

TOWN OF DELHI, LOUISIANA

Annual Financial Report

For the Year Ended September 30, 2023

TOWN OF DELHI, LOUISIANA

Table of Contents

	<u>Page(s)</u>
Independent Auditors' Report	1 - 4
Required Supplementary Information (Part I)	
Management's Discussion and Analysis	5 - 14
Basic Financial Statements	
Government-wide Financial Statements	
Statement of Net Position	15
Statement of Activities	16
Fund Financial Statements	
Governmental Funds:	
Balance Sheet	17
Reconciliation of the Governmental Funds Balance Sheet to the Statement of Net Position	18
Statement of Revenues, Expenditures, and Changes in Fund Balances	19
Reconciliation of the Governmental Funds Statement of Revenues, Expenditures, and Changes in Fund Balances to the Statement of Activities	20
Proprietary Funds:	
Statement of Net Position	21
Statement of Revenues, Expenses, and Changes in Fund Net Position	22
Statement of Cash Flows	23 - 24
Notes to the Basic Financial Statements	25 - 52
Required Supplementary Information (Part II)	
Major Fund Budgetary Comparison Schedules:	
Budgetary Comparison Schedule - General Fund	53
Budgetary Comparison Schedule - Sales Tax Fund	54

TOWN OF DELHI, LOUISIANA

Table of Contents

	<u>Page(s)</u>
Schedule of Proportionate Share of Net Pension Liability	55 - 56
Schedule of Pension Contributions	57 - 58
Notes to Required Supplementary Information	59 - 60
Supplementary Information	
Schedule of Compensation, Benefits and Other Payments to Agency Head	61
Justice System Funding Schedule - Receiving Entity	62
Justice System Funding Schedule - Collecting/Disbursing Entity	63
Schedule of Expenditures of Federal Awards	64
Other Information	
Schedule of Insurance in Force	65
Schedule of Compensation Paid to the Members of the Board of Aldermen	66
Internal Control, Compliance, and Other Matters	
Report on Internal Control Over Financial Reporting and on Compliance and Other Matters Based on an Audit of Financial Statements Performed in Accordance with <i>Government Auditing Standards</i>	67 - 68
Report on Compliance for Each Major Program and on Internal Control Over Compliance Required by Uniform Guidance	69 - 71
Schedule of Findings and Questioned Costs	72 - 79
Summary of Prior Year Findings	80
SAUP	1 - 11

INDEPENDENT AUDITORS' REPORT

To the Honorable Jesse Washington, Mayor
and the Members of the City Council
Town of Delhi, Louisiana

Opinions

We have audited the accompanying financial statements of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of the Town of Delhi, Louisiana as of and for the year ended September 30, 2023, and the related notes to the financial statements, which collectively comprise the Towns' basic financial statements as listed in the table of contents.

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, each major fund, and the aggregate remaining fund information of the Town as of September 30, 2023, 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.

Basis for Opinions

We conducted our audit in accordance with auditing standards generally accepted in the United States of America. Our responsibilities under those standards are further described in the Auditors' Responsibilities for the Audit of the Financial Statements section of our report. We are required to be independent of the Town, and to meet our other ethical responsibilities, in accordance with the relevant ethical requirements relating to our audit. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinions.

Responsibilities of Management for the Financial Statements

Management is responsible for the preparation and fair presentation of the financial statements in accordance with accounting principles generally accepted in the United States of America, and for 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.

In preparing the financial statements, management is required to evaluate whether there are conditions or events, considered in the aggregate, that raise substantial doubt about the Town's ability to continue as a going concern for twelve (12) months beyond the financial statement date, including any currently known information that may raise substantial doubt shortly thereafter.

Auditors' Responsibilities for the Audit of the Financial Statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditors' report that includes our opinions. Reasonable assurance is a high level of assurance but is not absolute assurance and therefore is not a guarantee that an audit conducted in accordance with generally accepted auditing standards will always detect a material misstatement when it exists. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control. Misstatements are considered material if there is a substantial likelihood that, individually or in the aggregate, they would influence the judgment made by a reasonable user based on the financial statements.

In performing an audit in accordance with generally accepted auditing standards, we:

- Exercise professional judgment and maintain professional skepticism throughout the audit.
- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, and design and perform audit procedures responsive to those risks. Such procedures include examining, on a test basis, evidence regarding the amounts and disclosures in the financial statements.
- Obtain an understanding of internal control relevant to the audit 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 Town's internal control. Accordingly, no such opinion is expressed.
- Evaluate the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluate the overall presentation of the financial statements.
- Conclude whether, in our judgment, there are conditions or events, considered in the aggregate, that raise substantial doubt about the Town's ability to continue as a going concern for a reasonable period of time.

We are required to communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit, significant audit findings, and certain internal control-related matters that we identified during the audit.

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 be presented to supplement the basic financial statements. Such information is the responsibility of management and, 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.

Supplementary 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 accompanying schedule of compensation, benefits and other payments to agency head, the schedule of compensation paid to the members of the board of aldermen, and the justice system funding schedules are presented for purposes of additional analysis and are not a required part of the basic financial statements. Such information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the basic financial statements. The information has been subjected to the auditing procedures applied in the audit of the basic financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the basic financial statements or to the basic financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the schedule of compensation, benefits and other payments to agency head, the schedule of compensation paid to members of the board of aldermen, and the justice system funding schedules are fairly stated, in all material respects, in relation to the basic financial statements as a whole.

Other Information

Management is responsible for the other information included in the annual report. The other information comprises the schedule of insurance in force but does not include the basic financial statements and our auditors' report thereon. Our opinions on the basic financial statements do not cover the other information, and we do not express an opinion or any form of assurance thereon.

In connection with our audit of the basic financial statements, our responsibility is to read the other information and consider whether a material inconsistency exists between the other information and the basic financial statements, or the other information otherwise appears to be materially

misstated. If, based on the work performed, we conclude that an uncorrected material misstatement of the other information exists, we are required to describe it in our report.

Other Reporting Required by Government Auditing Standards

In accordance with *Government Auditing Standards*, we have also issued our report dated March 30, 2024 on our consideration of the Town's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the 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's internal control over financial reporting and compliance.

Bruno & Tervalon LLP

New Orleans, Louisiana
March 30, 2024

REQUIRED SUPPLEMENTARY INFORMATION - PART I

TOWN OF DELHI, LOUISIANA

MANAGEMENT'S DISCUSSION AND ANALYSIS

For the Year Ended September 30, 2023

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, 2023. 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".

TOWN OF DELHI, LOUISIANA

MANAGEMENT'S DISCUSSION AND ANALYSIS

For the Year Ended September 30, 2023

(Continued)

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 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

TOWN OF DELHI, LOUISIANA

MANAGEMENT'S DISCUSSION AND ANALYSIS

For the Year Ended September 30, 2023

(Continued)

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.

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

TOWN OF DELHI, LOUISIANA

MANAGEMENT'S DISCUSSION AND ANALYSIS

For the Year Ended September 30, 2023

(Continued)

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 \$27,633,439.

The Town's net positions are comprised of \$12,527,607 from governmental activities and \$15,438,265 from business-type activities.

The following is a condensed statement of the Town's net position as of September 30, 2023:

<u>Activities</u>	<u>Governmental Activities</u>	<u>Business-Type Activities</u>	<u>Primary Government Total</u>	<u>Percentage</u>
Assets:				
Current assets	\$ 4,632,937	\$ 1,592,047	\$ 6,224,984	15%
Restricted assets	574,379	3,503,847	4,078,226	10%
Capital assets	<u>8,282,860</u>	<u>21,625,493</u>	<u>29,908,353</u>	<u>74%</u>
Total Assets	<u>13,490,176</u>	<u>26,721,387</u>	<u>40,211,563</u>	<u>100%</u>
 Deferred Outflows of Resources	 <u>338,249</u>	 <u>-</u>	 <u>338,249</u>	
 Liabilities:				
Current liabilities	192,387	2,194,033	2,386,420	19%
Noncurrent liabilities	<u>1,102,615</u>	<u>9,089,089</u>	<u>10,191,704</u>	<u>81%</u>
Total Liabilities	<u>1,295,002</u>	<u>11,283,122</u>	<u>12,578,124</u>	<u>100%</u>
 Deferred Inflows of Resources	 <u>5,816</u>	 <u>-</u>	 <u>5,816</u>	
 Net Position:				
Net investment in capital assets	8,282,860	11,539,372	19,822,232	71%
Restricted	-	1,018,939	1,018,939	4%
Unrestricted	<u>4,244,747</u>	<u>2,879,954</u>	<u>7,124,701</u>	<u>25%</u>
Total Net Position	<u><u>\$ 12,527,607</u></u>	<u><u>\$ 15,438,265</u></u>	<u><u>\$ 27,965,872</u></u>	<u><u>100%</u></u>

TOWN OF DELHI, LOUISIANA

MANAGEMENT'S DISCUSSION AND ANALYSIS For the Year Ended September 30, 2023 (Continued)

The following is a condensed statement of the Town's net position as of September 30, 2022:

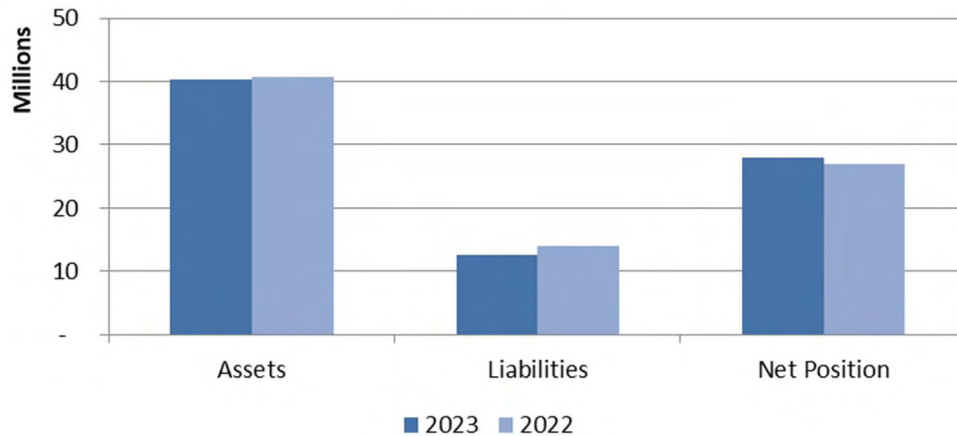
<u>Activities</u>	<u>Governmental Activities</u>	<u>Business-Type Activities</u>	<u>Primary Government Total</u>	<u>Percentage</u>
Assets:				
Current assets	\$ 5,185,134	\$ 1,184,059	\$ 6,369,193	16%
Restricted assets	848,752	3,641,906	4,490,658	11%
Capital assets	<u>8,101,427</u>	<u>21,762,995</u>	<u>29,864,422</u>	<u>73%</u>
Total Assets	<u>14,135,313</u>	<u>26,588,960</u>	<u>40,724,273</u>	<u>100%</u>
Deferred Outflows of Resources	<u>246,334</u>	<u>-</u>	<u>246,334</u>	
Liabilities:				
Current liabilities	386,747	2,436,810	2,823,557	20%
Noncurrent liabilities	<u>972,087</u>	<u>10,201,170</u>	<u>11,173,257</u>	<u>80%</u>
Total Liabilities	<u>1,358,834</u>	<u>12,637,980</u>	<u>13,996,814</u>	<u>100%</u>
Deferred Inflows of Resources	<u>26,540</u>	<u>-</u>	<u>26,540</u>	
Net Position:				
Net investment in capital assets	8,101,427	11,542,198	19,643,625	73%
Restricted	-	987,338	987,338	4%
Unrestricted	<u>4,894,846</u>	<u>1,421,444</u>	<u>6,316,290</u>	<u>23%</u>
Total Net Position	<u>\$ 12,996,273</u>	<u>\$ 13,950,980</u>	<u>\$ 26,947,253</u>	<u>100%</u>

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TOWN OF DELHI, LOUISIANA

MANAGEMENT'S DISCUSSION AND ANALYSIS For the Year Ended September 30, 2023 (Continued)

Comparison of Net Position Fiscal Years 2023 & 2022



The current ratio compares current assets to current liabilities and is an indication of the ability to pay current obligations. 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, 2023 and 2022. Net position decreased in governmental activities by \$468,666 and increases in business-type activities by \$1,487,285. The Town's total net position increased by 3.78% during the fiscal year ending September 30, 2023. The net investment 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.

