer and the board of directors. LAMP is not registered with the SEC as an investment company.

Note 3 – 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, 2020, taxes of 11.75 mills were levied on property with taxable assessed valuations totaling \$17,110,824 for a total of \$215,827. The taxes were dedicated for general corporate purposes.

Note 4 – Capital Assets

Capital assets and depreciation activity as of and for the year ended September 30, 2020, for the primary government is as follows:

TOWN OF DELHI, LOUISIANA

Notes to the Financial Statements (continued)
For the Year Ended September 30, 2020

	Balance 10/1/2019	Additions	Deletions	Balance 9/30/2020
Governmental activities:				
Capital assets not being depreciated:				
Land	\$ 284,161	\$ -	\$ -	\$ 284,161
Construction in progress	136,078	-	-	136,078
Other capital assets:				
Buildings	6,113,435	15,067	97,324	6,031,178
Infrastructure	11,086,078	774,162	27,334	11,832,906
Equipment	1,706,686	57,388	136,078	1,627,996
Totals	19,326,438	846,617	260,736	19,912,319
Less accumulated depreciation:				
Buildings	3,206,968	125,753	-	3,332,721
Infrastructure	6,503,628	354,906	-	6,858,534
Equipment	1,324,819	90,244	86,540	1,328,523
Total accumulated depreciation	11,035,415	570,903	86,540	11,519,778
Governmental activities:				
Capital assets, net	\$ 8,291,024	\$ 275,714	\$ 174,196	\$ 8,392,542
	Balance 10/1/2019	Additions	Deletions	Balance 9/30/2020
Business-type activities:				
Capital assets not being depreciated:				
Land	\$ 10,718	\$ -	\$ -	\$ 10,718
Land improvement	66,850	-	66,850	-
Other capital assets:				
Buildings	551,224	-	-	551,224
Infrastructure	30,416,029	147,685	-	30,563,714
Equipment	990,147	23,421	22,989	990,579
Totals	32,034,968	171,106	89,839	32,116,235
Less accumulated depreciation:				
Land improvement	16,353	1,903	-	18,256
Buildings	282,377	8,749	-	291,126
Infrastructure	7,723,458	690,430	-	8,413,888
Equipment	772,177	37,489	22,989	786,677
Total accumulated depreciation	8,794,365	738,571	22,989	9,509,947
Business-type activities:				
Capital assets, net	\$ 23,240,603	\$ (567,465)	\$ 66,850	\$ 22,606,288

TOWN OF DELHI, LOUISIANA

Notes to the Financial Statements (continued)
For the Year Ended September 30, 2020

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 \$1,309,473 for the year ended September 30, 2020 was charged to the following governmental functions:

Government activities:	
General Government	\$ 328,753
Public Safety	140,048
Streets	93,577
Recreation	<u>8,525</u>
Total	<u>\$ 570,903</u>

Business-type activities:	
Water	<u>\$ 738,571</u>

Note 5 – Accounts Payable and Accrued Expenses

The payables of \$526,740 at September 30, 2020 are as follows:

	Governmental Activities	Business-Type Activities	Total
Account payable	\$ 311,120	\$ 61,718	\$ 372,838
Accrued payroll and retirement expense	<u>16,466</u>	<u>9,542</u>	<u>26,008</u>
Total	<u>\$ 327,586</u>	<u>\$ 71,260</u>	<u>\$ 398,846</u>

Note 6 – Certificates of Indebtedness and Bond Indebtedness

Business Type Activities:	Beginning Balance	Additions	Reductions	Ending Balance	Current Maturities
Certificates of Indebtedness					
2010 Water Revenue Bonds	\$ 5,093,000	\$ -	\$ (350,000)	\$ 4,743,000	\$ 362,000
2010 Revenue Bonds	6,849,000	-	(542,000)	6,307,000	547,000
2015 Sewer Revenue Bonds	792,819	-	(15,036)	777,783	15,453
2006 Sewer Revenue Bonds	<u>1,265,198</u>	-	<u>(26,803)</u>	<u>1,238,395</u>	<u>27,961</u>
Total	<u>\$ 14,000,017</u>	<u>\$ -</u>	<u>\$ (933,839)</u>	<u>\$ 13,066,178</u>	<u>\$ 952,414</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, 2020, the Town had received advances in the amount of

TOWN OF DELHI, LOUISIANA

Notes to the Financial Statements (continued)
For the Year Ended September 30, 2020

\$1,523,000. Interest of \$53,252 was paid during the year ended September 30, 2020. Outstanding bond indebtedness for this issue as of September 30, 2020 amounted to \$1,238,395.

