

**CITY OF NEW ROADS  
NEW ROADS, LOUISIANA**

**ANNUAL FINANCIAL REPORT  
AS OF AND FOR THE YEAR ENDED  
DECEMBER 31, 2019**

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**CITY OF NEW ROADS  
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ANNUAL FINANCIAL REPORT  
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## INDEPENDENT AUDITORS' REPORT

To Mayor Dukes and  
Members of the City Council  
New Roads, Louisiana

### Report on the Financial Statements

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 City of New Roads, Louisiana as of and for the year ended December 31, 2019, and the related notes to the financial statements, which collectively comprise the City's basic financial statements as listed in the table of contents.

### Management's Responsibility for the Financial Statements

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

### Auditor's Responsibility

Our responsibility is to express opinions on these financial statements based on our audit. We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

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

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

### Opinions

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of the City of New Roads, Louisiana, as of December 31, 2019, and the respective changes in financial position, and, where applicable, cash flows thereof for the year then ended in accordance with accounting principles generally accepted in the United States of America.

## **Other Matters**

### *Required Supplementary Information*

Accounting principles generally accepted in the United States of America require that the management's discussion and analysis and budgetary comparison information on pages 4 through 11 and 56, be presented to supplement the basic financial statements. Such information, including other post-employment benefit and pension information on pages 57 through 62, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board, who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. We have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

### *Other Information*

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the City of New Roads, Louisiana's basic financial statements. The accompanying supplemental information schedules and other information as listed in the foregoing table of contents are presented for purposes of additional analysis and are not a required part of the basic financial statements of the City of New Roads, Louisiana.

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

## **Other Reporting Required by Government Auditing Standards**

In accordance with *Government Auditing Standards*, we have also issued our report dated June 30, 2020 on our consideration of the City of New Roads, Louisiana's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts and grant agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the City of New Roads, Louisiana's internal control over financial reporting and compliance.



Major, Morrison & David  
New Roads, Louisiana  
June 30, 2020

**MANAGEMENT'S DISCUSSION  
AND ANALYSIS**

**CITY OF NEW ROADS, LOUISIANA**  
**MANAGEMENT'S DISCUSSION AND ANALYSIS**  
**December 31, 2019**

As management of the City of New Roads, Louisiana (the "City"), we offer readers of the financial statements this narrative overview and analysis of the financial activities of the City of New Roads, Louisiana for the fiscal year ended December 31, 2019. This management discussion and analysis ("MD&A") is designed to provide an easy to read analysis of the City's financial activities based upon facts, decisions, or conditions currently known. This MD&A is intended to provide the readers of these financials with a broad overview of City finances. It is also intended to provide readers with an analysis of the City's short-term and long-term activities based upon information presented in the financial report and fiscal policies that have been adopted by the City. Specifically, this section is designed to assist the reader in focusing on significant financial issues, provide an overview of the City's financial activity, identify changes in the City's financial position (its ability to address next year and subsequent year challenges), identify any material deviations from the financial plan (the approved budget), and identify individual fund issues or concerns.

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

**Financial Highlights**

- The City's assets exceeded its liabilities at the close of the most recent fiscal year by \$9,007,795, an increase of \$122,396 from last year. Of this amount, \$(1,921,128) is unrestricted net position and may be used to meet the government's ongoing obligations to citizens and creditors. The majority of the City's net position is invested in its capital assets.
- As of the close of the current fiscal year, the City's governmental funds reported combined ending fund balances of \$783,712, an increase of \$403,664 in comparison with the prior year. The unassigned fund balance in the general fund, \$588,434, is available for spending at the government's discretion. All other fund balances are non-spendable (prepaid expenses) or restricted for grants, liability claims, and other uses.
- At the end of the current fiscal year, unassigned fund balance for the general fund was 11.4 percent of the total general fund expenditures and transfers out.
- The City's total debt decreased by \$327,868. (Note 12)

**Overview of the Financial Statements**

The intention of the discussion and analysis is to serve as an introduction to the City's financial statements. The City's basic financial statements consist of the following components:

1. Government-Wide Financial Statements
2. Fund Financial Statements
3. Notes to the Financial Statements
4. Other Supplementary Information, in addition to the basic financial statements themselves.

**1. GOVERNMENT-WIDE FINANCIAL STATEMENTS**

Government-Wide Financial statements are designed by GASB Statement No. 34 to change the way in which government financial statements are presented. It now provides readers for the first time a concise "entity-wide" Statement of Net Position and Statement of Activities, seeking to give the user of the financial statements a broad overview of the City's financial position and results of operations in a manner similar to private-sector business.

- A. The statement of net position presents information on all of the City's assets and liabilities using the accrual basis of accounting, which is similar to the accounting used by most private-sector companies. The difference between the assets and liabilities is reported as net position. Over time, increases or decreases in net position may serve as a useful indicator of whether the financial position of the City is improving or weakening.

**CITY OF NEW ROADS, LOUISIANA**  
**MANAGEMENT'S DISCUSSION AND ANALYSIS**  
**December 31, 2019**

- 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 related cash flows. Thus, revenues and expenses are reported in this statement for some items that will only result in cash flows in future fiscal periods (e.g., uncollected taxes).

The government wide financial statements further assist the reader in their evaluation by distinguishing functions of the City into:

- A. Governmental activities that are principally supported by taxes and intergovernmental revenues, and
- B. Business-type activities from other functions that are intended to recover all or a significant portion of their costs through user fees and charges.