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TOWN OF DELHI, LOUISIANA

MANAGEMENT'S DISCUSSION AND ANALYSIS

For the Year Ended September 30, 2023

(Continued)

The following is a condensed statement of the Town's activities for the year ended September 30, 2023:

	Governmental	Business-Type		
<u>Revenues:</u>	<u>Activities</u>	<u>Activities</u>	<u>Total</u>	<u>Percentage</u>
Program:				
Charges for services	\$ 539,872	\$ 3,476,240	\$ 4,016,112	41%
Operating grants and contributions	101,083	-	101,083	1%
Capital grants and contributions	2,512,692	1,437,240	3,949,932	41%
General:			-	
Property tax	212,952	-	212,952	2%
Franchise tax	87,606	-	87,606	1%
Sales tax	1,268,708	-	1,268,708	13%
Beer tax	3,802	-	3,802	0%
Interest	20,767	22,044	42,811	0%
Other	-	-	-	0%
 Total Revenues	 <u>4,747,482</u>	 <u>4,935,524</u>	 <u>9,683,006</u>	 <u>100%</u>
<u>Program Expenses:</u>				
General government	1,502,370	-	1,502,370	16%
Public safety:	1,507,287	-	1,507,287	17%
Recreation	16,440	-	16,440	0%
Streets	1,076,948	-	1,076,948	12%
Facility Maintenance	734,675	-	734,675	72%
Fees	-	-	-	0%
Interest	-	170,981	170,981	2%
Water and sewer	-	3,655,686	3,655,686	43%
 Total Program Expenses	 <u>4,837,720</u>	 <u>3,826,667</u>	 <u>8,664,387</u>	 <u>164%</u>
Excess (Deficiency)	(90,238)	1,108,857	1,018,619	
Transfers In (Out)	<u>(378,428)</u>	<u>378,428</u>	<u>-</u>	
Change in Net Position	(468,666)	1,487,285	1,018,619	
Beginning Net Position	<u>12,996,273</u>	<u>13,950,980</u>	<u>26,228,233</u>	
Ending Net Position	<u>\$ 12,527,607</u>	<u>\$ 15,438,265</u>	<u>\$ 27,965,872</u>	

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TOWN OF DELHI, LOUISIANA

MANAGEMENT'S DISCUSSION AND ANALYSIS

For the Year Ended September 30, 2023

(Continued)

The following is a condensed statement of the Town's activities for the year ended September 30, 2022:

	Governmental	Business-Type		
	Activities	Activities	Total	Percentage
<u>Revenues:</u>				
Program:				
Charges for services	\$ 614,864	\$ 3,147,756	\$ 3,762,620	51%
Operating grants and contributions	94,757	178,267	273,024	4%
Capital grants and contributions	125,900	-	125,900	2%
General:				
Property tax	225,017	-	225,017	3%
Sales tax	94,879	-	94,879	1%
Franchise tax	1,227,736	-	1,227,736	17%
Beer tax	3,499	-	3,499	0%
Interest	7,065	8,153	15,218	0%
Other	<u>876,902</u>	<u>738,971</u>	<u>1,615,873</u>	<u>22%</u>
Total Revenues	<u>3,270,619</u>	<u>4,073,147</u>	<u>7,343,766</u>	<u>100%</u>
<u>Program Expenses:</u>				
General government	2,007,108	-	2,007,108	28%
Public safety:	523,234	-	523,234	7%
Streets	65,202	-	65,202	1%
Recreation	381,260	-	381,260	5%
Fees	719,344	-	719,344	10%
Interest	143,908	-	143,908	2%
Water and sewer	<u>304,308</u>	<u>3,121,850</u>	<u>3,426,158</u>	<u>47%</u>
Total Program Expenses	<u>4,144,364</u>	<u>3,121,850</u>	<u>7,266,214</u>	<u>100%</u>
Excess (Deficiency)	(873,745)	951,297	77,552	
Transfers In (Out)	<u>404,308</u>	<u>(404,308)</u>	<u>-</u>	
Change in Net Position	(469,437)	546,989	77,552	
Beginning Net Position	<u>13,465,710</u>	<u>13,403,991</u>	<u>26,869,701</u>	
Ending Net Position	<u>\$ 12,996,273</u>	<u>\$ 13,950,980</u>	<u>\$ 26,947,253</u>	

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TOWN OF DELHI, LOUISIANA

MANAGEMENT'S DISCUSSION AND ANALYSIS

For the Year Ended September 30, 2023

(Continued)

The Condensed Statement of Activities presents revenues, expenses, and changes in net position separately for governmental activities and business-type activities. The condensed format allows for presentation of Program Revenues (Charges for Services, Operating Grants and Contributions, and Capital Grants and Contributions) followed by a listing of General Revenues to support the Town's overall governmental or business-type activities. Expenses are presented on a functional basis. As noted above, there are two categories of revenues on the Statement of Activities – "Program Revenues" and "General Revenues". "Program Revenues" derive directly from the program itself or from parties outside the Town's taxpayers or citizenry, as a whole; they reduce the net cost of the function to be financed from the government's "General Revenues". "Program Revenues" are further divided into Charges for Services, Operating Grants and Contributions, and Capital Grants and Contributions.

"Program Expenses" for the governmental funds are presented in the above Condensed Statement of Activities by function and total \$4,837,720 and \$4,144,364 (including interest on long-term debt) for the fiscal years ended September 30, 2023, and 2022, 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 for water and sewer for the year ended September 30, 2023, 3,476,240 and \$3,147,756 for water and sewer for the fiscal year ended September 30, 2022.

The Town reports the total amount of expenses for operation of the utility system \$3,826,667 and \$3,121,850 for the years ended September 30, 2023, and 2022, respectively. The "Change in Net Position" (revenues less expenses) for the utility system was positive \$1,487,285 and positive \$546,989 for the fiscal years ended September 30, 2023, and 2022, 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, 2023, was \$8,282,860 and \$11,738,420, respectively, and \$8,101,427 and \$10,422,008, respectively, as of September 30, 2022. For the year ended September 30, 2023, net investment for governmental type activities increased by 2% while net investment for business-type activities decreased by 0.63%. For the year ended September 30, 2023, net investment for governmental type activities increased by 4% while net investment for business-type activities increased by 11%. More detailed information about Town's capital assets is presented in notes 4.

As of September 30, 2023, and 2022, the Town had total bond indebtedness in the amount of \$10,086,121 and \$11,171,358, respectively, a decrease of 11%. The Town will incur \$83,699 in interest and fees over the next five years in connection with the 2015 sewer revenue bond issue. The Town will incur \$400,260 of interest and fees over the next five years in connection with the

TOWN OF DELHI, LOUISIANA

MANAGEMENT'S DISCUSSION AND ANALYSIS

For the Year Ended September 30, 2023

(Continued)

2021 sewer revenue refunding bonds issue. The Town will incur an estimated \$240,290 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.

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 For the Year Ended September 30, 2023

	Primary Government		
	Governmental Activities	Business-type Activities	Total
ASSETS			
Current Assets:			
Cash and Cash Equivalents	\$ 3,841,190	\$ 1,315,359	\$ 5,156,549
Investments	490,299	26,612	516,911
Receivables, net	300,064	251,460	551,524
Internal Balances	1,384	(1,384)	-
Total Current Assets	4,632,937	1,592,047	6,224,984
Non-Current Assets:			
Restricted Assets:			
Cash and Cash Equivalents	180,642	2,816,957	2,997,599
Investments	393,737	686,890	1,080,627
Capital Assets:			
Land	284,160	9,718	293,878
Depreciable (net)	7,998,700	21,615,775	29,614,475
Total Non-Current Assets	8,857,239	25,129,340	33,986,579
Total Assets	13,490,176	26,721,387	40,211,563
DEFERRED OUTFLOWS OF RESOURCES			
Deferred Outflows of Resources Related to Net Pension Liability	338,249	-	338,249
Total Assets and Deferred Outflows of Resources	13,828,425	26,721,387	40,549,812
LIABILITIES			
Current Liabilities:			
Accounts Payable	171,841	76,937	248,778
Accrued Expenses	3,956	6,460	10,416
Due to Other Funds	16,590	-	16,590
Unearned Revenue	-	953,310	953,310
Customer Deposits	-	138,387	138,387
Current Portion of Bonds Payable	-	1,018,939	1,018,939
Total Current Liabilities	192,387	2,194,033	2,386,420
Non-Current Liabilities:			
Bonds Payable After One Year	-	9,067,182	9,067,182
Compensated Absences	32,362	21,907	54,269
Net Pension Liability	1,070,253	-	1,070,253
Total Non-Current Liabilities	1,102,615	9,089,089	10,191,704
Total Liabilities	1,295,002	11,283,122	12,578,124
DEFERRED INFLOWS OF RESOURCES			
Deferred Inflows of Recourses Related to Net Pension Liability	5,816	-	5,816
NET POSITION			
Net Investment in Capital Assets	8,282,860	11,539,372	19,822,232
Restricted for:			
Debt Service	-	1,018,939	1,018,939
Unrestricted	4,244,747	2,879,954	7,124,701
Total Net Position	12,527,607	15,438,265	27,965,872
Total Liabilities, Deferred Inflows of Resources, and Net Position	\$ 13,828,425	\$ 26,721,387	\$ 40,549,812

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

TOWN OF DELHI, LOUISIANA

STATEMENT OF ACTIVITIES For the Year Ended September 30, 2023

	PROGRAM REVENUES				NET (EXPENSE) REVENUE AND CHANGES IN NET POSITION		
					PRIMARY GOVERNMENT		
	EXPENSES	CHARGES FOR SERVICES	OPERATING GRANTS AND CONTRIBUTIONS	CAPITAL GRANTS AND CONTRIBUTIONS			TOTALS
Functions/Programs							
Primary Government:							
Governmental Activities:							
General Government	\$ 1,502,370	\$ -	\$ 101,083	\$ 2,512,692	\$ 1,111,405	\$ -	\$ 1,111,405
Public Safety:	1,507,287	-	-	-	(1,507,287)	-	(1,507,287)
Streets	1,076,948	-	-	-	(1,076,948)	-	(1,076,948)
Recreation	16,440	-	-	-	(16,440)	-	(16,440)
License and Permits	-	230,580	-	-	230,580	-	230,580
Facility Maintenance	734,675						
Garbage Collection	-	309,292	-	-	309,292	-	309,292
Total Governmental Activities	4,837,720	539,872	101,083	2,512,692	(1,684,073)	-	(949,398)
Business-type Activities:							
Water and Sewer	3,655,686	3,445,649	-	1,437,240	-	1,227,203	1,227,203
Fees	-	30,591	-	-	-	30,591	30,591
Interest and Fees on Long-term Debt	170,981	-	-	-	-	(170,981)	(170,981)
Total Business-type Activities	3,826,667	3,476,240	-	1,437,240	-	1,086,813	1,086,813
Total Primary Government	\$ 8,664,387	\$ 4,016,112	\$ 101,083	\$ 3,949,932	(1,684,073)	1,086,813	137,415
General Revenues:							
Taxes:							
Property Taxes					212,952	-	212,952
Sales Taxes					1,268,708	-	1,268,708
Franchise Fee					87,606	-	87,606
Beer Tax					3,802	-	3,802
Interest and Investment Income					20,767	22,044	42,811
Transfers					(378,428)	378,428	-
Total General Revenues and Transfers					1,215,407	400,472	1,615,879
Change in Net Position					(468,666)	1,487,285	1,018,619
Net Position, Beginning					12,996,273	13,950,980	26,947,253
Net Position, Ending					\$ 12,527,607	\$ 15,438,265	\$ 27,965,872

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

TOWN OF DELHI, LOUISIANA

BALANCE SHEETS GOVERNMENTAL FUNDS September 30, 2023

	General Fund	Sales Tax Fund	LCDBG Fund	Total Governmental Funds
ASSETS				
Cash and Cash Equivalents	\$ 473,971	\$ 3,359,487	\$ 7,732	\$ 3,841,190
Investments	87,897	402,402	-	490,299
Receivables:				
Franchise Fees	24,253	-	-	24,253
Fines Revenue	57,676	-	-	57,676
Sales Tax	-	115,335	-	115,335
Rent and Royalties	6,111	-	-	6,111
Grants	25,558	-	48,617	74,175
Other	14,564	-	-	14,564
Due from Other Funds	8,021	1,313	-	9,334
Restricted Assets:				
Cash and Cash Equivalents	180,642	-	-	180,642
Investments	393,737	-	-	393,737
TOTAL ASSETS	<u>\$ 1,272,430</u>	<u>\$ 3,878,537</u>	<u>\$ 56,349</u>	<u>\$ 5,207,316</u>
LIABILITIES AND FUND BALANCE				
LIABILITIES				
Accounts Payable	\$ 131,872	\$ 39,969	\$ -	\$ 171,841
Accrued Expenses	3,956	-	-	3,956
Due to Other Funds	11,456	5,129	5	16,590
Other Liabilities	-	-	-	-
Total Liabilities	147,284	45,098	5	192,387
FUND BALANCE				-
Restricted	574,379	-	-	574,379
Assigned	147,284	3,833,439	56,344	4,037,067
Unassigned	403,483	-	-	403,483
Total Fund Balance	<u>1,125,146</u>	<u>3,833,439</u>	<u>56,344</u>	<u>5,014,929</u>
TOTAL LIABILITIES AND FUND BALANCE	<u>\$ 1,272,430</u>	<u>\$ 3,878,537</u>	<u>\$ 56,349</u>	<u>\$ 5,207,316</u>

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, 2023**

Total fund balances for governmental funds at September 30, 2023		\$	5,014,929
Amounts reported for governmental activities in the Statement of Net Position are different because:			
Capital assets used in governmental activities are not financial resources and, therefore, are not reported in the governmental funds.			
Land	284,160		
Construction in progress	181,458		
Buildings, net of accumulated depreciation	2,707,406		
Equipment, net of accumulated depreciation	298,184		
Infrastructure, net of accumulated depreciation	<u>4,811,652</u>		8,282,860
The deferred outflows of contributions to retirement systems are not available resources, and therefore, are not reported in the funds.			
			338,249
Long-term liabilities at September 30, 2023			
Compensated absences			(32,362)
Net pension liability			(1,070,253)
The deferred inflows of contributions to retirement systems are not payable from current expendable resources and, therefore, are not reported in the funds.			
			<u>(5,816)</u>
Net Position of Governmental Activities		\$	<u>12,527,607</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, 2023