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>
2021	\$ 52,091	\$ 27,961	\$ 80,052
2022	50,880	29,172	80,052
2023	49,615	30,437	80,052
2024	48,296	31,756	80,052
2025	46,920	33,132	80,052
Thereafter	535,429	1,085,937	1,621,366
Total	<u>\$ 783,231</u>	<u>\$ 1,238,395</u>	<u>\$ 2,021,626</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 the expansion of sewerage capacity in order to accommodate the new Lamb Weston facility. As of September 30, 2020, the Town had received advances in the amount of \$11,000,000. Outstanding bond indebtedness for this issue amounted to \$6,307,000, as of September 30, 2020, 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. The Town is required to make monthly Sinking Fund, Reserve Fund, and Contingency fund deposits for the 2010 issue.

Both the 2006 and the 2010 sewer revenue bond issues were funded through Louisiana 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, 2020, the Sewer Revenue Sinking Fund had a balance of \$826,417 available for funding of future 2006 and 2010 Sewer Revenue Bond principal, interest, and administrative fees.

As of September 30, 2020, the 2006/2010 Sewer Revenue Bond Reserve Fund had a balance of \$479,010 and the 2010 Sewer Revenue Bond Contingency Fund had a balance of \$208,134. 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, 2020, 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

TOWN OF DELHI, LOUISIANA

Notes to the Financial Statements (continued)
For the Year Ended September 30, 2020

Water System's sewer revenue for the preceding month has a \$200,000 cap. As of September 30, 2020, 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:

Year ending September 30,	Interest and Fees	Principal	Total Debt Service
2021	\$ 34,689	\$ 547,000	\$ 581,689
2022	31,677	550,638	546,288
2023	28,648	553,666	582,314
2024	25,603	556,711	582,314
2025	22,541	559,773	582,314
Thereafter	69,997	3,539,212	3,609,209
Total	\$ 213,155	\$ 6,307,000	\$ 6,484,128

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 Lamb Weston facility. As of September 30, 2020, the Town had received advances in the amount of \$7,500,000. Outstanding bond indebtedness for this issue amounted to \$4,743,000 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. The Town is required to make monthly 2010 Water Revenue Bond Sinking Fund deposits beginning April 2010. The monthly sinking fund deposit requirements are approximately \$43,800 through January 2031.

As of September 30, 2020, the 2010 Water Revenue Bond Sinking Fund had a balance of \$421,571 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, 2020, the 2010 Water Revenue Bond Reserve Fund had a balance of \$273,948 and the 2010 Water Revenue Bond Contingency Fund had a balance of \$174,492. As of September 30, 2020, the reserve requirements have been satisfied.

TOWN OF DELHI, LOUISIANA

Notes to the Financial Statements (continued)
For the Year Ended September 30, 2020

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>
2021	157,320	362,000	\$ 519,320
2022	144,624	374,000	518,624
2023	131,497	387,000	518,497
2024	117,921	400,000	517,921
2025	111,056	414,000	525,056
Thereafter	292,594	2,806,000	3,098,594
Total	<u>\$ 955,012</u>	<u>\$ 4,743,000</u>	<u>\$ 5,698,012</u>

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 \$777,783 is included on the Proprietary Fund Statement of Net Position as Bonds Payable. These bonds call for annual 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.