**Government-Wide Financial Analysis**

As noted earlier, net position may serve over time as a useful indicator of a government's financial position. In the case of the City of New Roads, assets exceeded its liabilities at the close of the most recent fiscal year by \$9,007,795, an increase of \$122,396 from last year. The following is a summary of the City's net position:

**CITY OF NEW ROADS**  
**Net Position**

	<u>Governmental Activities</u>		<u>Business- type Activities</u>		<u>Total</u>	
	<u>2018</u>	<u>2019</u>	<u>2018</u>	<u>2019</u>	<u>2018</u>	<u>2019</u>
Current & Other Assets	804,154	1,461,872	3,772,496	4,083,262	4,576,650	5,545,134
Capital Assets	<u>5,615,122</u>	<u>5,374,606</u>	<u>9,299,130</u>	<u>8,921,184</u>	<u>14,914,252</u>	<u>14,295,790</u>
Total Assets	<u>6,419,276</u>	<u>6,836,478</u>	<u>13,071,626</u>	<u>13,004,446</u>	<u>19,490,902</u>	<u>19,840,924</u>
Deferred Outflows	<u>873,598</u>	<u>962,387</u>	<u>234,893</u>	<u>237,266</u>	<u>1,108,491</u>	<u>1,199,653</u>
Current Liabilities	436,974	678,160	530,263	846,520	967,237	1,524,680
Long-term Liabilities	<u>4,419,221</u>	<u>4,534,546</u>	<u>5,901,445</u>	<u>5,600,229</u>	<u>10,320,666</u>	<u>10,134,775</u>
Total liabilities	<u>4,856,195</u>	<u>5,212,706</u>	<u>6,431,708</u>	<u>6,446,749</u>	<u>11,287,903</u>	<u>11,659,455</u>
Deferred Inflows	<u>374,096</u>	<u>321,573</u>	<u>51,995</u>	<u>51,754</u>	<u>426,091</u>	<u>373,327</u>
Net Position:						
Invested in capital assets,						
Net of related debt	5,602,254	5,374,606	4,347,527	4,284,581	9,949,781	9,659,187
Restricted	135,419	195,278	1,032,084	1,074,458	1,167,503	1,269,736
Unrestricted	<u>(3,675,090)</u>	<u>(3,305,298)</u>	<u>1,443,205</u>	<u>1,384,170</u>	<u>(2,231,885)</u>	<u>(1,921,128)</u>
Total Net Position	<u>2,062,583</u>	<u>2,264,586</u>	<u>6,822,816</u>	<u>6,743,209</u>	<u>8,885,399</u>	<u>9,007,795</u>

By far the largest position of the City's net position reflects its investment in capital assets (e.g., land, buildings, land improvements, machinery and equipment, vehicles, city infrastructure, etc.) less any related debt used to acquire those assets that is still outstanding. The City uses these capital assets to provide services to citizens; consequently, these assets are not available for future spending. Although the City's investment in its capital assets is reported net of related debt, it should be noted that the resources needed to repay this debt must be provided from other sources, since the capital assets themselves cannot be used to liquidate these liabilities.



**CITY OF NEW ROADS, LOUISIANA**  
**MANAGEMENT'S DISCUSSION AND ANALYSIS**  
**December 31, 2019**

An additional portion of the City's net position represents resources that are subject to external and internal restrictions on how they are used. The remaining balance of \$(1,921,128) in unrestricted net position may be used to meet the government's ongoing obligations to citizens and creditors. At the end of the current fiscal year, the City is able to report positive balances in two of the three categories of net position for the government as a whole, as well as all categories for its business-type activities. The governmental activities reported a deficit within its unrestricted net position balance for the ninth year in a row and the City is working towards eliminating this in the coming years now that a majority of capital projects are essentially complete, debt payments are being made, and positive earnings are being recognized from past rate adjustments.

The City's net position increased by \$122,396 during the current fiscal year.

**CHANGES IN NET POSITION**

	<u>Governmental Activities</u>		<u>Business- type Activities</u>		<u>Total</u>	
	<u>2018</u>	<u>2019</u>	<u>2018</u>	<u>2019</u>	<u>2018</u>	<u>2019</u>
Revenues:						
Program revenues:						
Charges for services	1,193,302	1,226,799	7,791,136	7,594,896	8,984,438	8,821,695
Operating grants & Contributions	471,234	434,327	0	0	471,234	434,327
Capital grants & Contributions	9,475	2,500	0	0	9,475	2,500
General revenues:						
Sales taxes	1,533,467	1,552,616	0	0	1,533,467	1,552,616
Other taxes	362,067	386,318	0	0	362,067	386,318
Other general revenue	<u>466,377</u>	<u>521,340</u>	<u>127,309</u>	<u>31,184</u>	<u>466,377</u>	<u>552,524</u>
Total revenues	<u>4,035,922</u>	<u>4,123,900</u>	<u>7,918,445</u>	<u>7,626,080</u>	<u>11,954,367</u>	<u>11,749,980</u>
Expenses:						
General government	1,906,531	2,042,893	0	0	1,906,531	2,042,893
Public safety	1,297,393	1,354,561	0	0	1,297,393	1,354,561
Transportation	54,737	58,358	0	0	54,737	58,358
Streets & sanitation	1,046,587	1,173,307	0	0	1,046,587	1,173,307
Public works	303,242	276,502	0	0	303,242	276,502
Culture & recreation	475,311	488,337	0	0	475,311	488,337
Economic development	82,900	73,168	0	0	82,900	73,168
Educational	40,819	54,227	0	0	40,819	54,227
Welfare	303,828	275,543	0	0	303,828	275,543
Elect, Gas, W/Sewer	<u>0</u>	<u>0</u>	<u>6,200,765</u>	<u>5,830,688</u>	<u>6,200,765</u>	<u>5,830,688</u>
Total expenses	<u>5,511,348</u>	<u>5,796,896</u>	<u>6,200,765</u>	<u>5,830,688</u>	<u>11,712,113</u>	<u>11,627,584</u>
Increase (decrease) in net Position before transfers	(1,475,426)	(1,672,996)	1,717,680	1,795,392	242,254	122,396
Transfers	<u>1,355,000</u>	<u>1,875,000</u>	<u>(1,355,500)</u>	<u>(1,875,000)</u>	<u>0</u>	<u>0</u>
Increase (decrease) in Net position	( 120,426)	202,004	362,680	( 79,608)	242,254	122,396
Beginning net position	2,362,203	2,062,582	6,496,893	6,822,817	8,859,096	8,885,399
GASB 75 adjustment	<u>(179,195)</u>	<u>( 0)</u>	<u>( 36,756)</u>	<u>0</u>	<u>( 215,951)</u>	<u>0</u>
Beginning net position- restated 1/01	<u>2,183,008</u>	<u>2,062,582</u>	<u>6,460,137</u>	<u>6,822,817</u>	<u>8,643,145</u>	<u>8,885,399</u>
Ending net position 12/31	<u>2,062,582</u>	<u>2,264,586</u>	<u>6,822,817</u>	<u>6,743,209</u>	<u>8,885,399</u>	<u>9,007,795</u>

**CITY OF NEW ROADS, LOUISIANA**  
**MANAGEMENT'S DISCUSSION AND ANALYSIS**  
**December 31, 2019**

**Governmental Activities**

The Governmental Activities of the City include General Government, Public Safety, Transportation, Public Works, Streets and Sanitation, Recreation, Economic Development, Culture and Tourism, Educational, and Welfare. Sales taxes, property taxes, franchise taxes, as well as occupational licenses and fines, and internal transfers from the City's business activities fund most of these governmental activities.