	General Fund	Sales Tax Fund	LCDBG Fund	Total Governmental Funds
<u>Revenues:</u>				
Taxes:				
Ad valorem	\$ 212,952	\$ -	\$ -	\$ 212,952
Sales and Use	-	1,268,708	-	1,268,708
Other Taxes, Penalties, Interest, etc.	101,223	-	-	101,223
Licenses and Permits	230,580	-	-	230,580
Intergovernmental Revenues:				
State Funds:				
Transportation Funds	4,160	-	-	4,160
Grants	96,923	-	592,000	688,923
Police Supplemental Pay	31,600	-	-	31,600
Fines	100,427	-	-	100,427
Garbage Collection	309,292	-	-	309,292
Investment Earnings	-	10,953	-	10,953
Rent	117,385	-	-	117,385
Miscellaneous	250,541	-	106	250,647
Total Revenues	<u>1,455,083</u>	<u>1,279,661</u>	<u>592,106</u>	<u>3,326,850</u>
<u>Expenditures:</u>				
General Government	364,815	99,321	-	464,136
Public Safety	503,885	319,967	-	823,852
Streets	450,402	-	-	450,402
Recreation	-	16,440	-	16,440
Capital Outlay	928,539	12,600	-	941,139
Facility Maintenance	692,175	-	-	692,175
Total Expenditures	<u>2,939,816</u>	<u>448,328</u>	<u>-</u>	<u>3,388,144</u>
Excess (Deficiency) of Revenues Over (Under) Expenditures	<u>(1,484,733)</u>	<u>831,333</u>	<u>592,106</u>	<u>(61,294)</u>
<u>Other Financing Sources (Uses)</u>				
Transfers In	1,042,308	-	-	1,042,308
Transfers Out	-	(792,308)	(628,428)	(1,420,736)
Total Other Financing Sources (Uses)	<u>1,042,308</u>	<u>(792,308)</u>	<u>(628,428)</u>	<u>(378,428)</u>
Net Change in Fund Balance	(442,425)	39,025	(36,322)	(439,722)
Fund Balances - Beginning	<u>1,714,855</u>	<u>3,839,512</u>	<u>92,671</u>	<u>5,647,038</u>
Fund Balances - Ending	<u>\$ 1,272,430</u>	<u>\$ 3,878,537</u>	<u>\$ 56,349</u>	<u>\$ 5,207,316</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, 2023**

Net Changes in Fund Balances, Total Governmental Funds \$ (439,722)

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	941,139	
Depreciation expense	<u>(356,874)</u>	584,265

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.

(3,069)

Net pension (expense) benefit not requiring the use of current economic
resources, and therefore, are not recorded as a fund expenditure.

(610,140)

Change in Net Position of Governmental Activities

\$ (468,666)

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

TOWN OF DELHI, LOUISIANA

**STATEMENT OF NET POSITION
PROPRIETARY FUND
For the Year Ended September 30, 2023**

ASSETS

Current Assets:

Cash and Cash Equivalents	\$ 1,315,359
Investments	26,612
Receivables - User Charges, net	<u>251,460</u>
Total Current Assets	<u>1,593,431</u>

Non-Current Assets:

Restricted Assets:

Cash and Cash Equivalents	2,816,957
Investments	686,890

Capital Assets:

Non-depreciable	9,718
Depreciable, net	<u>21,615,775</u>

Total Non-Current Assets	<u>25,129,340</u>
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Total Assets	<u>26,722,771</u>
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LIABILITIES

Current Liabilities:

Accounts Payable	76,937
Accrued Payroll Liability	6,460
Unearned Revenue	953,310
Customer Deposits	138,387
Due to Other Funds	1,384
Current Portion of Bonds Payable	<u>1,018,939</u>

Total Current Liabilities	<u>2,195,417</u>
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Non-Current Liabilities:

Compensated Absences	21,907
Bonds Payable, After One Year	<u>9,067,182</u>

Total Non-Current Liabilities	9,089,089
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Total Liabilities	<u>11,284,506</u>
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NET POSITION

Net Investment in Capital Assets	11,539,372
Restricted Net Position	1,018,939
Unrestricted	<u>2,879,954</u>

Total Net Position	<u>15,438,265</u>
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Total Liabilities and Net Position	<u>\$ 26,722,771</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, 2023

	<u>Enterprise Fund Water System</u>
Operating Revenues	
User Charges	\$ 3,445,649
Fees	30,591
Grants	<u>1,437,240</u>
Total Operating Revenues	<u>4,913,480</u>
 Operating Expenses	
Salaries, Wages and Employee Benefits	480,845
Contractual Services, Materials and Supplies	1,006,092
Depreciation Expense	1,316,412
Insurance and Other Expenses	<u>852,337</u>
Total Operating Expenses	<u>3,655,686</u>
 Operating Income	<u>1,257,794</u>
 Non-Operating Revenues (Expenses)	
Income on Investments	22,044
Administrative Fees on Bonds Payable	(24,648)
Interest Expense on Bonds Payable	<u>(146,333)</u>
Total Non-Operating Revenues (Expenses)	<u>(148,937)</u>
 Income Before Contributions and Transfers	<u>1,108,857</u>
 Other Financing Sources (Uses)	
Transfers (Out)	<u>378,428</u>
Total Other Financial Sources (Uses)	<u>378,428</u>
 Change in Net Position	1,487,285
 Net Position, Beginning of Year	<u>13,950,980</u>
 Net Position, End of Year	<u>\$ 15,438,265</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, 2023

	<u>Enterprise Fund Water System</u>
<u>Cash Flows From Operating Activities</u>	
Receipts from Customers	\$ 3,076,295
Other Operating Receipts	395,610
Payments to Suppliers	(1,858,429)
Payments to Employees	(480,845)
Payments to Other Funds	(1,384)
Other Operating Payments	<u>(1,244,369)</u>
Net Cash Provided (Used) by Operating Activities	<u>(113,122)</u>
<u>Cash Flows From Noncapital Financing Activities</u>	
Noncapital Transfers to Other Funds	<u>378,428</u>
Net Cash Provided (Used) by Non capital Financing Activities	<u>378,428</u>
<u>Cash Flows From Capital and Related Financing Activities</u>	
Other Capital Payments	<u>485,165</u>
Net Cash Provided (Used) by Capital and Related Financing Activities	<u>485,165</u>
<u>Cash Flows From Investing Activities</u>	
Interest Income	26,379
Other Investing Payments	<u>(170,981)</u>
Net Cash Provided (Used) by Investing Activities	<u>(144,602)</u>
Net Increase (Decrease) in Cash and Cash Equivalents	605,869
Cash and Cash Equivalents, Beginning of Year	<u>3,526,447</u>
Cash and Cash Equivalents, End of Year	<u>\$ 4,132,316</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, 2021

(continued)
Enterprise Fund
Water System

**Reconciliation of Operating Income to Net Cash Provided (Used)
by Operating Activities:**

Operating Loss	\$ (179,446)
Adjustments to Reconcile Operating Income to Net Cash	
Used by Operating Activities:	
Depreciation and amortization	1,316,412
(Increase) decrease in:	
Receivables, net	103,386
Increase (decrease) in:	
Account payable	(275,636)
Accrued payroll liability	5,040
Due to other funds	1,384
Long-term debt	(1,116,838)
Compensated absences	4,757
Unearned revenue	(4,450)
Customer deposits	668
Current portion of bonds payable	<u>31,601</u>
Net cash provided (used) by operating activities	<u>\$ (113,122)</u>

Reconciliation of Total Cash and Cash Equivalents:

Current Assets - Cash and Cash Equivalents	\$ 1,315,359
Restricted Assets - Cash and Cash Equivalents	<u>2,816,957</u>
Total Cash and Cash Equivalents	<u>\$ 4,132,316</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, 2023

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

TOWN OF DELHI, LOUISIANA

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

For the Year Ended September 30, 2023

component unit and, as such part of the reporting entity for financial reporting purposes. The basic criteria are as follows:

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

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,

TOWN OF DELHI, LOUISIANA

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

For the Year Ended September 30, 2023

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 \$493,265 and deferred inflows related to net pension liability of \$5,816 at September 30, 2023. No reclassifications affecting the statement of net position from the prior period are required.

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

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

Governmental Funds

- General 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.

TOWN OF DELHI, LOUISIANA

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED) For the Year Ended September 30, 2023

Proprietary Fund

- Enterprise Fund - This fund is used to account for operations (a) that are financed and operated in a manner similar to private business enterprises - where the intent of the governing body is that the costs of providing goods or services to the general public on a continuing basis be financed or recovered primarily through user charges, or (b) where the governing body has decided that periodic determination of revenues earned, expenses incurred, and/or net income is appropriate for capital maintenance, public policy, management control, accountability or other purposes.

The Enterprise Fund (Water System) is accounted for on a cost of services or "capital maintenance" basis. This means that all assets and all liabilities (whether current or noncurrent) associated with its activity are included on its balance sheet. Its reported fund equity (net total position) is segregated into contributed capital and retained earnings components. Proprietary fund type operating statements present increases (revenues) and decreases (expenses) in net total position.

Measurement Focus, Basis of Accounting, and Financial Statement Presentation

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

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

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.

TOWN OF DELHI, LOUISIANA

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

For the Year Ended September 30, 2023

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

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

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

Inter-fund Balances (Due From to Other Funds)

Inter-fund activity is reported as loans, services provided, reimbursements or transfers. Loans are reported as inter-fund receivables and payables as appropriate and are subject to elimination upon consolidation. Services provided, deemed to be at market or near market rates, are treated as revenues and expenditures/expenses. Reimbursements are when a fund incurs a cost, charges the appropriate benefiting fund and reduces its related cost as a reimbursement. All other inter-fund transactions are treated as transfers. Transfers between governmental or enterprise funds are netted as part of the reconciliation to the government-wide financial statements.

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.

TOWN OF DELHI, LOUISIANA

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED) **For the Year Ended September 30, 2023**

Budgets and Budgetary Accounting

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

1. In the month of September, the Mayor submits to the Board of Aldermen a proposed operating budget for the fiscal year commencing the following October 1. The operating budget includes proposed expenditures and the means of financing them.
2. Public hearings are conducted at Town Hall to obtain taxpayer comments.

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

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

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

Cash and Cash Equivalents, and Investments

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

TOWN OF DELHI, LOUISIANA

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

For the Year Ended September 30, 2023

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	
	Cash	Certificates of Deposit	Certificates Of Deposit	Total
<u>At September 30, 2023</u>				
Carrying Amount on				
Balance Sheet	<u>\$ 8,154,148</u>	<u>\$ -</u>	<u>\$ 1,597,538</u>	<u>\$ 9,751,686</u>
<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	7,404,148	-	1,597,538	9,001,686
c. Uncollateralized, including any securities held for the entity but not in the entity's name	-	-	-	-
Total Bank Balances	<u>\$ 8,154,148</u>	<u>\$ -</u>	<u>\$ 1,597,538</u>	<u>\$ 9,751,686</u>

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

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

Market Mutual Funds and Pooled Deposits

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

TOWN OF DELHI, LOUISIANA

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

For the Year Ended September 30, 2023

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, 2023. Unbilled utility service receivables resulting from utility services rendered between the date of meter reading and billing and the end of the month, are recorded at year-end. Revenues from grants are recorded as earned when eligibility requirements are met.

Uncollectable Allowance

Uncollectible receivables for ad valorem taxes and utilities are recognized when incurred by direct write-off. Although this is a departure from generally accepted accounting principles, historically such amounts have been immaterial.

Inventory

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

Stewardship, Compliance and Accountability

Excess of expenditures over appropriations: There was no amendment to the budget for the year ended September 30, 2023. 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 \$31,600 are included on the financial statements as Revenue and Public Safety Expenditures.

TOWN OF DELHI, LOUISIANA

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

For the Year Ended September 30, 2023

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.

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.

TOWN OF DELHI, LOUISIANA

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED) For the Year Ended September 30, 2023

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".

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

TOWN OF DELHI, LOUISIANA

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

For the Year Ended September 30, 2023

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, 2023.

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.

Estimates

TOWN OF DELHI, LOUISIANA

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED) For the Year Ended September 30, 2023

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.

Leases

In June 2017, the Governmental Accounting Standards Board (GASB) issued Statement No. 87 – Leases (GASB 87). GASB 87's objectives are to better meet the information needs of financial statement users by improving how governments report leases, enhancing the relevance, reliability and consistency of information about governments' leasing activities. GASB 87 is effective for governments with a June 30 year-end for the year ending June 30, 2023. The Town of Delhi, Louisiana's management has not evaluated the potential impact of this guidance on its financial statements.

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, 2023, the Town's cash and cash equivalents were made up of petty cash of \$370, and checking and savings accounts of \$8,153,778 for a total of \$8,154,148. Cash and cash equivalents of \$2,997,599 included in this total is restricted and is shown as such on the Statement of Net Position.

As of September 30, 2023, the Town had a total of \$1,597,538 invested in certificates of deposit having maturities of more than 90 days. Certificates of deposit of \$1,080,627 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

TOWN OF DELHI, LOUISIANA

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

For the Year Ended September 30, 2023

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.

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.