Estimated future annual principal, interest, and administrative fee payment requirements on the 2015 Sewer Revenue Bonds are as follows:

<u>Year ending September 30,</u>	<u>Principal</u>
2021	\$ 15,453
2022	15,883
2023	16,325
2024	16,780
2025	16,607
Thereafter	696,734
Total	<u>\$777,782</u>

TOWN OF DELHI, LOUISIANA

Notes to the Financial Statements (continued)
For the Year Ended September 30, 2020

Note 7 – Long-term Liabilities

The long-term liabilities for the year ended September 30, 2020, were as follows:

	Balance 10/1/2019	Increase	Decrease	Balance 9/30/2020
Net Pension Liability	\$ 1,025,972	\$ -	\$ 107,947	\$ 918,025
Compensated Absences	<u>56,605</u>	<u>6,733</u>	<u>-</u>	<u>63,338</u>
Total	<u>\$ 1,082,577</u>	<u>\$ 6,733</u>	<u>\$ 107,947</u>	<u>\$ 981,363</u>

Note 8 – Interfund Receivables and Payables

Interfund balances at September 30, 2020, were as follows:

Funds	Receivables	Payables
Governmental Fund	\$ 98,398	\$ 8,837
Proprietary Fund	<u>7,648</u>	<u>97,209</u>
Total	<u>\$ 106,046</u>	<u>\$ 106,046</u>

Note 9 – Interfund Transfers

Interfund transfers for the year ended September 30, 2020, were as follows:

	Transfers In	Transfers Out
Governmental Funds:		
General fund	\$ 1,343,432	\$ -
Sales tax fund	-	491,772
Capital project fund	-	39,249
LCDBG Fund	-	-
Proprietary Funds:		
Enterprise fund	<u>-</u>	<u>812,411</u>
Total	<u>\$ 1,343,432</u>	<u>\$ 1,343,432</u>

Note 10 – 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,

TOWN OF DELHI, LOUISIANA

Notes to the Financial Statements (continued) For the Year Ended September 30, 2020

1990 for ten years, again on November 3, 1998 for ten-years, again on September 8, 2008, and again on March 24, 2018 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. Streetlight maintenance
 - C. Garbage collection
 - D. Police department
 - E. Fire department
 - F. Public parks
 - G. Airport
 - H. Real estate and equipment acquisition as related to the above

One Cent Sales Tax

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

Note 11 – 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 12 – 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

TOWN OF DELHI, LOUISIANA

Notes to the Financial Statements (continued)
For the Year Ended September 30, 2020

Municipal Employees' Retirement System of Louisiana (MERS)

The Municipal Employees' Retirement System of Louisiana (MERS) is the administrator of a cost sharing multiple employers 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, 2019, there were 87 contributing municipalities in Plan A and 69 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.

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, 2020, for the Town and covered employees were as follows:

<u>Plan</u>	<u>Town</u>	<u>Employees</u>
MERS (Plan B)	15.50%	5.00%
MPERS	33.75%	10.00%

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

<u>Plan</u>	<u>2020</u>	<u>2019</u>	<u>2018</u>
MERS (Plan B)	\$ 80,629	\$ 91,707	\$ 84,259
MPERS	26,562	32,455	34,142
Total	<u>\$ 107,191</u>	<u>\$ 124,162</u>	<u>\$118,401</u>

TOWN OF DELHI, LOUISIANA

Notes to the Financial Statements (continued)
For the Year Ended September 30, 2020

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 and the allocation percentages were used in calculating each employer’s proportionate share of pension amounts. The Town uses this measurement to record its Net Pension Liability and associated amounts as of September 30, 2020 in accordance with GASB Statement 68. The schedule also includes the proportionate share allocation rate used at June 30, 2020 along with the change compared to the June 30, 2019 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, 2020	Current Measurement Rate	Previous Measurement Rate	Increase (Decrease)
MERS	\$ 673,464	0.743152%	0.884596%	-0.141444%
MPERS	<u>244,561</u>	0.026461%	0.027761%	-0.00130%
Total	<u>\$ 918,025</u>			

The following schedule lists each pension plan’s recognized pension expense (benefit) for the Town for the year ended June 30, 2020.