Here we show the City's expenditures related to those functions typically associated with governments. In the chart below, General Government includes the following departments: Legislative (City Council), Judicial, Executive, Financial, Building and other General Administration. Public Safety encompasses the police department. Public Works is made up of the street and sanitation department. Culture and Tourism and Recreation departments contain the City's parks and community center activities. Economic Development & Educational consists of the economic development projects & educational pursuits, and Transportation consists of the City's venture with the parish government involving the airport. Welfare consists of the city's HUD section 8 housing program.

Governmental Activities Expenditures:

	2018	2018	2019	2019
	<u>Amount</u>	<u>%</u>	<u>Amount</u>	<u>%</u>
General Government	\$1,906,531	35%	\$2,042,893	35%
Public Safety	1,297,393	24%	1,354,561	24%
Transportation	54,737	1%	58,358	1%
Public Works	303,242	5%	276,502	5%
Street & Sanitation	1,046,587	19%	1,173,307	20%
Recreation-Culture & Tourism	475,311	9%	488,337	8%
Economic Development/Educational	123,719	2%	127,395	2%
Welfare Programs	303,828	5%	275,395	5%
Total Governmental Activities	<u>\$5,511,348</u>	<u>100%</u>	<u>\$5,796,896</u>	<u>100%</u>

General revenues are those available for the City to use to pay for the governmental activities described above.

General Revenues:

	2018	2018	2019	2019
	<u>Amount</u>	<u>%</u>	<u>Amount</u>	<u>%</u>
Taxes:				
Sales Taxes	\$1,533,467	41%	\$1,552,616	36%
Franchise Taxes	20,001	1%	31,357	1%
Property Taxes	342,066	9%	354,961	8%
Licenses & Permits	275,288	8%	242,440	6%
Intergovernmental Revenues	167,584	4%	246,592	6%
Investment Earnings	554	0%	3,493	0%
Miscellaneous	30,544	1%	28,815	0%
Transfers – Internal Activities	<u>1,355,000</u>	<u>36%</u>	<u>1,875,000</u>	<u>43%</u>
Total General Revenues & Transfers	<u>\$3,716,911</u>	<u>100%</u>	<u>\$4,335,274</u>	<u>100%</u>

Transfers from the city's business-type activities are the largest revenue source for the City comprising 43% of total governmental revenue. These transfers increased from fiscal year December 31, 2018 to December 31, 2019 by \$520,000 due in large part because of an increase in governmental expenses.

Sales taxes are the second largest revenue source for the City comprising 36% of total governmental revenue. Sales tax revenues increased from fiscal year ending December 31, 2018 to December 31, 2019 by \$19,149 or 1.2%.

Expenditures for the governmental activities increased by \$285,548 or 5.2% due to small increases in a majority of departments and in various operating cost categories.

**CITY OF NEW ROADS, LOUISIANA**  
**MANAGEMENT'S DISCUSSION AND ANALYSIS**  
**December 31, 2019**

**Business-Type Activities**

The Business-Type Activities of the City are those that the City charges a fee to customers to help it cover all or most of the cost of certain services it provides. The City's electric, gas, water, and sewer departments are reported here.

Business Type Activities:

	Fiscal year ended	<u>Operating Revenues</u>	Increase/ (Decrease)	
	<u>December 31, 2018</u>	<u>December 31, 2019</u>	<u>Between Years</u>	<u>%</u>
Electric	\$5,363,071	\$5,127,557	\$ (235,514)	(4.40)
Gas	\$1,100,726	\$1,107,543	\$ 6,817	0.60
Water	\$ 804,886	\$ 825,738	\$ 20,852	2.60
Sewer	<u>\$ 522,453</u>	<u>\$ 534,058</u>	\$ 11,605	2.22
	<u>\$7,791,136</u>	<u>\$7,594,896</u>		

Increase/(Decrease) Between Years.....\$ (196,240)

	Fiscal year ended	<u>Operating Expenses</u>	Increase/ (Decrease)	
	<u>December 31, 2018</u>	<u>December 31, 2019</u>	<u>Between Years</u>	<u>%</u>
Electric	\$4,090,453	\$3,879,176	\$ (211,277)	(5.17)
Gas	\$ 692,539	\$ 631,281	\$ (61,258)	(8.85)
Water	\$ 732,899	\$ 770,170	\$ 37,271	5.08
Sewer	<u>\$ 402,737</u>	<u>\$ 450,321</u>	\$ 47,584	11.82
	<u>\$5,918,628</u>	<u>\$5,730,948</u>		

Increase/(Decrease) Between Years.....\$ (187,680)

**2. FUND FINANCIAL STATEMENTS**

A fund is the grouping of related accounts that is used to maintain control over resources that have been segregated for specific activities or objectives. The City, like other state and local governments, uses fund accounting to ensure and demonstrate compliance with finance-related legal requirements. All of the funds of the City can be divided into two categories: governmental funds and proprietary funds.

A. Governmental funds are used to account for most of the City's basic services that are 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 left at year-end that are available for spending. Modified accrual accounting is used to report these funds. Modified accrual accounting measures cash and all other financial assets that can readily be converted to cash. The governmental fund statements provide a detailed short-term view of the City's general government operations and the basic services it provides. Governmental fund information aids in the determination of whether there are more or less financial resources that can be spent in the near future to finance the City's programs.