TOWN OF DELHI, LOUISIANA

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED) For the Year Ended September 30, 2023

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, 2023, taxes of 11.75 mills were levied on property with taxable assessed valuations totaling \$18,022,310 for a total of \$211,763. 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, 2023, for the primary government is as follows:

	Balance 10/1/2022	Additions	Deletions	Balance 9/30/2023
Governmental activities:				
Capital assets not being depreciated:				
Land	\$ 284,160	\$ -	\$ -	\$ 284,160
Construction in progress	339,031	-	157,573	181,458
Other capital assets:				
Buildings	6,524,009	-	145,256	6,378,754
Infrastructure	11,702,982	941,139	-	12,644,121
Equipment	1,846,314	-	100,003	1,746,311
Totals	<u>20,696,496</u>	<u>941,139</u>	<u>402,831</u>	<u>21,234,804</u>
Less accumulated depreciation:				
Buildings	3,644,042	27,306	-	3,671,348
Infrastructure	7,519,748	312,721	-	7,832,469
Equipment	1,431,280	16,847	-	1,448,127
Total accumulated depreciation	<u>12,595,070</u>	<u>356,874</u>	<u>-</u>	<u>12,951,944</u>
Governmental activities:				
Capital assets, net	<u>\$ 8,101,426</u>	<u>\$ 584,265</u>	<u>\$ 402,831</u>	<u>\$ 8,282,860</u>

TOWN OF DELHI, LOUISIANA

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

For the Year Ended September 30, 2023

	Balance 10/1/2022	Additions	Deletions	Balance 9/30/2023
Business-type activities:				
Capital assets not being depreciated:				
Land	\$ 10,718	\$ -	\$ 1,000	\$ 9,718
Construction in progress	-	415,120	-	415,120
Other capital assets:				
Buildings	551,224	-	-	551,224
Infrastructure	30,601,652	758,062	-	31,359,714
Equipment	1,021,409	6,728	-	1,028,137
Totals	<u>32,185,003</u>	<u>1,179,910</u>	<u>1,000</u>	<u>33,363,913</u>
Less accumulated depreciation:				
Land improvement	22,063	1,903	-	23,966
Buildings	308,624	8,749	-	317,373
Infrastructure	9,252,276	1,251,251	-	10,503,527
Equipment	839,045	54,509	-	893,554
Total accumulated depreciation	<u>10,422,008</u>	<u>1,316,412</u>	<u>-</u>	<u>11,738,420</u>
Business-type activities:				
Capital assets, net	<u>\$ 21,762,995</u>	<u>\$ (136,502)</u>	<u>\$ 1,000</u>	<u>\$ 21,625,493</u>

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 \$1,673,286 for the year ended September 30, 2023 was charged to the following governmental functions:

Government activities:	
General Government	\$ 205,505
Public Safety	87,545
Streets	58,495
Recreation	5,329
Total	<u>\$ 356,874</u>

Business-type activities:	
Water	<u>\$ 1,316,412</u>

Note 5 – Accounts Payable and Accrued Expenses

The payables of \$259,194 at September 30, 2023 are as follows:

TOWN OF DELHI, LOUISIANA

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

For the Year Ended September 30, 2023

	Governmental Activities	Business-Type Activities	Total
Account payable	\$ 171,841	\$ 76,937	\$ 248,778
Accrued payroll expenses	3,956	6,460	10,416
Total	<u>\$ 175,797</u>	<u>\$ 83,397</u>	<u>\$ 259,194</u>

Note 6 – Certificates of Indebtedness and Bond Indebtedness

Business Type Activities:	Beginning Balance	Additions	Reductions	Ending Balance	Current Maturities
Certificates of Indebtedness					
2021 Water Revenue Bonds	\$ 3,936,000	\$ -	\$ 421,000	\$ 3,515,000	\$ 401,000
2010 Revenue Bonds	5,263,083	-	612,083	4,651,000	556,734
2015 Sewer Revenue Bonds	746,447	-	16,326	730,121	16,205
2021 Sewer Revenue Bonds	1,225,828	-	35,828	1,190,000	45,000
Total	<u>\$ 11,171,358</u>	<u>\$ -</u>	<u>\$ 1,085,237</u>	<u>\$ 10,086,121</u>	<u>\$ 1,018,939</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. As of June 24, 2021, the Bond was refunded for amount of \$1,255,000. yearly installments of \$80,052, including principal and interest, began January 1, 2022. Monthly sinking fund deposits of \$6,671 are required through July 2046. Interest of \$31,385 was paid during the year ended September 30, 2023. Outstanding 2021 sewer revenue refunding bonds indebtedness for this issue as of September 30, 2023, amounted to \$1,200,000.

Future annual payment requirements on the 2021 sewer revenue bonds are as follows:

Year ending September 30,	Interest	Principal	Debt Service
2024	\$ 35,052	\$ 45,000	\$ 80,052
2025	35,052	45,000	80,052
2026	35,052	45,000	80,052
2027	40,052	40,000	80,052
2028	40,052	40,000	80,052
Thereafter	455,936	985,000	1,440,936
Total	<u>\$ 641,196</u>	<u>\$ 1,200,000</u>	<u>\$ 1,841,196</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

TOWN OF DELHI, LOUISIANA

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

For the Year Ended September 30, 2023

indebtedness for this issue amounted to \$5,760,000, as of September 30, 2023, 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, 2023, the Sewer Revenue Sinking Fund had a balance of \$848,284 available for funding of future 2006 and 2010 Sewer Revenue Bond principal, interest, and administrative fees.

As of September 30, 2023, the 2006/2010 Sewer Revenue Bond Reserve Fund had a balance of \$404,619 and the 2010 Sewer Revenue Bond Contingency Fund had a balance of \$235,661. 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, 2023, the reserve requirements have been satisfied. The 2006 Sewer Revenue Bond requires monthly contingency fund now only requires deposits of \$668 once since the \$80,049 reserve fund cap has been met. The 2010 Sewer Revenue Bond Contingency funding requirement of 5% of the Water System's sewer revenue for the preceding month has a \$200,000 cap. As of September 30, 2023, 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:

TOWN OF DELHI, LOUISIANA

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

For the Year Ended September 30, 2023

Year ending September 30,	Interest and Fees	Principal	Total Debt Service
2024	\$ 41,516	\$ 562,000	\$ 603,516
2025	36,148	568,000	604,148
2026	30,728	573,000	603,728
2027	25,255	579,000	604,255
2028	19,732	584,000	603,732
Thereafter	25,551	1,785,000	1,810,551
Total	<u>\$ 178,930</u>	<u>\$ 4,651,000</u>	<u>\$ 4,829,930</u>

On the March 29, 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. 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 June 24, 2023, the 2010 Water Revenue Bond was refunded for \$4,310,000. the 2021 Water Revenue Refunding Bond Sinking Fund had a balance of \$845,189 available for funding of future 2021 Water Revenue Bond principal, interest, and administrative fees. This 2010 bond 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, 2023, the 2010 Water Revenue Refunding Bond Reserve Fund had a balance of \$8,686 and the 2010 Water Revenue Refunding Bond Contingency Fund had a balance of \$149,608. As of September 30, 2023, the reserve requirements have been satisfied.

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

Year ending September 30,	Interest and Fees	Principal	Total Debt Service
2024	\$ 64,545	\$ 410,000	\$ 474,545
2025	56,453	420,000	476,453
2026	48,214	425,000	473,214
2027	39,829	435,000	474,829
2028	31,249	445,000	476,249
Thereafter	40,757	543,000	583,757
Total	<u>\$ 281,047</u>	<u>\$ 2,678,000</u>	<u>\$ 2,959,047</u>

TOWN OF DELHI, LOUISIANA

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

For the Year Ended September 30, 2023

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 \$762,329 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>
2024	16,897
2025	16,325
2026	16,780
2027	16,607
2028	17,090
Thereafter	<u>709,119</u>
Total	<u>\$792,818</u>

Note 7 – Long-term Liabilities

The long-term liabilities for the year ended September 30, 2023, were as follows:

	<u>Balance</u> <u>10/1/2022</u>	<u>Increase</u>	<u>Decrease</u>	<u>Balance</u> <u>9/30/2023</u>
Net Pension Liability	\$ 938,037	\$ 132,216	\$ -	\$ 1,070,253
Compensated Absences	<u>51,200</u>	<u>3,069</u>	<u>-</u>	<u>54,269</u>
Total	<u>\$ 989,237</u>	<u>\$ 135,285</u>	<u>\$ -</u>	<u>\$ 1,124,522</u>

Note 8 – Interfund Receivables and Payables

Interfund balances at September 30, 2023, were as follows:

TOWN OF DELHI, LOUISIANA

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED) For the Year Ended September 30, 2023

<u>Funds</u>	<u>Receivables</u>	<u>Payables</u>
Governmental Fund	\$ 1,384	\$ -
Proprietary Fund	-	1,384
Total	<u>\$ 1,384</u>	<u>\$ 1,384</u>

Note 9 – Interfund Transfers

Interfund transfers for the year ended September 30, 2023, were as follows:

	<u>Transfers In</u>	<u>Transfers Out</u>
Governmental Funds:		
General fund	\$ 1,042,308	\$ -
Sales tax fund	-	792,308
Capital project fund	-	-
LCDBG Fund	-	628,428
Proprietary Funds:		
Enterprise fund	628,428	250,000
Total	<u>\$ 1,670,736</u>	<u>\$ 1,670,736</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,

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

TOWN OF DELHI, LOUISIANA

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED) **For the Year Ended September 30, 2023**

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

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, 2020, 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)

TOWN OF DELHI, LOUISIANA

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

For the Year Ended September 30, 2023

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, 2023, for the Town and covered employees were as follows:

Plan	Town	Employees
MERS (Plan B)	15.50%	5.00%
MPERS	36.50%	11.30%

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

Plan	2023	2022	2021
MERS (Plan B)	\$ 30,432	\$ 93,246	\$ 85,498
MPERS	15,376	25,389	26,562
Total	<u>\$ 45,808</u>	<u>\$ 118,635</u>	<u>\$ 112,060</u>

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, 2023 in accordance with GASB Statement 68. The schedule also

TOWN OF DELHI, LOUISIANA

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

For the Year Ended September 30, 2023

includes the proportionate share allocation rate used at June 30, 2023 along with the change compared to the June 30, 2023 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, 2023	Current Measurement Rate	Previous Measurement Rate	Increase (Decrease)
MERS (Plan B)	\$ 589,579	0.735263%	0.746558%	-0.01%
MPERS	480,674	0.045497%	0.027644%	0.02%
	<u>\$ 1,070,253</u>			

The following schedule lists each pension plan's recognized pension expense (benefit) for the Town for the year ended June 30, 2023.

	Pension Expense
MERS	\$ 95,284
MPERS	<u>110,976</u>
	<u>\$ 206,260</u>

At September 30, 2023, the Town reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

The Town reported a total of \$35,662 as deferred outflows of resources related to pension contributions made subsequent to the measurement period of June 30, 2023, which will be recognized as a reduction in net pension liability in the year ended September 30, 2023. The following schedule lists the pension contributions made subsequent to the measurement period for each pension plan:

	Subsequent Contributions
MERS	\$ 22,346
MPERS	<u>13,316</u>
	<u>\$ 35,662</u>

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

TOWN OF DELHI, LOUISIANA

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

For the Year Ended September 30, 2023

Deferred Outflows of Resources:	<u>MERS</u>	<u>MPERS</u>	<u>TOTAL</u>
Differences between expected and actual experience	\$ 8,471	\$ 33,859	\$ 42,330
Net difference between projected and actual investment earnings on investments	76,479	51,892	128,371
Changes of assumptions	-	8,021	8,021
Changes in proportion and differences between Town contributions and proportionate share of contributions	11,130	112,735	123,865
Town contributions subsequent to the measurement date	<u>22,346</u>	<u>13,316</u>	<u>35,662</u>
Total deferred outflows of resources	<u>\$ 118,426</u>	<u>\$ 219,823</u>	<u>\$ 338,249</u>
Deferred Inflows of Resources:	<u>MERS</u>	<u>MPERS</u>	<u>TOTAL</u>
Differences between expected and actual experience	\$ 206	\$ 201	\$ 407
Net difference between projected and actual investment earnings on investments	-	-	-
Changes of assumptions	-	-	-
Changes in proportion and differences between Town contributions and proportionate share of contributions	5,409	-	5,409
Total deferred inflows of resources	<u>\$ 5,615</u>	<u>\$ 201</u>	<u>\$ 5,816</u>

Other amounts reported as deferred outflows or and deferred inflows related to pension

Year ending June 30:	<u>MERS</u>	<u>MPERS</u>	<u>TOTAL</u>
2024	\$ 32,609	\$ 69,653	\$ 102,262
2025	11,090	51,096	62,186
2026	50,008	88,139	138,147
2027	<u>(3,241)</u>	<u>(2,582)</u>	<u>(5,823)</u>
Total	<u>\$ 90,466</u>	<u>\$ 206,306</u>	<u>\$ 296,772</u>

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, 2023, are as follows:

TOWN OF DELHI, LOUISIANA

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

For the Year Ended September 30, 2023

	<u>Measurement/ Valuation Date</u>	<u>Expected Remaining Service Lives</u>	<u>Investment Rate of Return</u>
MERS	June 30, 2023	3	6.85%, net of pension plan investment expense, including inflation
MPERS	June 30, 2023	4	6.75%, net of investment expenses

Mortality:

MERS

Mortality rates for non-disabled are based on PubG-2010(B) Healthy 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 Healthy Retiree Table set and PubG-2010 Employee Table set equal to 115% for males and 125% 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.