Municipal Employee’s Retirement Fund	\$ 90,481
Municipal Police Employees’ Retirement Fund	<u>21,712</u>
Total	<u>\$ 112,193</u>

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TOWN OF DELHI, LOUISIANA

Notes to the Financial Statements (continued)
For the Year Ended September 30, 2020

At September 30, 2020, 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	\$ -	\$ -	\$ -
Net difference between projected and actual investment earnings on investments	73,114	29,340	102,454
Changes of assumptions	20,872	5,811	26,683
Changes in proportion	6,293	15,956	22,249
Town contributions subsequent to the measurement date	21,586	7,879	29,465
Total deferred outflows of resources	\$ 121,865	\$ 58,986	\$ 180,851

Deferred Inflows of Resources:	MERS	MPERS	TOTAL
Differences between expected and actual experience	\$ 11,332	\$ 9,633	\$ 20,965
Net difference between projected and actual investment earnings on investments	-	-	-
Changes of assumptions	-	6,035	6,035
Changes in proportion	72,433	46,944	119,377
Total deferred inflows of resources	\$ 83,765	\$ 62,612	\$ 146,377

The Town reported a total of \$29,465 as deferred outflows of resources related to pension contributions made subsequent to the measurement period of June 30, 2020 which will be recognized as a reduction in net pension liability in the year ended September 30, 2020. The following schedule lists the pension contributions made subsequent to the measurement period for each pension plan:

	Subsequent Contributions
Municipal Employee's Retirement Fund	\$ 21,586
Municipal Police Employees' Retirement Fund	7,879
Total	\$ 29,465

TOWN OF DELHI, LOUISIANA

Notes to the Financial Statements (continued)
For the Year Ended September 30, 2020

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 ending June 30:	MERS	MPERS	TOTAL
2021	\$ 4,066	\$ (5,202)	\$ (1,136)
2022	(14,917)	(14,681)	(29,598)
2023	16,657	2,809	19,466
2024	10,709	5,569	16,278
Total	\$ 16,515	\$ (11,505)	\$ 5,010

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, 2020 are as follows:

	<u>Measurement/Valuation Date</u>	<u>Expected Remaining Service Lives</u>	<u>Investment Rate of Return</u>
MERS	June 30, 2020	3 years	6.95%, net of pension plan investment expense, including inflation
MPERS	June 30, 2020	4 years	6.95%, net of investment expense

Mortality:

MERS

Mortality rates for non-disabled are based on PubG-2010(B) Heathy Retiree Table set and PubG-2010(B) Employee Table set equal to 120% for males and females, each adjusted using their respective male and female MP2018 scales.

Mortality rates for disabled are based on PubNS-2010(B) Disabled Retiree Table set equal to 120% for male and females with full generational MP2018 scale.

MPERS

Mortality rates for non-disabled are based on Pub-2010 Heathy Retiree Table set and PubG-2010 Employee Table set equal to 115% for males and females, each adjusted using their respective male and female MP2019 scales.

Mortality rates for disabled are based on Pub-2010 Disabled Retiree Table set equal to 105% for male and 115% for females with full generational projection using the MP2019 scale.

TOWN OF DELHI, LOUISIANA

Notes to the Financial Statements (continued)
For the Year Ended September 30, 2020

Salary Increases:

MERS

MERS	
<u>Years of Service</u>	<u>Salary Growth Rate</u>
1-4	7.4% Plan B
Over 4	4.9% PlanB

MPERS

<u>Years of Service</u>	<u>Salary Growth Rate</u>
1-2	12.30%
Above 2	4.70%

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.

Discount Rate:

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 7.0% for the plan year ended June 30, 2020.

TOWN OF DELHI, LOUISIANA

Notes to the Financial Statements (continued)
For the Year Ended September 30, 2020

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 2.55% inflation of and an adjustment for the effect of rebalancing/diversification. The resulting forecasted long-term rate of return is 7.19% for the plan year ended June 30, 2020.

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, 2020:

Asset Class	Target Allocations		Long-Term Expected Real Rate of Return	
	MERS	MPERS	MERS	MPERS
Public Equity	53%	-	2.33%	-
Equity	-	48.5%	-	3.08%
Public Fixed Income	38%	-	1.67%	-
Fixed Income	-	33.5%	-	0.54%
Alternatives	9%	18%	0.40%	1.02%
Other	-	-	-	-
Total	<u>100%</u>	<u>100%</u>	<u>4.40%</u>	<u>4.64%</u>
Inflation			<u>2.60%</u>	<u>2.55%</u>
Expected Arithmetic Nominal Return			<u>7.00%</u>	<u>7.19%</u>

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% and 7.19%, respectively for the year ended June 30, 2020.