Because the focus of governmental funds is narrower than that of the government-wide financial statements, it is useful to compare the information presented for government funds with similar information presented for governmental activities in the government-wide financial statements. By doing so, readers may better understand the long-term impact of the governments near term financing decisions. Both the governmental fund balance sheet and the governmental fund statement of revenues, expenditures, and changes in fund balances provide a reconciliation to facilitate this comparison between governmental funds and governmental activities. These reconciliations are located on pages 16 and 18.

**CITY OF NEW ROADS, LOUISIANA**  
**MANAGEMENT'S DISCUSSION AND ANALYSIS**  
**December 31, 2019**

The City maintains two individual governmental funds. Information is presented separately in the governmental fund balance sheet and in the governmental fund statement of revenues, expenditures, and changes in fund balances for the General Fund, which is the only major governmental fund. Data for the other non-major fund (HUD Section 8 Special Revenue Fund) is reflected in a single aggregated presentation. The basic fund financial statements can be found on pages 15 and 17 of this report.

**Financial Analysis of the Governmental Funds**

As of the end of the current fiscal year, the City's governmental funds reported combined ending fund balances of \$783,712, an increase of \$403,664 from the prior year ending December 31, 2018. In the General Fund, the unassigned fund balance is \$588,434.

The City has restricted \$3,738 of its general fund balance for possible future coverage in liability claims. The general fund balance also consists of a non-spendable balance of \$89,610 in the form of prepaid expenses.

The City's major fund, the General Fund, had an increase from the prior year of \$389,036, from \$292,746 in the year ending December 31, 2018 to \$681,782 in the year ending December 31, 2019. The restricted fund balances in the other governmental funds in the amount of \$101,930 indicates that these funds are not available for new spending because they have already been committed for grant programs. Individual fund data for each of the nonmajor governmental funds is provided in the form of combining statements in the Supplemental Information portion of this report, beginning on page 65.

B. *Proprietary Funds*- Enterprise funds are used to report the same functions presented as business-type activities in the government-wide financial statements. The City uses enterprise funds to account for its Electric, Gas, Water and Sewer departments. Proprietary funds provide the same type of information as the government-wide financial statements, only in more detail. The proprietary fund financial statements provide separate information for the Electric, Gas, Water, and Sewer departments, which are considered to be major funds of the City. The basic proprietary fund financial statements can be found on pages 19-22 of this report.

**3. NOTES TO THE FINANCIAL STATEMENTS**

The notes to the financial statements provide additional information that is essential for a full understanding of the data provided in the government-wide and fund financial statements. The notes to the financial statement can be found on pages 24-54 of this report.

**4. OTHER SUPPLEMENTARY INFORMATION**

In addition to the basic financial statements and accompanying notes, this report also presents certain required supplementary information. Required supplementary information can be found beginning on page 56 of this report.

- a. Budgetary Comparison Schedule - The City adopts an annual appropriated budget for its general fund. A budgetary comparison statement has been provided for this fund to demonstrate compliance with its budget on page 56.
- b. Analysis of Significant Budget Variances in the General Fund:
  1. Revenues:
    - a. Increase in taxes for sales, property & franchise of \$48,934.
    - b. Decrease in licenses and permits of \$49,455.
    - c. Increase in intergovernmental revenue of \$22,794 due to increased video poker.
    - d. Remaining revenues were close to estimated budget figures, but fell under budget.
  2. Expenditures:
    - a. Over budget for general government, public safety & streets and sanitation expenditures (mainly operating costs and overtime) in the amount of \$15,313, 87,028 and \$81,447, respectively.

**CITY OF NEW ROADS, LOUISIANA**  
**MANAGEMENT'S DISCUSSION AND ANALYSIS**  
**December 31, 2019**

- b. Over budget for culture and recreation for festivals and parks of \$47,306.
- c. Under budget in capital outlay costs due to completion of various projects- \$88,496.
- d. Remaining expenses were slightly over/under budget or right at estimated amounts.

Additional required supplementary information includes information on the Schedule of changes in total OPEB liability (page 57) and employee retirement system information as it pertains to the City (pages 58-62).

**Supplemental Information**

- A. Statements of the Non-Major Governmental Fund (Special Revenue: HUD Section 8) as well as a budgetary comparison schedule have been provided on pages 65-67.
- B. Schedule of Compensation, Benefits, and Other Payments to Agency Head is shown on page 68.
- B. Other reports required by Government Auditing Standards follow, starting on page 70.

**Capital Asset and Debt Administration**

**A. Capital Assets**

The city's investment in capital assets for its governmental and business-type activities as of December 31, 2019 amounts to \$14,295,790 (net of accumulated depreciation). This investment in capital assets includes land, buildings and systems, improvements, machinery and equipment, furniture and fixtures, park facilities, roads, and highways. The total increase in the City's investment in capital assets for the current fiscal year was \$417,867 or 2.8%, less depreciation expense in the amount of \$1,028,084.

Major capital asset additions during the current fiscal year included the following:

- 1. Various equipment and computers for the police, general administration, and public works departments for \$123,802.
- 2. Major Parkway lift station improvements and Railroad Ave water lines for \$234,835.
- 3. Transformers and system pole change outs for electrical system for \$59,680.

Additional information on the City's capital assets can be found in Note 5 on pages 34 and 35 of this report.

**B. Long-Term Debt**

At the end of the current fiscal year, the City had total bonded debt outstanding of \$4,636,603. Of this amount, \$4,125,000 is payable from the income and revenues earned from the electric system, and \$511,603 is payable from the income and revenues earned from the water and sewer system.

The City's total debt decreased \$327,868 (6.60%) during the current fiscal year. Additional information on the City's long-term debt can be found in Note 12 on pages 47-49.

**Economic Factors and Next Year's Budget**

The following factors were considered in preparing the City's budget for the 2020 fiscal year:

Budgeted sales tax amounts were kept steady with estimated final 2019 figures with hopes of increases due to anticipation of an improving economy and new businesses in the city. Revenues from grants are estimated to be in the amount of \$225,000 if awarded based on applications. Occupational licenses, intergovernmental revenues, and other revenues were budgeted flat to take a conservative approach until more concrete data during the year indicates an upswing in revenues.