Salary Increases:

MERS

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

MPERS

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

TOWN OF DELHI, LOUISIANA

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED) **For the Year Ended September 30, 2023**

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 rate of return is 6.85% for the plan year ended June 30, 2023. The discount rate used to measure the total pension liability was 6.85% for the year ended June 30, 2023.

MPERS

The discount rate used to measure the total pension liability was 6.75%. The projection of cash flows used to determine the discount rate assumed that contributions from plan members will be made at the current contribution rates and that contributions from participating employers will be made at the actuarially determined rates approved by PRSAC taking into consideration the recommendation of the System's actuary. Based on those assumptions, the System's fiduciary

TOWN OF DELHI, LOUISIANA

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

For the Year Ended September 30, 2023

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 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, 2023:

Asset Class	Target Allocations		Long-Term Expected Real Rate of Return	
	MERS	MPERS	MERS	MPERS
Public Equity	56.00%	0.00%	2.44%	0.00%
Equity	0.00%	52.00%	0.00%	3.29%
Public Fixed Income	29.00%	0.00%	1.26%	0.00%
Fixed Income	0.00%	34.00%	0.00%	1.12%
Alternatives	15.00%	14.00%	0.65%	0.95%
Total	100.00%	100.00%	4.35%	5.36%
Inflation			2.50%	2.54%
Expected Arithmetic Nominal Return			6.85%	7.90%

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 6.85% and 6.75%, respectively for the year ended June 30, 2023.

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:

MERS:	Changes in Discount Rate		
	1% Decrease	Current Discount Rate	1% Increase
Discount Rates	5.850%	6.850%	7.850%
Net Pension Liability	\$ 833,080	\$ 589,579	\$ 383,616

TOWN OF DELHI, LOUISIANA

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

For the Year Ended September 30, 2023

MPERS:	Changes in Discount Rate		
	1% Decrease	Current Discount Rate	1% Increase
Discount Rates	5.750%	6.750%	7.750%
Net Pension Liability	\$ 676,347	\$ 480,674	\$ 317,216

Payables to the System

The Town recorded an accrued liability of \$6,460, for the System for the year ended, September 30, 2023, for the contractually required contribution for the month of September 2023. 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, 2023, may be impaired. In the opinion of Town management, there are no significant contingent liabilities relating to compliance with the rules and regulations governing the respective grants; therefore, no provision has been recorded in the accompanying financial statements for such contingencies.

REQUIRED SUPPLEMENTARY INFORMATION – Part II

TOWN OF DELHI, LOUISIANA

GENERAL FUND BUDGETARY COMPARISON SCHEDULE For the Year Ended September 30, 2023

	Original Budget	Final Budget	Actual	Variance With Final Budget Favorable/ (Unfavorable)
REVENUES				
Taxes:				
Ad Valorem	\$ 226,000	\$ 226,000	\$ 212,952	\$ (13,048)
Other Taxes, Penalties, Interest, etc.	144,000	144,000	101,223	(42,777)
Licenses and Permits	118,000	118,000	230,580	112,580
Intergovernmental Revenues:				
State Funds:				
Transportation Funds	4,160	4,160	4,160	-
Grants	25,000	25,000	96,923	71,923
Police Supplemental Pay	30,000	30,000	31,600	1,600
Fines	60,000	60,000	100,427	40,427
Garbage Collection	316,800	316,800	309,292	(7,508)
Rent	107,580	107,580	117,385	9,805
Other Revenues	28,000	28,000	250,541	222,541
Total Revenues	<u>1,059,540</u>	<u>1,059,540</u>	<u>1,455,083</u>	<u>395,543</u>
EXPENDITURES				
General Government	369,441	369,441	364,815	4,626
Public Safety	585,356	585,356	503,885	81,471
Streets	379,741	379,741	450,402	(70,661)
Capital outlay	633,000	633,000	928,539	(295,539)
Facility Maintenance	708,304	708,304	692,175	16,129
Total Expenditures	<u>2,675,842</u>	<u>2,675,842</u>	<u>2,939,816</u>	<u>(263,974)</u>
Excess (deficiency) of Revenues over Expenditures	<u>(1,616,302)</u>	<u>(1,616,302)</u>	<u>(1,484,733)</u>	<u>131,569</u>
Other Financing Uses				
Transfers from Other Funds	<u>1,660,600</u>	<u>1,660,600</u>	<u>1,042,308</u>	<u>(618,292)</u>
Net Change in Fund Balance	<u>\$ 44,298</u>	<u>\$ 44,298</u>	<u>\$ (442,425)</u>	<u>\$ (486,723)</u>
FUND BALANCE				
Beginning of year			<u>1,714,855</u>	
End of year			<u>\$ 1,272,430</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, 2023

	Original Budget	Final Budget	Actual	Variance With Final Budget Favorable/ (Unfavorable)
REVENUES				
Taxes:				
Sales and Use:				
Sales Tax 1/2 cent	\$ 600,000	\$ 600,000	\$ 634,354	\$ 34,354
Sales Tax 1 cent	600,000	600,000	634,354	34,354
Total Taxes	1,200,000	1,200,000	1,268,708	68,708
Investment Earnings	1,600	1,600	10,953	9,353
Total Revenues	1,201,600	1,201,600	1,279,661	78,061
EXPENDITURES				
General Government:	116,575	116,575	99,321	17,254
Public Safety	301,200	301,200	319,967	(18,767)
Streets	2,000	2,000	-	2,000
Recreation	12,000	12,000	16,440	(4,440)
Capital Outlay	38,000	38,000	12,600	25,400
Total Expenditures	469,775	469,775	448,328	21,447
Excess (deficiency) of Revenues over Expenditures	731,825	731,825	831,333	56,614
Other Financing Uses				
Transfer In (out)	(720,600)	(720,600)	(792,308)	71,708
Total Transfers	(720,600)	(720,600)	(792,308)	71,708
Net Change in Fund Balance	\$ 11,225	\$ 11,225	\$ 39,025	\$ 128,322
FUND BALANCE				
Beginning of year			3,839,512	
End of year			\$ 3,878,537	

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

TOWN OF DELHI, LOUISIANA

SCHEDULE OF PROPORTIONATE SHARE OF NET PENSION LIABILITY

For the Year Ended September 30, 2023

As of the fiscal year ended	2023	
	MERS (Plan B)	MPERS
Employer's Proportion of the Net Pension Liability	0.7353%	0.0455%
Employer's Proportionate Share of the Net Pension Liability	\$ 589,579	\$ 480,674
Employer's Covered Payroll	\$ 566,800	\$ 71,530
Employer's Proportionate Share of the Net Pension Liability as a Percentage of its Covered Payroll	104.02%	671.99%
Plan Fiduciary Net Position as a Percentage Of the Total Pension Liability	73.25%	71.30%

As of the fiscal year ended	2022	
	MERS (Plan B)	MPERS
Employer's Proportion of the Net Pension Liability	0.7466%	0.0270%
Employer's Proportionate Share of the Net Pension Liability	\$ 653,790	\$ 282,574
Employer's Covered Payroll	\$ 551,600	\$ 69,600
Employer's Proportionate Share of the Net Pension Liability as a Percentage of its Covered Payroll	118.53%	406.00%
Plan Fiduciary Net Position as a Percentage Of the Total Pension Liability	69.65%	84.09%

As of the fiscal year ended	2021	
	MERS (Plan B)	MPERS
Employer's Proportion of the Net Pension Liability	0.7012%	0.0270%
Employer's Proportionate Share of the Net Pension Liability	\$ 406,218	\$ 143,951
Employer's Covered Payroll	\$ 583,377	\$ 88,656
Employer's Proportionate Share of the Net Pension Liability as a Percentage of its Covered Payroll	69.63%	162.37%
Plan Fiduciary Net Position as a Percentage Of the Total Pension Liability	79.14%	84.09%

See Independent Auditors' Report

TOWN OF DELHI, LOUISIANA

SCHEDULE OF PROPORTIONATE SHARE OF NET PENSION LIABILITY (Continued) For the Year Ended September 30, 2023

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

See Independent Auditors' Report

TOWN OF DELHI, LOUISIANA

SCHEDULE OF PENSION CONTRIBUTIONS

For the Year Ended September 30, 2023

	2023	
	MERS (Plan B)	MPERS
Contractually Required Contribution	\$ 97,816	\$ 48,165
Contributions in Relation to Contractually Required contribution	<u>94,340</u>	<u>50,529</u>
Contribution (Excess) Deficiency	\$ 3,476	\$ (2,364)
Employer's Covered Employee Payroll	608,647	150,148
Contributions as a % of Covered Employee Payroll	15.50%	33.65%

	2022	
	MERS (Plan B)	MPERS
Contractually Required Contribution	\$ 85,650	\$ 29,300
Contributions in Relation to Contractually Required contribution	<u>86,776</u>	<u>26,750</u>
Contribution (Excess) Deficiency	\$ (1,126)	\$ 2,550
Employer's Covered Employee Payroll	566,800	71,530
Contributions as a % of Covered Employee Payroll	15.31%	37.40%

	2021	
	MERS (Plan B)	MPERS
Contractually Required Contribution	\$ 84,074	\$ 27,809
Contributions in Relation to Contractually Required contribution	<u>85,498</u>	<u>25,894</u>
Contribution (Excess) Deficiency	\$ (1,424)	\$ 1,915
Employer's Covered Employee Payroll	551,600	69,600
Contributions as a % of Covered Employee Payroll	15.50%	37.20%

	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%

See Independent Auditors' Report

TOWN OF DELHI, LOUISIANA

SCHEDULE OF PENSION CONTRIBUTIONS (Continued) For the Year Ended September 30, 2023

	2019	
	<u>MERS (Plan B)</u>	<u>MPERS</u>
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

NOTES TO THE REQUIRED SUPPLEMENTARY INFORMATION For the Year Ended September 30, 2023

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, 2023

Changes of Assumptions

Municipal Employees' Retirement System (Plan B)

No changes.

Municipal Police Employees' Retirement System

No changes.

The Assumption rate remained consistent.

SUPPLEMENTARY INFORMATION

TOWN OF DELHI, LOUISIANA

**SCHEDULE OF COMPENSATION, BENEFITS AND OTHER PAYMENTS TO AGENCY
HEAD**

For the Year Ended September 30, 2023

Jesse Washington, Mayor

October 1, 2022 - September 30, 2023

<u>Purpose</u>	<u>Amount</u>
Salary	\$ 68,000
Benefits - Insurance	-
Benefits - Retirement	10,540
Car Allowance	-
Per diem	-
Reimbursements	-
Travel	138
Registration Fees	250
Conference Travel	-
Total Compensation, Benefits, and Other Payments to Agency Head	<u>\$ 78,928</u>

See Independent Auditors' Report.

TOWN OF DELHI, LOUISIANA

JUSTICE SYSTEM FUNDING SCHEDULE - RECEIVING ENTITY

For the Year Ended September 30, 2023

Cash Basis Presentation	First Six Month Period Ended 3/31/2023	Second Six Month Period Ended 09/30/2023
<i>LA Department of Public Safety, Civil Fees</i>	\$ 25	\$ -
<i>American Municipal Services, Criminal Fines - Other</i>	2,685	10,854
<i>N-Court, Criminal Fines - Other</i>	20,536	21,544
<i>Town of Delhi, Criminal Fines - Other</i>	5,533	10,598
<i>Gary Gilley, Sheriff, Criminal Fines - Other</i>	-	582
Total Receipts	<u>\$ 28,779</u>	<u>\$ 43,578</u>

Other Information:

<i>Ending Balance of Total Amounts Assesed but not yet Collected (Civil Fines)</i>	<u>\$ -</u>	<u>\$ -</u>
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See Independent Auditor's Report

TOWN OF DELHI, LOUISIANA

JUSTICE SYSTEM FUNDING SCHEDULE - COLLECTING/DISBURSING ENTITY

Year Ended September 30, 2023

Cash Basis Presentation	First Six Month Period Ended 3/31/2023	Second Six Month Period Ended 09/30/2023
Beginning Balance of Amounts Collected (i.e. cash on hand)	\$ -	\$ -
Add: Collections		
Criminal Fines - Other	5,461	7,865
Subtotal Collections	<u>5,461</u>	<u>7,865</u>
Less: Disbursements to Individuals/3rd Party Collection or Processing Agencies		
Town of Delhi, Criminal Court Costs/Fees	926	1,756
CMIS, Criminal Court Costs/Fees	1,209	939
LA COMM, Criminal Court Costs/Fees	2,556	3,768
DHH, Criminal Court Costs/Fees	690	1,245
LA Judicial, Criminal Court Costs/Fees	80	157
Subtotal Disbursements/Retainage	<u>5,461</u>	<u>7,865</u>
Total: Ending Balance of Amounts Collected but not Disbursed/Retained (i.e. cash on hand)	<u>\$ -</u>	<u>\$ -</u>

Other Information:

Ending Balance of Total Amounts Assessed but not yet Collected (*i.e. receivable balance*)

Total Waivers During the Fiscal Period (*i.e. non-cash reduction of receivable balances, such as time served or community service*)

See Independent Auditor's Report

TOWN OF DELHI, LOUISIANA

**SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
For the Year Ended June 30, 2023**

<i>Award Information</i>	<i>Federal CFDA #</i>	<i>Pass-Through Entity Name</i>	<i>Pass-Through Entity #</i>	<i>Passed-through to Subrecipients (\$)</i>	<i>Federal Expenditures (\$)</i>
<i>Other Programs (Treated individually for major program determination)</i>					
<u>Department of Treasury</u>					
Coronavirus State and Local Fiscal Recovery Funds					
Coronavirus State and Local Fiscal Recovery Funds	21.027			\$ -	\$ 1,034,579
Total Coronavirus State and Local Fiscal Recovery Funds				-	1,034,579
 <i>Total Department of Treasury</i>					 1,034,579
 FY 2021 Louisiana Community Development Block Grant Program	 14.228				 592,000
 <i>Total Expenditures of Federal Awards</i>				 \$ -	 \$ 1,626,579

Notes to Schedules of Expenditures of Federal Awards
Year Ended September 30, 2023

Note 1 Basis of Presentation

This schedule of expenditures of federal awards includes the federal grant activity of the City of Baker and is presented on the accrual basis of accounting. The information in this schedule is presented in accordance with the requirements of 2 CFR Part 200, subpart F.