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:

TOWN OF DELHI, LOUISIANA

Notes to the Financial Statements (continued)
For the Year Ended September 30, 2020

MERS:

	Changes in Discount Rate		
	1%	Current	1%
	Decrease	Discount Rate	Increase
Discount Rates	5.950%	6.950%	7.950%
Net Pension Liability	\$896,506	\$673,464	\$484,739

MPERS:

	Changes in Discount Rate		
	1%	Current	1%
	Decrease	Discount Rate	Increase
Discount Rates	5.950%	6.950%	7.950%
Net Pension Liability	\$343,583	\$244,561	\$161,784

Payables to the System

The Town recorded an accrued liability of \$12,815, for the System for the year ended, September 30, 2020 for the contractually required contribution for the month of September 2020. The amount is included in accounts and other payables in the statement of net position.

Note 13 – 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 14 - 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, 2020 may be impaired. In the opinion of Town management, there are no significant contingent liabilities relating to compliance with the rules and

TOWN OF DELHI, LOUISIANA

Notes to the Financial Statements (continued)
For the Year Ended September 30, 2020

regulations governing the respective grants; therefore, no provision has been recorded in the accompanying financial statements for such contingencies.

Note 15 - Subsequent Events

On March 11, 2020, the World Health Organization declared the outbreak of a novel coronavirus (“COVID-19”) as a global pandemic, which continues to spread throughout the United States. The COVID-19 pandemic has negatively impacted the global economy and created significant volatility and disruption of financial markets. The extent of impact of the COVID-19 pandemic on the Town’s operational and financial performance will depend on certain developments, including the duration and spread of the outbreak and the impact on its investments, customers, employees and vendors, all of which are uncertain and cannot be predicted or reasonably estimated at this time. No other subsequent events occurring after this date have been evaluated for inclusion in these financial statements.

REQUIRED SUPPLEMENTARY INFORMATION – Part II

TOWN OF DELHI, LOUISIANA

General Fund
Budgetary Comparison Schedule
For the Year Ended September 30, 2020

	<u>Original Budget</u>	<u>Final Budget</u>	<u>Actual</u>	<u>Variance With Final Budget Favorable/ (Unfavorable)</u>
REVENUES				
Taxes:				
Ad Valorem	\$ 210,000	\$ 210,000	\$ 216,054	\$ 6,054
Other Taxes, Penalties, Interest, etc.	63,000	63,000	88,490	25,490
Licenses and Permits	151,500	151,500	212,820	61,320
Intergovernmental Revenues:				
State Funds:				
Transportation Funds	-	-	4,160	4,160
Grants	-	-	58,761	58,761
Police Supplemental Pay	-	-	37,950	37,950
Fines	100,000	100,000	54,028	(45,972)
Garbage Collection	280,800	280,800	300,221	19,421
Other Revenues	<u>248,360</u>	<u>248,360</u>	<u>147,766</u>	<u>(100,594)</u>
Total Revenues	<u>1,053,660</u>	<u>1,053,660</u>	<u>1,120,250</u>	<u>66,590</u>
EXPENDITURES				
General Government	1,007,316	1,007,316	870,240	137,076
Public safety	606,270	606,270	595,128	11,142
Streets	330,656	330,656	237,146	93,510
Capital Outlay	<u>360,000</u>	<u>360,000</u>	<u>353,451</u>	<u>6,549</u>
Total Expenditures	<u>2,304,242</u>	<u>2,304,242</u>	<u>2,055,965</u>	<u>248,277</u>
Excess (deficiency) of Revenues over Expenditures	<u>(1,250,582)</u>	<u>(1,250,582)</u>	<u>(935,715)</u>	<u>314,867</u>
Other Financing Uses				
Transfers from Other Funds	<u>1,283,220</u>	<u>1,283,220</u>	<u>1,261,772</u>	<u>(21,448)</u>
Net Change in Fund Balance	<u>\$ 32,638</u>	<u>\$ 32,638</u>	<u>\$ 326,057</u>	<u>\$ 293,419</u>
FUND BALANCE				
Beginning of year			<u>2,028,201</u>	
End of year			<u>\$ 2,354,258</u>	

The accompanying notes are an integral part of required supplementary information.