Transfers from the utility funds are expected to decrease to \$1,385,000 a drop of \$490,000 due to less capital projects other than those projects planned in the proprietary funds.

**CITY OF NEW ROADS, LOUISIANA**  
**MANAGEMENT'S DISCUSSION AND ANALYSIS**  
**December 31, 2019**

Within expenditures, all departmental expenses are estimated to remain steady with decreases in costs to be implemented where possible. Expenditures within all departments will be examined for cost saving measures in order to obtain efficiencies and lower costs where they can be implemented. Overall capital outlay within the governmental funds is budgeted to increase to \$500,000 with most of the costs to be covered by expected grant funding.

The proprietary fund budgets have been prepared conservatively and will be monitored closely to take into account amounts to be transferred to the general government so that each fund remains profitable. Revenues are expected to be on the same level as 2019 with the full accounting in previous years of rate adjustments. Additional cuts in expenditures where possible are expected to be made for a more efficient operation.

Due to the COVID-19 pandemic, the United States has experienced volatile economic conditions and disruption of general business activities. It is currently unknown how this will affect the City's operations in the coming year, but could have impacts on sales taxes, inflationary cost increases, and delays of utility revenue collections from customers to name a few items. The City intends to monitor the impact closely and request the needed available federal funds being offered to local governments.

**Contacting the City's Financial Management**

This financial report is designed to provide our citizens, taxpayers, customers, investors, and creditors with a general overview of the City's finances and to demonstrate the City's accountability for the money it receives. If you have any questions about this report or need additional financial information, contact Mayor Cornell Dukes, City of New Roads P.O. Box 280 New Roads, Louisiana, 70760.

## **BASIC FINANCIAL STATEMENTS**

**CITY OF NEW ROADS, LOUISIANA**  
**STATEMENT OF NET POSITION**  
**December 31, 2019**

	<b>Governmental Activities</b>	<b>Business-Type Activities</b>	<b>Total</b>
<b>ASSETS</b>			
Cash and cash equivalents	\$ 323,217	\$ 632,183	\$ 955,400
Investments	188,949	611,086	800,035
Account receivables, net	170,833	1,218,168	1,389,001
Inventory	-	97,701	97,701
Internal balances	241,251	(241,251)	-
Due from other governmental units	310,768	-	310,768
Prepaid expenses	89,610	25,660	115,270
Restricted cash & cash equivalents	105,668	911,898	1,017,566
Restricted investments	31,576	827,817	859,393
Capital assets, net of depreciation	5,374,606	8,921,184	14,295,790
Total assets	<u>6,836,478</u>	<u>13,004,446</u>	<u>19,840,924</u>
<b>DEFERRED OUTFLOWS OF RESOURCES</b>			
Deferred outflows related to post employment benefits	268,229	49,694	317,923
Deferred outflows related to pensions	694,158	123,639	817,797
Deferred bond refunding cost	-	63,933	63,933
Total deferred outflows of resources	<u>962,387</u>	<u>237,266</u>	<u>1,199,653</u>
<b>LIABILITIES</b>			
Accounts payable and accrued expenses	648,359	495,474	1,143,833
Internal balances	11,258	(11,258)	-
Due to other governmental units	18,543	37,304	55,847
Current portion of long-term obligations	-	325,000	325,000
Utility deposits	-	398,244	398,244
Net pension liability	3,339,900	650,581	3,990,481
Other post employment benefits payable	1,194,646	239,801	1,434,447
Non-current portion of long-term obligations	-	4,311,603	4,311,603
Total liabilities	<u>5,212,706</u>	<u>6,446,749</u>	<u>11,659,455</u>
<b>DEFERRED INFLOWS OF RESOURCES</b>			
Deferred inflows related to post employment benefits	47,153	9,939	57,092
Deferred inflows related to pensions	274,420	41,815	316,235
Total deferred inflows of resources	<u>321,573</u>	<u>51,754</u>	<u>373,327</u>
<b>NET POSITION</b>			
Invested in capital assets, net of related debt	5,374,606	4,284,581	9,659,187
Restricted for:			
Liability Claims	3,738	-	3,738
Prepaid expenses	89,610	-	89,610
Capital additions	-	487,560	487,560
Debt service	-	586,898	586,898
HUD grant	101,930	-	101,930
Unrestricted (deficit)	<u>(3,305,298)</u>	<u>1,384,170</u>	<u>(1,921,128)</u>
Total net position	<u>\$ 2,264,586</u>	<u>\$ 6,743,209</u>	<u>\$ 9,007,795</u>

The accompanying notes are an integral part of this statement.