Note 2- Summary of Significant Accounting Policies

Expenditures reported on the Schedule are reported on the accrual basis of accounting. Such expenditures are recognized following the cost principles contained in the Uniform Guidance, wherein certain types of expenditures are not allowable or are limited as to reimbursement. Negative amounts shown on the Schedule represent adjustments or credits made in the normal course of business to amounts reported as expenditures in prior years.

Note 3 – Indirect Cost Rate

City of Baker has elected to use the 10-percent de minimis indirect cost rate allowed under the Uniform Guidance.

The accompanying notes are an integral part of this schedule

OTHER SUPPLEMENTARY INFORMATION

TOWN OF DELHI, LOUISIANA

SCHEDULE OF INSURANCE IN FORCE
As of and for the Year Ended September 30, 2023

Insurance Company	Policy Term	Policy Description	Policy Limits	Policy Number
Community Financial	10/1/2023	Airport-General Liability	1,000,000 each occurrence	AP003229362-30
La Municipal Risk Management Agency	9/23/2023	Worker's Comp	100,000 each accident 500,000 limit by disease 100,000 by disease	
Risk Management	7/7/2023	General Liability Law Enforcement Errors & Omission Auto Liability	500,000 occurrence 1,000 deductible	100-0452
Community Financial	10/1/2023 10/2/2023	Crime Policy Employee Theft	118,000.00 1,000 deductible	CCP003563821
Lloyd's/Lane & Associates	10/14/2023	Auto Physical Damage	Varies/Vehicle	LMA1900130
Lane & Associates Underwritten By: Scottsdale Insurance Co.	4/1/2023	Inland Marine-Equipment	79,680 All covered property in one occurrence limit	GLL1800200
Community Financial With Travelers	10/1/2023	Multi-Peril Buildings	Varies/Bldg. Property & Equipment	5683C771

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, 2023**

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
 Bernard McDowell, Council Member	 7,200
Larry Rancher, Council Member	7,200
William McKinney, Council Member	7,200
Gerald Smith, Council Member	7,200
Nicholas Burgess, Council Member	<u>7,200</u>
 Total Mayor's and Council Members' Compensation	 \$ <u><u>104,000</u></u>

See Independent Auditors' Report.

INTERNAL CONTROL, COMPLIANCE, AND OTHER MATTERS

**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***

To Board of Alderman
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, 2023, 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 22, 2024.

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.

Our consideration of internal control was for the limited purpose described in the preceding paragraph and was not designed to identify all deficiencies in internal control that might be material weaknesses or significant deficiencies and therefore, material weaknesses or significant deficiencies may exist that have not been identified. However, as described in the accompanying schedule of findings, we did identify certain deficiencies in internal control that we consider to be material weaknesses and significant deficiencies.

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. We consider the deficiency described in the accompanying schedule of findings and questioned costs as item 2023-002 to be a material weakness.

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. We consider the deficiencies described in the accompanying schedule of findings and questioned costs as item 2023-001 to be a significant deficiency.

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 Town's Response to Findings

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

Purpose of this Report

The purpose of this report is solely to describe the scope of our testing of internal control and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the entity's internal control or on compliance. This report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the entity's internal control and compliance. Accordingly, this communication is not suitable for any other purpose. However, under Louisiana Revised Statute 24:513, this report is distributed by the Louisiana Legislative Auditor as a public document.

Bruno & Tervalon LLP

Lake Charles, Louisiana
March 22, 2024

**INDEPENDENT AUDITORS' REPORT ON COMPLIANCE
FOR EACH MAJOR PROGRAM AND ON INTERNAL CONTROL OVER
COMPLIANCE REQUIRED BY UNIFORM GUIDANCE**

To the Honorable Jessie Washington, Mayor
and the Members of the Town Council
Town of Delhi, Louisiana

Report on Compliance for Each Major Federal Program

Opinion on Each Major Federal Program

We have audited the Town of Delhi, Louisiana (the "Town") compliance with the types of compliance requirements identified as subject to audit in the OMB *Compliance Supplement* that could have a direct and material effect on each of the Town's major federal programs for the year ended September 30, 2023. The Town's major federal programs are identified in the summary of auditors' results section of the accompanying schedule of findings and questioned costs.

In our opinion, the Town complied, in all material respects, with the types of compliance requirements referred to above that could have a direct and material effect on each of its major federal programs for the year ended September 30, 2023.

Basis for Opinion on Each Major Federal Program

We conducted our audit of compliance in accordance with auditing standards generally accepted in the United States of America; the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States; and the audit requirements of Title 2 U.S. *Code of Federal Regulations* Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* (Uniform Guidance). Our responsibilities under those standards and the Uniform Guidance are further described in the Auditor's Responsibilities for the Audit of Compliance section of our report.

We are required to be independent of the Town and to meet our other ethical responsibilities, in accordance with relevant ethical requirements relating to our audit. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion on compliance for each major federal program. Our audit does not provide a legal determination of the Town's compliance with the compliance requirements referred to above.

Responsibilities of Management for Compliance

Management is responsible for compliance with the requirements referred to above and for the design, implementation, and maintenance of effective internal control over compliance with the Town's requirements of laws, statutes, regulations, rules, and provisions of contracts or grant agreements applicable to the Town's federal programs.

Auditors' Responsibilities for the Audit of Compliance

Our objectives are to obtain reasonable assurance about whether material noncompliance with the compliance requirements referred to above occurred, whether due to fraud or error, and express an opinion on the Town's compliance based on our audit. Reasonable assurance is a high level of assurance but is not absolute assurance and therefore is not a guarantee that an audit conducted in accordance with generally accepted auditing standards, *Government Auditing Standards*, and the Uniform Guidance will always detect material noncompliance when it exists. The risk of not detecting material noncompliance resulting from fraud is higher than for that resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control. Noncompliance with the compliance requirements referred to above is considered material if there is a substantial likelihood that, individually or in the aggregate, it would influence the judgment made by a reasonable user of the report on compliance about the Town's compliance with the requirements of each major federal program as a whole.

In performing an audit in accordance with generally accepted auditing standards, *Government Auditing Standards*, and the Uniform Guidance, we:

- Exercise professional judgment and maintain professional skepticism throughout the audit.
- Identify and assess the risks of material noncompliance, whether due to fraud or error, and design and perform audit procedures responsive to those risks. Such procedures include examining, on a test basis, evidence regarding the Town's compliance with the compliance requirements referred to above and performing such other procedures as we considered necessary in the circumstances.
- Obtain an understanding of the Town's internal control over compliance relevant to the audit in order to design audit procedures that are appropriate in the circumstances and to test and report on internal control over compliance in accordance with the Uniform Guidance, but not for the purpose of expressing an opinion on the effectiveness of the Town's internal control over compliance. Accordingly, no such opinion is expressed.

We are required to communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and any significant deficiencies and material weaknesses in internal control over compliance that we identified during the audit.

Other Matters

The results of our auditing procedures disclosed instances of noncompliance with are required to be reported in accordance with the Uniform Guidance and which are described in the accompany schedule of findings and questioned costs as items (2023-003, 2023-004 and 2023-005). Our opinion on each major federal program is not modified with respect to these matters.

Government Auditing Standards requires the auditor to perform limited procedures on Town of Delhi, Louisiana's response to noncompliance findings identified in our audit described in the accompanying schedule of findings and questioned costs. Town of Delhi, Louisiana's responses

were not subjected to the other auditing procedures applied in the audit of compliance and, accordingly, we express no opinion on the response.

Report on Internal Control over Compliance

Our consideration of internal control over compliance was for the limited purpose described in the Auditors' Responsibilities for the Audit of Compliance section above and was not designed to identify all deficiencies in internal control over compliance that might be material weaknesses or significant deficiencies in internal control over compliance and therefore, material weakness or significant deficiencies may exist that were not identified. We did not identify any deficiencies in internal control over compliance that we consider to be material weaknesses. However, as discussed below, we did identify certain deficiencies in internal control over compliance that we consider to be significant deficiencies.

A deficiency in internal control over compliance exists when the design or operation of a control over compliance does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct, noncompliance with a type of compliance requirement of a federal program on a timely basis. *A material weakness in internal control over compliance* is a deficiency, or a combination of deficiencies, in internal control over compliance, such that there is a reasonable possibility that material noncompliance with a type of compliance requirement of a federal program will not be prevented, or detected and corrected, on a timely basis. *A significant deficiency in internal control over compliance* is a deficiency, or a combination of deficiencies, in internal control over compliance with a type of compliance requirement of a federal program that is less severe than a material weakness in internal control over compliance, yet important enough to merit attention by those charged with governance. We consider the deficiencies in internal control over compliance described in the accompanying schedule of findings and questionable costs as item 2023-003, 2023-004, and 2023-005.

Our audit was not designed for the purpose of expressing an opinion on the effectiveness of internal control over compliance. Accordingly, no such opinion is expressed.

Purpose of this Report

The purpose of this report on internal control over compliance is solely to describe the scope of our testing of internal control over compliance and the results of that testing based on the requirements of Uniform Guidance. Accordingly, this report is not suitable for any other purpose. However, under Louisiana Revised Statute 24:513, this report is distributed by the Legislative Auditor as a public document.

Bruno & Tervalon LLP

Lake Charles, Louisiana
March 22, 2024

TOWN OF DELHI, LOUISIANA

SCHEDULE OF FINDINGS AND QUESTIONED COSTS For the Year Ended September 30, 2023

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 two instances of 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 was no instance of noncompliance that is reported in the *Independent Auditors' Report on Internal Control over Financial Reporting and on Compliance and Other Matters Based on an Audit of Financial Statements Performed in Accordance with Government Auditing Standards*.

b. Federal Awards

1. The independent auditors' report expresses an unmodified opinion on the compliance for federal awards of the Town of Delhi, Louisiana.
2. There were no instances of 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 for Each Major Program and on Internal Control Over Compliance Required by Uniform Guidance* dated March 22, 2024, expressed an unmodified opinion.
3. There were three instances of noncompliance that is reported in the *Independent Auditors' Report on Compliance for Each Major Program and on Internal Control Over Compliance Required by Uniform Guidance*.
4. There were no findings that are required to be reported in accordance with 2 CFR 200.516(a).
5. The program tested as major program was:

Coronavirus State and Local Fiscal Recovery Funds: 21.027
6. The threshold used to distinguish between Type A and Type B Programs is \$750,000.

TOWN OF DELHI, LOUISIANA

SCHEDULE OF FINDINGS AND QUESTIONED COSTS

For the Year Ended September 30, 2023

7. The auditee is not considered a 'low risk' auditee, as defined by Uniform Guidance.

c. Management Letter

No management letter was issued in connection with the audit for the year ended September 30, 2023

TOWN OF DELHI, LOUISIANA

SCHEDULE OF FINDINGS AND QUESTIONED COSTS For the Year Ended September 30, 2023

II. Findings relating to the financial statements that are required to be reported in accordance with *Government Auditing Standards*.

2023-001 Failure to Follow Procurement/Purchasing Policies

Fiscal Year Finding Originated: 2023

Condition:

Town failed to follow procurement/purchasing policies.

Criteria:

Town policy requires that a purchasing order be established to initiate purchases of goods and supplies in the Town.

Cause:

Auditor reviewed 40 transactions. For 35 of these transactions, Town was unable to provide a completed purchase order to support the acquisition of the goods or services.

Effect:

Failure to utilize purchase order system could cause Town to expenditure public funds on transactions not properly approved or have a business purpose to the Town.

Recommendation:

The Town should follow procurement/purchasing policies established by the Town when initiating purchases of goods and supplies.

Management's Response:

The Town will initiate a meeting with all departments to review the procurement/purchasing policies regarding the purchase of goods and supplies emphasizing the importance of using and the effects of not using the purchase order system.

2023-002 Failure to Properly Monitor the Use of Fuelman Cards

Fiscal Year Finding Originated: 2023

Condition:

Town failed to properly monitor the use of Fuelman cards.

TOWN OF DELHI, LOUISIANA

SCHEDULE OF FINDINGS AND QUESTIONED COSTS

For the Year Ended September 30, 2023

Criteria:

Purchases on the Town's Fuelman account should only be made that have a benefit to the Town. No personal use of the cards should be authorized.

Cause:

On several occasions, a police officer of the Town improperly used the Fuelman card assigned to them and made over time several personal purchases using the assigned card.

Effect:

Failure to properly monitor the use of Fuelman cards could result in improper use of public funds.

Recommendation:

We recommend that Town management update and implement written policies and procedures to ensure that Fuelman usage reports are reviewed on a monthly basis and any discrepancies be immediately addressed and resolved.