TOWN OF DELHI, LOUISIANA

Sales Tax Fund
 Budgetary Comparison Schedule
 For the Year Ended September 30, 2020

	Original Budget	Final Budget	Actual	Variance With Final Budget Favorable/ (Unfavorable)
REVENUES				
Taxes:				
Sales and Use:				
Sales Tax 1/2 cent	\$ 600,080	\$ 600,080	\$ 596,072	\$ (4,008)
Sales Tax 1 cent	607,000	607,000	596,072	(10,928)
Total Taxes	1,207,080	1,207,080	1,192,144	(14,936)
Investment Earnings	-	-	8,663	8,663
Total Revenues	1,207,080	1,207,080	1,200,807	(6,273)
EXPENDITURES				
General Government:	400,198	400,198	395,330	4,868
Public Safety	15,000	15,000	3,712	11,288
Streets	-	-	2,716	(2,716)
Recreation	25,000	25,000	12,761	12,239
Capital Outlay	22,000	22,000	4,279	17,721
Total Expenditures	462,198	462,198	418,798	43,400
Excess (deficiency) of Revenues over Expenditures	744,882	744,882	782,009	(49,673)
Other Financing Uses				
Transfers Out	513,220	513,220	491,772	21,448
Total Transfers	513,220	513,220	491,772	21,448
Net Change in Fund Balance	\$ 231,662	\$ 231,662	\$ 290,237	\$ (71,121)
FUND BALANCE				
Beginning of year			2,698,625	
End of year			\$ 2,988,862	

The accompanying notes are an integral part of required supplementary information.

TOWN OF DELHI, LOUISIANA

Schedule of Proportionate Share of Net Pension Liability

As of the fiscal year ended	2020	
	MERS (Plan B)	MPERS
Employer's Proportion of the Net Pension Liability	0.7432%	0.0278%
Employer's Proportionate Share of the Net Pension Liability	\$ 673,464	\$ 244,561
Employer's Covered Payroll	\$ 655,053	\$ 100,485
Employer's Proportionate Share of the Net Pension Liability as a Percentage of its Covered Payroll	102.81%	243.38%
Plan Fiduciary Net Position as a Percentage Of the Total Pension Liability	66.26%	70.94%

As of the fiscal year ended	2019	
	MERS (Plan B)	MPERS
Employer's Proportion of the Net Pension Liability	0.8846%	0.0278%
Employer's Proportionate Share of the Net Pension Liability	\$ 773,856	\$ 252,116
Employer's Covered Payroll	\$ 678,499	\$ 100,605
Employer's Proportionate Share of the Net Pension Liability as a Percentage of its Covered Payroll	114.05%	250.60%
Plan Fiduciary Net Position as a Percentage Of the Total Pension Liability	64.68%	71.01%

(1) Schedule is intended to show information for 10 years. Additional years will be displayed as available.

(2) The amounts presented have a measurement date of MERS's prior June 30th fiscal year end.

The two Retirement Systems reported in this schedule are as follows:

MERS (Plan B) = Municipal Employees' Retirement System

MPERS = Municipal Police Employees' Retirement System

TOWN OF DELHI, LOUISIANA

Schedule of Proportionate Share of Net Pension Liability

As of the fiscal year ended	2018	
	MERS (Plan B)	MPERS
Employer's Proportion of the Net Pension Liability	0.8581%	0.0376%
Employer's Proportionate Share of the Net Pension Liability	\$ 725,807	\$ 318,067
Employer's Covered Payroll	\$ 648,987	\$ 102,142
Employer's Proportionate Share of the Net Pension Liability as a Percentage of its Covered Payroll	111.84%	311.40%
Plan Fiduciary Net Position as a Percentage Of the Total Pension Liability	65.60%	71.89%

As of the fiscal year ended	2017	
	MERS (Plan B)	MPERS
Employer's Proportion of the Net Pension Liability	0.8250%	0.0294%
Employer's Proportionate Share of the Net Pension Liability	\$ 713,841	\$ 256,439
Employer's Covered Payroll	\$ 619,585	\$ 87,054
Employer's Proportionate Share of the Net Pension Liability as a Percentage of its Covered Payroll	115.21%	294.57%
Plan Fiduciary Net Position as a Percentage Of the Total Pension Liability	70.08%	63.49%

(1) Schedule is intended to show information for 10 years. Additional years will be displayed as available.