**CITY OF NEW ROADS, LOUISIANA**  
**STATEMENT OF ACTIVITIES**  
For the Year Ended December 31, 2019

FUNCTIONS/PROGRAMS	Expenses	Program Revenues			Net (Expense) Revenue and Changes in Net Position		
		Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions	Governmental Activities	Business-Type Activities	Total
Governmental activities:							
General government	\$ 2,042,893	\$ 427,959	\$ 89,905	\$ 2,500	\$ (1,522,529)	-	\$ (1,522,529)
Public safety	1,354,561	56,516	52,250	-	(1,245,795)	-	(1,245,795)
Transportation	58,358	-	-	-	(58,358)	-	(58,358)
Streets & sanitation	1,173,307	474,692	-	-	(698,615)	-	(698,615)
Public works	276,502	690	-	-	(275,812)	-	(275,812)
Culture and recreation	488,337	261,256	2,000	-	(225,081)	-	(225,081)
Economic development	73,168	5,686	-	-	(67,482)	-	(67,482)
Educational	54,227	-	-	-	(54,227)	-	(54,227)
Welfare	275,543	-	290,172	-	14,629	-	14,629
Total governmental activities	5,796,896	1,226,799	434,327	2,500	(4,133,270)	-	(4,133,270)
Business-type activities:							
Electric	3,973,818	5,127,557	-	-	-	1,153,739	1,153,739
Natural gas	631,281	1,107,543	-	-	-	476,262	476,262
Water and sewer	1,225,589	1,359,796	-	-	-	134,207	134,207
Total business-type activities	5,830,688	7,594,896	-	-	-	1,764,208	1,764,208
Total primary government	\$ 11,627,584	\$ 8,821,695	\$ 434,327	\$ 2,500	(4,133,270)	1,764,208	(2,369,062)
General revenues:							
Taxes:							
Sales taxes					1,552,616	-	1,552,616
Property taxes					354,961	-	354,961
Franchise taxes					31,357	-	31,357
Occupational licenses					242,440	-	242,440
Video poker revenue					246,592	-	246,592
Gain(loss) on sale of fixed assets					(1,344)	-	(1,344)
Investment earnings					3,493	31,184	34,677
Miscellaneous					30,159	-	30,159
Transfers - internal activities					1,875,000	(1,875,000)	-
Total general revenues and transfers					4,335,274	(1,843,816)	2,491,458
Change in net position					202,004	(79,608)	122,396
Net position - beginning of the year					2,062,582	6,822,817	8,885,399
Net position - end of the year					\$ 2,264,586	\$ 6,743,209	\$ 9,007,795

The accompanying notes are an integral part of this statement.

**CITY OF NEW ROADS, LOUISIANA**  
**BALANCE SHEET**  
**GOVERNMENTAL FUNDS**  
**December 31, 2019**

	General Fund	Other Governmental Funds	Total Governmental Funds
<b><u>ASSETS</u></b>			
Current Assets			
Cash	\$ 323,217	\$ -	\$ 323,217
Investments	188,949	-	188,949
Accounts receivable, net	170,833	-	170,833
Due from other funds	241,251	-	241,251
Due from other governmental units	310,768	-	310,768
Prepaid expenses	89,610	-	89,610
Restricted Assets			
Cash	3,738	101,930	105,668
Investments	31,576	-	31,576
 TOTAL ASSETS	 \$ 1,359,942	 \$ 101,930	 \$ 1,461,872
<b><u>LIABILITIES &amp; FUND BALANCE</u></b>			
<b>LIABILITIES:</b>			
Accounts payable	\$ 435,664	\$ -	\$ 435,664
Accrued liabilities	57,361	-	57,361
Compensated absences	155,334	-	155,334
Due to other funds	11,258	-	11,258
Due to other governmental units	18,543	-	18,543
TOTAL LIABILITIES	678,160	-	678,160
<b>FUND BALANCE</b>			
Nonspendable:			
Prepaid expenses	89,610	-	89,610
Restricted for:			
Liability claims	3,738	-	3,738
Federal grants	-	101,930	101,930
Unassigned	588,434	-	588,434
TOTAL FUND BALANCE	681,782	101,930	783,712
 TOTAL LIABILITIES & FUND BALANCE	 \$ 1,359,942	 \$ 101,930	 \$ 1,461,872

The accompanying notes are an integral part of this statement.

**CITY OF NEW ROADS, LOUISIANA  
RECONCILIATION OF THE BALANCE SHEET - GOVERNMENTAL FUNDS  
TO THE STATEMENT OF NET POSITION**

**For the Year Ended December 31, 2019**

Total fund balance - governmental funds	\$ 783,712
Amounts reported for governmental activities in the statement of net position are different because:	
Capital assets used in governmental activities are not current financial resources and, therefore, are not reported in the Balance sheet - governmental funds.	5,374,606
Long-term liabilities are not due and payable in the current period and therefore are not reported in the Balance Sheet - governmental funds.	
Net pension liability	(3,339,900)
Other post employment benefits	(1,194,646)
Deferred outflows of resources related to pensions do not require the use of current financial resources and, therefore, are not reported in the Balance Sheet - governmental funds.	694,158
Deferred outflows of resources related to post employment benefits do not require the use of current financial resources and, therefore, are not reported in the Balance Sheet - governmental funds.	268,229
Deferred inflows of resources related to pensions do not require the use of current financial resources and, therefore, are not reported in the Balance Sheet - governmental funds.	(274,420)
Deferred inflows of resources related to post employment benefits do not require the use of current financial resources and, therefore, are not reported in the Balance Sheet - governmental funds.	(47,153)
Total net position of governmental activities	<u>\$ 2,264,586</u>

The accompanying notes are an integral part of this statement.

**CITY OF NEW ROADS, LOUISIANA**  
**STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES**  
**GOVERNMENTAL FUNDS**  
**For the Year Ended December 31, 2019**

	<b>General Fund</b>	<b>Other Governmental Funds</b>	<b>Total Governmental Funds</b>
<b>REVENUES</b>			
Taxes	\$ 1,938,934	\$ -	\$ 1,938,934
Licenses and permits	247,545	-	247,545
Intergovernmental revenue	331,969	288,609	620,578
Charges for services	1,080,314	-	1,080,314
Fines and forfeitures	53,221	-	53,221
Miscellaneous	35,962	1,562	37,524
Total revenues	3,687,945	290,171	3,978,116
<b>EXPENDITURES</b>			
General government	1,593,888	-	1,593,888
Public safety	1,390,128	-	1,390,128
Streets and sanitation	1,173,307	-	1,173,307
Transportation	58,358	-	58,358
Culture and recreation	424,561	-	424,561
Economic development and assistance	73,168	-	73,168
Educational	54,227	-	54,227
Capital outlay	123,802	-	123,802
Debt service	12,868	-	12,868
Welfare	-	275,543	275,543
Public works	276,502	-	276,502
Total expenditures	5,180,809	275,543	5,456,352
<b>EXCESS (DEFICIENCY) OF REVENUES OVER EXPENDITURES</b>	(1,492,864)	14,628	(1,478,236)
<b>OTHER FINANCING SOURCES (USES)</b>			
Transfers in	1,875,000	-	1,875,000
Sale of fixed assets	6,900	-	6,900
Transfers out	-	-	-
Total other financing sources (uses)	1,881,900	-	1,881,900
<b>EXCESS (DEFICIENCY) OF REVENUES AND OTHER SOURCES OVER EXPENDITURES AND OTHER USES</b>	389,036	14,628	403,664
<b>FUND BALANCES AT BEGINNING OF YEAR</b>	292,746	87,302	380,048
<b>FUND BALANCES AT END OF YEAR</b>	\$ 681,782	\$ 101,930	\$ 783,712

The accompanying notes are an integral part of this statement.