Management's Response:

The Town will accept the recommendation of updating the policies and procedures to ensure the Fuelman usage reports are reviewed on a monthly basis and any discrepancies be immediately addressed and resolved.

TOWN OF DELHI, LOUISIANA

SCHEDULE OF FINDINGS AND QUESTIONED COSTS For the Year Ended September 30, 2023

III. Findings and Questioned Costs Related for Federal Awards

- **14.228 – Community Development Block Grants/State’s Program and Non-Entitlement Grants, Contract #2000710739**

Louisiana Community Development Block Grant (LCDBG) Program

Labor Standards

2023-003 Documentation for payroll reporting

Criteria:

As required by Section 110 of the HCDA of 1974, Town must ensure compliance with the federal labor standards for federally assisted construction contracts found in 29 CFR Parts 3 and 5 and HUD Handbook 1344. Town must ensure compliance with bid documents, payroll sheets, applicable federal wage decision(s) and reporting for projects.

Page 312 of the 2021 Grantee Handbook states, “It is the weekly responsibility of each contractor, subcontractor, and any lower tier subcontractor to submit to the local government numbered weekly payrolls from the time work begins on the project until the work is completed.”

Condition:

In a monitoring review conducted by the Office of Community Development, State of Louisiana payroll report (Payroll #3) from contractor was not available for review by the monitor.

Cause:

The Town failed to properly ensure compliance with federal labor standards for federally assisted construction contracts. The Town was unable to properly provide documentation relating to contractor’s payrolls.

Effect

The Town is non-compliance with federal labor standards for federally assisted construction contracts.

Questioned Costs:

For the purposes of this finding, there were no questioned costs.

TOWN OF DELHI, LOUISIANA

SCHEDULE OF FINDINGS AND QUESTIONED COSTS

For the Year Ended September 30, 2023

Identification of a repeat finding:

This is not a repeat finding. This finding relates to a monitoring review by State' oversight agency.

Corrective Action Required:

A copy of the required payroll must be submitted to the Office of Community Development along with documentation, if any, regarding corrective action. After reviewing these documents, the Office of Community Development will notify the Town if further action is necessary.

Management's Response:

See management's response to corrective action requirement.

2023-004 Proper classification of wage earners

Criteria:

As required by Section 110 of the HCDA of 1974, Town must ensure compliance with the federal labor standards for federally assisted construction contracts found in 29 CFR Parts 3 and 5 and HUD Handbook 1344. Town must ensure compliance with bid documents, payroll sheets, applicable federal wage decision(s) and reporting for projects.

The 2021 Grantee Handbook states on page 310, "After completing the interviews, the information obtained should be compared to the wage decision and payrolls to determine if the workers are classified and being compensated correctly."

Condition:

In a review of employee documentation, it was noted that upon interview an employee was improperly classified.

Cause:

The Town and their contractor failed to properly classify an employee.

Effect:

The Town is non-compliance with federal labor standards for federally assisted construction contracts.

Questioned Costs:

TOWN OF DELHI, LOUISIANA

SCHEDULE OF FINDINGS AND QUESTIONED COSTS

For the Year Ended September 30, 2023

For the purposes of this finding, there were no questioned costs.

Identification of a repeat finding:

This is not a repeat finding. This finding relates to a monitoring review by State' oversight agency.

Corrective Action Required:

The town must request an explanation from Jabar Corporation for the discrepancy and/or obtain a supplementary statement which addresses the discrepancy. If the Town determines that Labor Standards requirements were not met, the corrective action must be taken according to "Corrective Action Regarding Labor Standards Violation" beginning on 319 of the 2021 Grantee Handbook. Documentation regarding an explanation of the discrepancy and corrective action completed, if any, must be prepared and submitted to the Office of Community Development. After reviewing the documentation, the Office of Community Development will notify the Town if further action is necessary.

Management's Response:

See management's response to corrective action requirement.

Procurement

2023-005 Verification of surety status

Criteria:

The Town's general files on procurement were reviewed in addition to the procurement procedures utilized for construction services. Compliance with the requirements of the Uniform Administrative Requirements Cost Principles and Audit Requirements for Federal Awards 2 CFR 200.317-326, Louisiana State Bid Law and Office of Community Development policies was examined.

The 2021 Grantee Handbook, on page 52 indicated responsibility of the Town to verify and document verification of the surety status of bonding companies of prime contractors.

Condition:

Town failed to provide documentation supporting that the Town had contacted the U.S. Department of Treasury and the Louisiana Insurance Commissioner's Office regarding the status of the surety company for prime contractor.

TOWN OF DELHI, LOUISIANA

SCHEDULE OF FINDINGS AND QUESTIONED COSTS

For the Year Ended September 30, 2023

Cause:

The Town and their contractor failed to provide documentation verifying surety status of bonding companies of contractor.

Effect:

The Town is non-compliance with the requirements of the Uniform Administrative requirements Cost Principles and Audit Requirements for federal awards.

Questioned Costs:

For the purposes of this finding, there were no questioned costs.

Identification of a repeat finding:

This is not a repeat finding. This finding relates to a monitoring review by State' oversight agency.

Corrective Action Required:

Town to provide a copy of the "Verification of Contractor's Bonding/Insurance", A-41 of the 2021 Grantee Handbook, as previously completed when identified agencies were contracted. If the identified agencies were not contracted or if documentation cannot be located, provide the Office of Community Development with an explanation as to why they were not contacted and written assurance that the proper surety verification procedures will be followed under any future LCDBG program.

Management's Response:

See management's response to corrective action requirement.

- **21.027 Coronavirus State and Local Fiscal Recovery Fund**

There were no findings associated with the major program.

TOWN OF DELHI, LOUISIANA

SUMMARY OF PRIOR YEAR FINDINGS
For the Year Ended September 30, 2023

IV. Summary of Prior Year Findings

2022-001 Late Submission of Audit Report to LLA

Fiscal Year Originated: 2022

Condition:

The report was not submitted to the legislative auditor's office on a timely basis.

Criteria:

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

Recommendation:

The Town should remain in compliance with the State Law governing audit engagement completion. The audit engagement should be sought through the method prescribed by the Louisiana Legislative Auditor. A firm should be selected, and approval of the Louisiana Legislative Auditor sought early enough to all the audit to begin as soon after the close of the fiscal year as is practicable.

Status:

This finding has been resolved.

INDEPENDENT ACCOUNTANTS' REPORT ON APPLYING AGREED-UPON PROCEDURES

To the Board of Aldermen
Town of Delhi
Delhi, Louisiana

We have performed the procedures enumerated below, which were agreed to by the Town of Delhi and the Louisiana Legislative Auditor (LLA) on the control and compliance (C/C) areas identified in the LLA's Statewide Agreed-Upon Procedures (SAUPs) for the fiscal period October 1, 2022 through September 30, 2023. The organization's management is responsible for those C/C areas identified in the SAUPs. This agreed-upon procedures engagement was conducted in accordance with attestation standards established by the American Institute of Certified Public Accountants and applicable standards of *Government Auditing Standards*. The sufficiency of these procedures is solely the responsibility of the specified users of this report. Consequently, we make no representation regarding the sufficiency of the procedures described below either for the purpose for which this report has been requested or for any other purpose.

The procedures and associated findings are as follows:

Written Policies and Procedures

- 1) Obtain and inspect the entity's written policies and procedures and observe whether they address each of the following categories and subcategories if applicable to public funds and the entity's operations:

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

We performed the above procedures and noted no exceptions.

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

We performed the above procedures and noted no exceptions.

- c. ***Disbursements***, including processing, reviewing, and approving.

We performed the above procedures and noted no exceptions.

- d. ***Receipts/Collections***, including receiving, recording, and preparing deposits. Also, policies and procedures should include management's actions to determine the completeness of all collections for each type of revenue or agency fund additions (e.g., periodic confirmation with outside parties, reconciliation to utility billing after cutoff procedures, reconciliation of traffic ticket number sequences, agency fund forfeiture monies confirmation.) ***We performed the above procedures and noted no exceptions.***

- e. **Payroll/Personnel**, including (1) payroll processing, and (2) reviewing and approving time and attendance records, including leave and overtime worked and (3) approval process for employee rates of pay or approval and maintenance of pay rate schedule.

We performed the above procedures and noted no exceptions.

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

We performed the above procedures and noted no exceptions.

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

We performed the above procedures and noted no exceptions.

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

We performed the above procedures and noted no exceptions

- i. **Ethics**, including (1) the prohibitions as defined in Louisiana Revised Statute 42:1111-1121, (2) actions to be taken if an ethics violation takes place, (3) system to monitor possible ethics violations and, (4) a requirement that documentation is maintained to demonstrate that all employees and officials were notified of any changes to the entity's ethics policy.

We performed the above procedures and noted no exceptions.

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

We performed the above procedures and noted no exceptions.

- k. **Information Technology Disaster Recovery/Business Continuity**, including (1) identification of critical data and frequency of data backups, (2) storage backups in a separate physical location isolated from the network, (3) periodic testing/verification that backups can be restored, (4) use of antivirus software on all systems, (5) timely application of all available systems and software patches/updates, and (6) identification of personnel, processes, and tools needed to recover operations after a critical event.

We performed the above procedures and noted no exceptions.

- l. **Sexual Harassment**, including R.S. 42:342-344 requirements for (1) agency responsibilities and prohibitions, (2) annual employee training, and (3) annual reporting.

We performed the above procedures and noted no exceptions

Board or Finance Committee

- 2) Obtain and inspect the board/finance committee minutes for the fiscal period, as well as the board's enabling legislation, charter, bylaws, or equivalent document in effect during the fiscal period, and:

- a. Observe that the board/finance committee met with a quorum at least monthly, or on a frequency in accordance with the board's enabling legislation, charter, bylaws, or other equivalent document.

We performed the procedures above and noted no exceptions.

- b. For those entities reporting on the governmental accounting model, observe whether the minutes reference or included monthly budget-to-actual comparisons on the general fund, quarterly budget-to-actual, at a minimum, on proprietary funds, and semi-annual budget-to-actual, at a minimum, on all special revenue funds. Alternately, for those entities reporting on the nonprofit accounting model, observe that the minutes or included financial activity relating to public funds if those public funds comprised more than 10% of the entity's collections during the fiscal period.

We performed the procedures above and noted no exceptions.

- c. For governmental entities, obtain the prior year audit report and observe the unassigned fund balance in the general fund. If the general fund had a negative ending unassigned fund balance in the prior year audit report, observe that the minutes for at least one meeting during the fiscal period referenced or included a formal plan to eliminate the negative unassigned fund balance in the general fund.

We performed the above procedures and noted no exceptions.

- d. Observe whether the board/finance committee received written updates of the progress of resolving audit finding(s), according to management's corrective action plan at each meeting until the findings are considered fully resolved

We performed the above procedures and noted no exceptions.

Bank Reconciliations

- 3) Obtain a listing of entity bank accounts for the fiscal period from management and management's representation that the listing is complete. Ask management to identify the entity's main operating account. Select the entity's main operating account and randomly select 4 additional accounts (or all accounts if less than 5). Randomly select one month from the fiscal period, obtain and inspect the corresponding bank statement and reconciliation for each selected account, and observe that:

- a. Bank reconciliations include evidence that they were prepared within 2 months of the related statement closing date (e.g., initialed and dated or electronically logged);

We performed the above procedures and noted no exceptions.

- b. Bank reconciliations include evidence that a member of management/board member who does not handle cash, post ledgers, or issue checks has reviewed each bank reconciliation (e.g., initialed and dated, electronically logged); and

We performed the above procedures and noted no exceptions.

- c. Management has documentation reflecting it has researched reconciling items that have been outstanding for more than 12 months from the statement closing date, if applicable.

We performed the above procedures and noted no exceptions.

- 4) Obtain a listing of deposit sites for the fiscal period where deposits for cash/checks/money orders (cash) are prepared and management's representation that the listing is complete. Randomly select 5 deposit sites (or all deposit sites if less than 5).
- 5) For each deposit site selected, obtain a listing of collection locations and management's representation that the listing is complete. Randomly select one collection location for each deposit site (i.e., 5 collection locations for 5 deposit sites), obtain and inspect written policies and procedures relating to employee job duties (if no written policies or procedures, inquire of employees about their job duties) at each collection location, and observe that job duties are segregated at each collection location such that:
 - a. Employees that are responsible for cash collections do not share cash drawers/registers.

We performed the above procedures and noted no exceptions.

- b. Each employee responsible for collecting cash is not responsible for preparing/making bank deposits, unless another employee/official is responsible for reconciling collection documentation (e.g. pre-numbered receipts) to the deposit.

We performed the above procedures and noted no exceptions.

- c. Each employee responsible for collecting cash is not responsible for posting collection entries to general ledger or subsidiary ledgers, unless another employee/official is responsible for reconciling ledger postings to each other and to the deposits.

We performed the above procedures and noted no exceptions.

- d. The employee(s) responsible for reconciling cash collections to the general ledger and/or subsidiary ledgers, by revenue source and/or agency fund additions are not responsible for collecting cash, unless another employee/official verifies the reconciliation.

We performed the above procedures and noted no exceptions.

- 6) Obtain from management a copy of the bond or insurance policy for theft covering all employees who have access to cash. Observe the bond or insurance policy for theft was enforced during the fiscal period.

We performed the above procedures and noted no exceptions.