(2) The amounts presented have a measurement date of MERS's prior June 30th fiscal year end.

The two Retirement Systems reported in this schedule are as follows:

MERS (Plan B) = Municipal Employees' Retirement System

MPERS = Municipal Police Employees' Retirement System

TOWN OF DELHI, LOUISIANA

Schedule of Pension Contributions

	2020	
	MERS (Plan B)	MPERS
Contractually Required Contribution	\$ 80,629	\$ 26,562
Contributions in Relation to Contractually Required contribution	<u>83,762</u>	<u>29,105</u>
Contribution (Excess) Deficiency	\$ (3,133)	\$ (2,543)
Employer's Covered Employee Payroll	583,377	88,656
Contributions as a % of Covered Employee Payroll	14.36%	32.83%

	2019	
	MERS (Plan B)	MPERS
Contractually Required Contribution	\$ 94,674	\$ 27,959
Contributions in Relation to Contractually Required contribution	<u>91,707</u>	<u>32,455</u>
Contribution (Excess) Deficiency	\$ 2,967	\$ (4,496)
Employer's Covered Employee Payroll	655,053	100,485
Contributions as a % of Covered Employee Payroll	14.00%	32.30%

(1) Schedule is intended to show information for 10 years. Additional years will be displayed as available.

The two Retirement Systems reported in this schedule are as follows:

MERS (Plan B) = Municipal Employees' Retirement System

MPERS = Municipal Police Employees' Retirement System

TOWN OF DELHI, LOUISIANA

Schedule of Pension Contributions

	2018	
	MERS (Plan B)	MPERS
Contractually Required Contribution	\$ 84,259	\$ 34,142
Contributions in Relation to Contractually Required contribution	86,776	30,847
Contribution (Excess) Deficiency	\$ (2,517)	\$ 3,295
Employer's Covered Employee Payroll	648,987	102,142
Contributions as a % of Covered Employee Payroll	13.37%	30.20%
	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%

(1) Schedule is intended to show information for 10 years. Additional years will be displayed as available.

The two Retirement Systems reported in this schedule are as follows:
MERS (Plan B) = Municipal Employees' Retirement System
MPERS = Municipal Police Employees' Retirement System

TOWN OF DELHI, LOUISIANA

Notes to the Required Supplementary Information For the Year Ended September 30, 2020

Note 1 - Budgets

1. Budgetary and Budgetary Accounting

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

- a. A proposed budget is prepared and submitted to the Town of Delhi for the fiscal year no later than fifteen days prior to the beginning of each fiscal year.
- b. A summary of the proposed budget is published, and the public is notified that the proposed budget is available for public inspection. At the same time, a public hearing is called.
- c. A public hearing is held on the proposed budget at least ten days after publication of the call for a hearing.
- d. After the holding of the public hearing and completion of all action necessary to finalize and implement the budget, the budget is legally adopted prior to the commencement of the fiscal year for which the budget is being adopted.
- e. All budgetary appropriations lapse at the end of each fiscal year.
- f. The budget is adopted on a basis consistent with generally accepted accounting principles (GAAP). Budgeted amounts included in the accompanying financial statements are as originally adopted or as finally amended by the Town of Delhi. Such amendments, except for capital outlay, were not material in relation to the original appropriations.

2. Basis of Accounting

All the Town's budgets are prepared on the modified accrual basis of accounting.

Note 2 - Pension Plan - Net Pension Liability

Changes of Benefit Terms

Municipal Employees' Retirement System (Plan B)

No changes.

Municipal Police Employees' Retirement System

No changes.

TOWN OF DELHI, LOUISIANA

Notes to the Required Supplementary Information (Continued)
For the Year Ended September 30, 2020

Changes of Assumptions

Municipal Employees' Retirement System (Plan B)

In 2020, the investment rate of return and inflation rate decreased from 7.00% to 6.95%.