**CITY OF NEW ROADS, LOUISIANA**  
**RECONCILIATION OF THE STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES**  
**IN FUND BALANCES OF GOVERNMENTAL FUNDS TO THE STATEMENT OF ACTIVITIES**

**For the Year Ended December 31, 2019**

Net change in fund balances - total governmental funds	\$	403,664
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Amounts reported for governmental activities in the statement of activities are different because:

Governmental funds report capital outlays as expenditures. However, in the statement of activities the cost of those assets is allocated over their estimated useful lives and reported as depreciation expense. This is the amount which capital outlays exceeded depreciation in the current period.

Capital outlays		123,802
Depreciation expense		(356,073)

Governmental funds report the proceeds from the sale of capital assets as revenues. However, in the statement of activities only gains or losses are reported:

Gain (loss) on the disposal of capital assets		(1,344)
Proceeds from the sale of capital assets		(6,900)

Repayment of capital leases are an expenditure in the governmental funds, but the repayment reduces long-term liabilities in the statement of net position. This is the amount of repayment of capital lease obligations.		12,868
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Governmental funds report current year pension contributions as expenditures. However, in the statement of activities it is an actuarially calculated expense. This represents the difference between pension contributions and actuarially calculated expense.		(61,719)
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The City's proportionate share of non-employer contributions to the pension plans do not provide current financial resources and, therefore, are not reported as revenue in the governmental funds.		62,174
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Governmental funds report current year post employment benefit contributions as expenditures. However, in the statement of activities it is an actuarially calculated expense. This represents the difference between post employment benefit contributions and the actuarially calculated expense.		25,532
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Change in net position of governmental activities	\$	202,004
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The accompanying notes are an integral part of this statement.

**CITY OF NEW ROADS, LOUISIANA**  
**STATEMENT OF NET POSITION**  
**PROPRIETARY FUNDS**  
**December 31, 2019**

	Business-Type Activities - Enterprise Funds			
	Electric	Natural Gas	Water/Sewer	Total
<b>ASSETS</b>				
Current Assets:				
Cash and cash equivalents	\$ 388,827	\$ 106,287	\$ 137,069	\$ 632,183
Investments	611,086	-	-	611,086
Account receivables, net	1,000,272	124,196	93,700	1,218,168
Inventory	97,701	-	-	97,701
Due from other funds	158,221	173,032	3,000	334,253
Prepaid expenses	21,995	358	3,307	25,660
Total current assets	2,278,102	403,873	237,076	2,919,051
Non-current Assets:				
Restricted Assets:				
Cash & cash equivalents	751,391	-	160,507	911,898
Investments	-	275,360	552,457	827,817
Capital assets, net of depreciation	2,960,564	344,836	5,615,784	8,921,184
Total noncurrent assets	3,711,955	620,196	6,328,748	10,660,899
Total assets	5,990,057	1,024,069	6,565,824	13,579,950
<b>DEFERRED OUTFLOWS OF RESOURCES</b>				
Deferred outflows related to post employment benefits	36,072	-	13,622	49,694
Deferred outflows related to pensions	67,659	-	55,980	123,639
Deferred bond refunding costs	63,933	-	-	63,933
Total deferred outflows of resources	167,664	-	69,602	237,266
<b>LIABILITIES</b>				
Current Liabilities:				
Accounts payable and accrued expenses	436,555	48,926	9,993	495,474
Due to other funds	314,112	35,272	214,862	564,246
Due to other governmental units	37,848	-	(544)	37,304
Current portion of long-term obligations	275,000	-	50,000	325,000
Utility deposits	398,244	-	-	398,244
Total current liabilities	1,461,759	84,198	274,311	1,820,268
Noncurrent Liabilities:				
Net pension liability	416,426	-	234,155	650,581
Other post employment benefits payable	135,418	-	104,383	239,801
Non-current portion of long-term obligations	3,850,000	-	461,603	4,311,603
Total noncurrent liabilities	4,401,844	-	800,141	5,201,985
Total liabilities	5,863,603	84,198	1,074,452	7,022,253
<b>DEFERRED INFLOWS OF RESOURCES</b>				
Deferred inflows related to post employment benefits	7,958	-	1,981	9,939
Deferred inflows related to pensions	30,165	-	11,650	41,815
Total deferred inflows of resources	38,123	-	13,631	51,754
<b>NET POSITION</b>				
Invested in capital assets, net of related debt	(1,164,436)	344,836	5,104,181	4,284,581
Restricted for:				
Capital additions	-	275,360	212,200	487,560
Debt service	476,391	-	110,507	586,898
Unrestricted (deficit)	944,040	319,675	120,455	1,384,170
Total net position	\$ 255,995	\$ 939,871	\$ 5,547,343	\$ 6,743,209

The accompanying notes are an integral part of this statement.

**CITY OF NEW ROADS, LOUISIANA**  
**STATEMENT OF REVENUES, EXPENSES,**  
**AND CHANGES IN FUND NET POSITION**  
**PROPRIETARY FUNDS**  
**For the Year Ended December 31, 2019**