- 7) Randomly select two deposit dates for each of the 5 bank accounts selected for procedure #3 under "Bank Reconciliations" above (select the next deposit date chronologically if no deposits were made on the dates randomly selected and randomly select a deposit if multiple deposits are made on the same day). *Alternatively, the practitioner may use a source document other than bank statements when selecting the deposit dates for testing, such as a cash collection log, daily revenue report, receipt book, etc.* Obtain supporting documentation for each of the 10 deposits and:
 - 8) Observe that receipts are sequentially pre-numbered.

We performed the procedure above and noted no exceptions.

- a. Trace sequentially pre-numbered receipts, system reports, and other related collection documentation to the deposit slip.

We performed the procedure above and noted no exceptions.

- b. Trace the deposit slip total to the actual deposit per the bank statement.

We performed the procedure above and noted no exceptions.

- c. Observe the deposit was made within one business day of receipt at the collection location (within one week if the depository is more than 10 miles from the collection location or the deposit is less than \$100 and the cash is stored securely in a locked safe or drawer).

We performed the procedure above and noted no exceptions.

- d. Trace the actual deposit per the bank statement to the general ledger.

We performed the procedure above and noted no exceptions.

Non-Payroll Disbursements (excluding card purchases/payments, travel reimbursements, and petty cash purchases)

- 9) Obtain a listing of locations that process payments for the fiscal period and management's representation that the listing is complete. Randomly select 5 locations (or all locations if less than 5).
- 10) For each location selected under #8 above, obtain a listing of those employees involved with non- payroll purchasing and payment functions. Obtain written policies and procedures relating to employee job duties (if the agency has no written policies and procedures, inquire of employees about their job duties), and observe that job duties are properly segregated such that:
 - a. At least two employees are involved in initiating a purchase request, approving a purchase, and placing an order/making the purchase.
 - b. At least two employees are involved in processing and approving payments to vendors.
 - c. The employee responsible for processing payments is prohibited from adding/ modifying vendor files, unless another employee is responsible for periodically reviewing changes to vendor files.
 - d. Either the employee/official responsible for signing checks mails the payment or gives the signed checks to an employee to mail who is not responsible for processing payments.
 - e. Only employees/officials authorized checks approve the electronic disbursement(release) of funds, whether through automated clearing (ACH) electric funds transfer (EFT), wire transfer, or some other electronic means.

Entity does not utilize a purchase order system.

Management Response: Management will begin following its policy on the use of purchase orders.

- 11) For each location selected under #8 above, obtain the entity's non-payroll disbursement transaction population (excluding cards and travel reimbursements) and obtain management's representation that the population is complete. Randomly select 5 disbursements for each location, obtain supporting documentation for each transaction and:
 - a. Observe whether the disbursement matched the related original itemized invoice and supporting documentation indicates deliverables included on the invoice were received by the entity.

We performed the procedures above and noted no exceptions.

- b. Observe whether the disbursement documentation included evidence (e.g., initial/ date, electronic logging) of segregation of duties tested under #9, as applicable.

We performed the procedures above and noted no exceptions.

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

- 12) Obtain from management a listing of all active credit cards, bank debit cards, fuel cards, and P-cards (card) for the fiscal period, including the card numbers and the names of the persons who maintained possession of the cards. Obtain management's representation that the listing is complete.

We performed the procedure above and noted no exceptions

- 13) Using the listing prepared by management randomly select 5 cards (or all cards if less than 5 that were used during the fiscal period. Randomly select one monthly statement or combined statement for each card (for a debit card, randomly select one monthly bank statement), obtain supporting documentation, and:
 - a. Observe that there is evidence that the monthly statement or combined statement and supporting documentation (e.g. original receipts for credit/debit card purchases exception reports for excessive fuel card usage) was reviewed and approved, in writing by someone other than the authorized card holder. (Note: Requiring such approval may constrain the legal authority of certain public officials (e.g., mayor of a Lawrason Act municipality); these instances should not be reported.)

We performed the procedure above and noted no exceptions

- b. Observe that finance charges and late fees were not assessed on the selected statements.

We performed the procedure above and noted no exceptions

- 14) Using the monthly statements or combined statements selected under #12 above, excluding fuel cards, randomly select 10 transactions (or all transactions if less than 10) from each statement, and obtain supporting documentation for the transactions (i.e., each card should have 10 transactions subject to testing). For each transaction, observe it is supported by (1) an original itemized receipt that identifies precisely what was purchased, (2) written documentation of the business/public purpose, and (3) documentation of the individuals participating in meals (for meal charges only). For missing receipts, the practitioner should describe the nature of the transaction and note whether management had a compensating control to address missing receipts, such as a "missing receipt statement" that is subject to increased scrutiny.

We performed the procedure above and noted no exceptions

Travel and Travel-Related Expense Reimbursements (excluding card transactions)

- 15) Obtain from management a listing of all travel and travel-related expense reimbursements during the fiscal period and management's representation that the listing or general ledger is complete. Randomly select 5 reimbursements, obtain the related expense reimbursement forms/prepaid expense documentation of each selected reimbursement, as well as the supporting documentation. For each of the 5 reimbursements selected:

- a. If reimbursed using a per diem, observe the approved reimbursement rate is no more than those rates established either by the State of Louisiana or the U.S. General Services Administration.

We performed the procedure above and noted no exceptions

- b. If reimbursed using actual costs, observe the reimbursement is supported by an original itemized receipt that identified precisely what was purchased.

We performed the procedure above and noted no exceptions

- c. Observe each reimbursement is supported by documentation of the business/public purpose (for meal charges, observe that the documentation includes the name of those individuals participating and other documentation required by written policy (procedure #1h).

We performed the procedure above and noted no exceptions

- d. Observe each reimbursement was reviewed and approved, in writing, by someone other than the person receiving reimbursement.

We performed the procedure above and noted no exceptions.

Contracts

- 16) Obtain from management a listing of all agreements/contracts for professional services, materials and supplies, leases, and construction activities that were initiated or renewed during the fiscal period. *Alternately, the practitioner may use an equivalent selection source, such as an active vendor list.* Obtain management's representation that the listing is complete. Randomly select 5 contracts (or all contracts if less than 5) from the listing, excluding the practitioner's contract, and:

- a. Observe that the contract was bid in accordance with the Louisiana Public Bid Law (e.g., solicited quotes or bids, advertised), if required by law.

We performed the procedures above and no exceptions noted.

- b. Observe that the contract was approved by the governing body/board, if required by policy or law (e.g. Lawrason Act, Home Rule Charter).

We performed the procedures above and no exceptions noted.

- c. If the contract was amended (e.g. change order), observe that the original contract terms provided for such an amendment and that amendments were made in compliance with the contract terms (e.g., if approval is required for any amendment, was approval documented).

We performed the procedures above and no exceptions noted.

- d. Randomly select one payment from the fiscal period for each of the 5 contracts, obtain the supporting invoice, agree the invoice to the contract terms, and observe that the invoice and related payment agreed to the terms and conditions of the contract.

We performed the procedure above and noted no exceptions.

Payroll and Personnel

- 17) Obtain a listing of employees/elected officials employed during the fiscal period and management's representation that the listing is complete. Randomly select 5 employees/officials, obtain related paid salaries and personnel files, and agree paid salaries to authorized salaries/pay rates in the personnel files.

We performed the procedure above and noted no exceptions.

- 18) Randomly select one pay period during the fiscal period. For the 5 employees/officials selected under #16 above, obtain attendance records and leave documentation for the pay period, and:
 - a. Observe that all selected employees/officials documented their daily attendance and leave (e.g., vacation, sick, compensatory). (Note: Generally, an elected official is not eligible to earn leave and does not document his/her attendance and leave. However, if the elected official is earning leave according to policy and/or contract, the official should document his/her daily attendance and leave.)

We performed the procedure above and noted no exceptions.

- a. Observe whether supervisors approved the attendance and leave of the selected employees or officials

We performed the procedure above and noted no exceptions.

- b. Observe that any leave accrued or taken during the pay period is reflected in the entity's cumulative leave records.

We performed the procedure above and noted no exceptions.

- c. Observe the rate paid to the employees or officials agrees to the authorized salary/pay rate found within the personnel file.

We performed the procedure above and noted no exceptions.

- 19) Obtain a listing of those employees or officials that received termination payments during the fiscal period and management's representation that the list is complete. Randomly select two employees or officials, obtain related documentation of the hours and pay rates used in management's termination payment calculations and the entity's policy on termination payments. Agree the hours to the employee or officials' cumulative leave records, agree the pay rates to the employee or officials authorized pay rates in the employee or officials' personnel files, and agree the termination payment to entity policy.

We performed the procedure above and noted no exceptions.

- 20) Obtain management's representation that employer and employee portions of third-party payroll related amounts (e.g., payroll taxes, retirement contributions, health insurance premiums, garnishments, workers' compensation premiums, etc.) have been paid, and any associated forms have been filed, by required deadlines.

We performed the procedure above and noted no exceptions.

Ethics

- 21) Using the 5 randomly selected employees/officials from procedure #16 under "Payroll and Personnel" above obtain ethics documentation from management, and:

- a. Observe that the documentation demonstrates each employee/official completed one hour of ethics training during the fiscal period.

We performed the procedure above and noted no exceptions.

- b. Observe whether the entity maintains documentation which demonstrates each employee and official were notified of any changes to the entity's ethics policy during the fiscal period, as applicable.

We performed the procedure above and noted no exceptions.

- C. Inquire and/or observe whether the agency has appointed an ethics designee as required by R.S. 42:1170

We performed the procedure above and noted no exceptions.

Debt Service

- 22) Obtain a listing of bonds/notes issued during the fiscal period and management's representation that the listing is complete. Select all bonds/notes on the listing, obtain supporting documentation, and observe that State Bond Commission approval was obtained for each debt instrument issued as required by Article VII, Section 8 of Louisiana.

We performed the procedure above and noted no exceptions.

- 23) Obtain a listing of bonds/notes outstanding at the end of the fiscal period and management's representation that the listing is complete. Randomly select one bond/note, inspect debt covenants, obtain supporting documentation for the reserve balance and payments, and agree actual reserve balances and payments to those required by debt covenants (including contingency funds, short-lived asset funds, or other funds required by the debt covenants).

We performed the procedure above and noted no exceptions.

- 24) Obtain a listing of misappropriations of public funds and assets during the fiscal period and management's representation that the listing is complete. Select all misappropriations on the listing, obtain supporting documentation, and observe that the entity reported the misappropriation(s) to the legislative auditor and the district attorney of the parish in which the entity is domiciled.

We performed the procedure above and noted no exceptions.

- 25) Observe that the entity has posted on its premises and website, the notice required by R.S. 24:523.1 concerning the reporting of misappropriation, fraud, waste, or abuse of public funds.

We performed the procedure above and noted no exceptions.

Information Technology Disaster Recovery/Business Continuity

- 26) Perform the following procedures, **verbally discuss the results with management**, and report "We performed the procedure and discussed the results with management."

- a. Obtain and inspect the entity's most recent documentation that it has backed up its critical data (if no written documentation, inquire of personnel responsible for backing up critical data) and observe that such backup occurred within the past week. If backups are stored on a physical medium (e.g., tapes, CDs), observe evidence that backups are encrypted before being transported.

We performed the procedures above and noted no exceptions noted.

- b. Obtain and inspect the entity's most recent documentation that it has tested/verified that its backups can be restored (if no written documentation, inquire of personnel responsible for testing/verifying backup restoration) and observe evidence that the test/verification was successfully performed within the past 3 months.

We performed the procedures above and noted no exceptions.

- c. Obtain a listing of the entity's computers currently in use and their related locations, and management's representation that the listing is complete. Randomly select 5 computers and observe while management demonstrates that the selected computers have current and active antivirus software and that the operating system and accounting system software in use are currently supported by the vendor.

We performed the procedures above and noted no exceptions.

Sexual Harassment

- 27) Using the 5 randomly selected employees/officials from procedure #16 under "Payroll and Personnel" above, obtain sexual harassment training documentation from management, and observe the documentation demonstrates each employee/official completed at least one hour of sexual harassment training during the calendar year.

We performed the procedure above and noted no exceptions.

- 28) Observe the entity has posted its sexual harassment policy and complaint procedure on its website (or in a conspicuous location on the entity's premises if the entity does not have a website).

We performed the procedure above and noted no exceptions.

- 29) Obtain the entity's annual sexual harassment report for the current fiscal period, observe that the report was dated on or before February 1, and observe that the report included the applicable requirements of R.S.42:344

- a. Number and percentage of public servants in the agency who have completed the training requirements;

N/A

- b. Number of sexual harassment complaints received by the agency;

N/A

- c. Number of complaints which resulted in a finding that sexual harassment occurred;

N/A

- d. Amount of time it took to resolve each complaint.

N/A

We performed the procedure above and noted no exceptions

We were engaged by Town of Delhi to perform this agreed-upon procedures engagement and conducted our engagement in accordance with attestation standards established by the American Institute of Certified Public Accountants and applicable standards of Government Auditing Standards. We were not engaged to and did not conduct an examination or review engagement, the objective of which would be the expression of an opinion or conclusion, respectively, on those C/C areas identified in the SAUPs. Accordingly, we do not express such an opinion or conclusion. Had we performed additional procedures, other matters might have come to our attention that would have been reported to you.

We are required to be independent of Town of Delhi and to meet our other ethical responsibilities, in accordance with the relevant ethical requirements related to our agreed-upon procedures engagement.

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

Bruno & Tervalon LLP

Lake Charles, Louisiana
March 22, 2024