Municipal Police Employees' Retirement System

In 2020, the investment rate of return and inflation rate decreased from 7.125% to 6.950%.

OTHER SUPPLEMENTARY INFORMATION

TOWN OF DELHI, LOUISIANA

Schedule of Compensation, Benefits and Other Payments to Agency Head
For the Year Ended September 30, 2020

Jesse Washington, Mayor
October 1, 2019 - September 30, 2020

<u>Purpose</u>	<u>Amount</u>
Salary	\$ 68,000
Benefits - Insurance	-
Benefits - Retirement	3,400
Car Allowance	-
Per diem	-
Reimbursements	-
Travel	-
Registration Fees	96
Conference Travel	-
Total Compensation, Benefits, and Other Payments to Agency Head	<u>\$ 71,496</u>

See Independent Auditors' Report.

TOWN OF DELHI, LOUISIANA

Schedule of Compensation Paid to the Mayor and Members of the Board of Alderman For the Year Ended September 30, 2020

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>Amount</u>
Jessie Washington, Mayor	\$ 68,000
<u>Council Members:</u>	
Larry Houston, Council Member	6,000
Larry Rancher, Council Member	6,000
Ellen Oliver, Council Member	6,000
Henry Washington, Council Member	6,000
Lennon Whitney, Council Member	<u>6,000</u>
Total Mayor's and Council Members' Compensation	<u><u>\$ 98,000</u></u>

See Independent Auditors' Report.

TOWN OF DELHI, LOUISIANA

Schedule of Insurance in Force
As of and for the Year Ended September 30, 2020

Insurance Company	Policy Term	Policy Description	Policy Limits	Policy Number
Community Financial Southern Fidelity Agency, Inc.	10/1/2019	Airport-General Liability	1,000,000 each occurrence	AP00322936225
National Union Fire	10/1/2019		50,000 rented to you 1,000,000 personal & advertising injury aggregate	
La Municipal Risk Management Agency	9/23/2020	Worker's Comp	100,000 each accident 500,000 limit by disease 100,000 by disease	
Risk Management	7/7/2019	General Liability Law Enforcement Errors & Omission Auto Liability	500,000 occurrence 1,000 deductible	100-0452
Community Financial	7/7/2019	Commercial Property	500,000	LA115383
Guaranty Bank-Southern Fidelity	7/7/2020	Commercial Property	500000, \$1,000 ded	LA125468
Community Financial	10/1/2019	Crime Policy	118,000.00	CCP003563821
	10/2/2020	Employee Theft	1,000 deductible	
Lloyd's/Lane & Associates	10/14/2020	Auto Physical Damage	Varies/Vehicle	LMA1900130
Lane & Associates Underwritten By: Scottsdale Insurance Co.	4/1/2020	Inland Marine-Equipment	79,680 All covered property in one occurrence limit	GLL1800200
Community Financial Traveler's	10/1/2019 10/1/2020	Multi-Peril Buildings	Varies/Bldg.	5683C771

See Independent Auditors' Report.

INTERNAL CONTROL, COMPLIANCE, AND OTHER MATTERS



J. WALKER & COMPANY^{APC}

ACCOUNTANTS AND ADVISORS

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

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

We have audited, in accordance with the auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States, the financial statements of the governmental activities, the business-type activities, and each major fund of the Town of Delhi, Louisiana as of and for the year ended September 30, 2020, 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 10, 2021.

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.

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CERTIFIED PUBLIC ACCOUNTANTS

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 10, 2021



TOWN OF DELHI, LOUISIANA

Schedule of Findings and Responses
For the Year Ended September 30, 2020

I. Summary of Auditors' Results

a. Financial Statements

1. The independent auditors' report expresses an unmodified 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*.
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

N/A

c. Management Letter

No management letter was issued in connection with the audit for the year ended September 30, 2020.

TOWN OF DELHI, LOUISIANA

Schedule of Findings and Responses
For the Year Ended September 30, 2020

II. Findings – Financial Statement Audit

There were no current year findings.

TOWN OF DELHI, LOUISIANA

Summary of Prior Year Findings
For the Year Ended September 30, 2020

III. Summary of Prior Year Findings

There were no prior year findings.