	<b>Electric Utility System</b>	<b>Natural Gas Utility System</b>	<b>Water &amp; Sewer Utility Systems</b>	<b>Total Memo Only</b>
<b>OPERATING REVENUES</b>				
Charges for services	\$ 5,127,557	\$ 1,107,543	\$ 1,359,796	\$ 7,594,896
Miscellaneous	-	-	-	-
Total operating revenues	5,127,557	1,107,543	1,359,796	7,594,896
<b>OPERATING EXPENSES</b>				
Personal services	346,422	3,626	130,377	480,425
Contracted services	54,436	50,140	130,506	235,082
Operating costs	2,972,893	515,428	122,618	3,610,939
Maintenance and supplies	216,635	25,805	277,247	519,687
Insurance	59,088	2,118	41,850	103,056
Utilities	8,223	1,098	100,427	109,748
Depreciation	221,479	33,066	417,466	672,011
Total operating expenses	3,879,176	631,281	1,220,491	5,730,948
Operating income (loss)	1,248,381	476,262	139,305	1,863,948
<b>NONOPERATING REVENUES (EXPENSES)</b>				
Investment earnings	13,741	5,608	11,835	31,184
Interest and fiscal charges	(94,642)	-	(5,098)	(99,740)
Total nonoperating revenues (expenses)	(80,901)	5,608	6,737	(68,556)
Income before operating transfers	1,167,480	481,870	146,042	1,795,392
<b>OPERATING TRANSFERS</b>				
Transfers in	-	-	-	-
Transfers out	(955,000)	(375,000)	(545,000)	(1,875,000)
Total operating transfers	(955,000)	(375,000)	(545,000)	(1,875,000)
<b>CHANGE IN NET POSITION</b>	212,480	106,870	(398,958)	(79,608)
<b>NET POSITION AT BEGINNING OF YEAR</b>	43,515	833,001	5,946,301	6,822,817
<b>NET POSITION AT END OF YEAR</b>	\$ 255,995	\$ 939,871	\$ 5,547,343	\$ 6,743,209

The accompanying notes are an integral part of this statement.

**CITY OF NEW ROADS, LOUISIANA**  
**STATEMENT OF CASH FLOWS**  
**PROPRIETARY FUNDS**  
**For the Year Ended December 31, 2019**

	<b>BUSINESS-TYPE ACTIVITIES - ENTERPRISE FUNDS</b>			
	<b>ELECTRIC FUND</b>	<b>NATURAL GAS FUND</b>	<b>WATER/SEWER FUND</b>	<b>TOTAL</b>
<b>Cash flows from operating activities:</b>				
Receipts from customers	\$ 4,952,875	\$ 970,641	\$ 1,403,079	\$ 7,326,595
Payments to employees for services	(241,003)	-	(84,343)	(325,346)
Payments to suppliers of goods & services	(2,744,011)	(493,140)	(492,512)	(3,729,663)
Payments for quasi-external transactions	(140,000)	(120,000)	(80,000)	(340,000)
Payments for payroll taxes	(3,477)	-	(1,223)	(4,700)
Payments for employee benefits	(100,386)	-	(40,527)	(140,913)
Net cash provided (used) by operating activities	1,723,998	357,501	704,474	2,785,973
<b>Cash flows from noncapital financing activities:</b>				
Transfers received for other than capital purposes	-	-	-	-
Transfers to other funds	(955,000)	(375,000)	(545,000)	(1,875,000)
Net cash provided (used) by noncapital financing activities	(955,000)	(375,000)	(545,000)	(1,875,000)
<b>Cash flows from capital and related financing activities:</b>				
Principal repayments related to capital purposes	(265,000)	-	(50,000)	(315,000)
Interest repayments related to capital purposes	(94,642)	-	(5,573)	(100,215)
Payments related to the acquisition of capital asset	(59,680)	-	(234,385)	(294,065)
Issuance cost refunding bonds	5,480	-	-	5,480
Net cash provided (used) by capital and related financing activities	(413,842)	-	(289,958)	(703,800)
<b>Cash flows from investing activities:</b>				
Investment earnings	13,741	5,608	11,835	31,184
Purchase of investments	(67,879)	(47,608)	(46,837)	(162,324)
Net cash provided (used) by investing activities	(54,138)	(42,000)	(35,002)	(131,140)
<b>Net increase (decrease) in cash and cash equivalents</b>	301,018	(59,499)	(165,485)	76,034
<b>Cash and cash equivalents at beginning of year</b>				
Unrestricted cash	87,871	165,786	302,554	556,211
Restricted cash	751,329	-	160,507	911,836
<b>TOTAL BEGINNING CASH</b>	839,200	165,786	463,061	1,468,047
<b>Cash and cash equivalents at end of year</b>				
Unrestricted cash	388,827	106,287	137,069	632,183
Restricted cash	751,391	-	160,507	911,898
<b>TOTAL ENDING CASH</b>	\$ 1,140,218	\$ 106,287	\$ 297,576	\$ 1,544,081

The accompanying notes are an integral part of this statement.



**CITY OF NEW ROADS, LOUISIANA**  
**STATEMENT OF CASH FLOWS**  
**PROPRIETARY FUNDS**  
**For the Year Ended December 31, 2019**

	<b>BUSINESS-TYPE ACTIVITIES - ENTERPRISE FUNDS</b>			
	<b>ELECTRIC FUND</b>	<b>NATURAL GAS FUND</b>	<b>WATER/SEWER FUND</b>	<b>TOTAL</b>
Operating income	\$ 1,248,381	\$ 476,262	\$ 139,305	\$ 1,863,948
Adjustments to reconcile operating income to net cash provided (used) by operating activities:				
Depreciation	221,479	33,066	417,466	672,011
Pension & OPEB expense	10,616	-	4,487	15,103
Bad debt expense	91,302	9,971	55,485	156,758
(Increase) decrease in accounts receivable	(374,711)	(12,063)	(69,174)	(455,948)
(Increase) decrease in due from other funds	6,807	(144,779)	(3,000)	(140,972)
(Increase) decrease in prepaid items	(510)	242	8,430	8,162
Increase (decrease) in accounts payable	239,217	(36,960)	(1,128)	201,129
Increase (decrease) in due to other funds	279,861	31,762	150,446	462,069
Increase (decrease) in accrued payables	1,556	-	2,157	3,713
Total adjustments	475,617	(118,761)	565,169	922,025
Net cash provided (used) by operating activities	1,723,998	357,501	704,474	2,785,973

The accompanying notes are an integral part of this statement.

## **NOTES TO FINANCIAL STATEMENTS**

**City of New Roads, Louisiana**  
**Notes to the Financial Statements**  
**As of and for the Year Ended December 31, 2019**

**INTRODUCTION**

The City of New Roads, Louisiana (City) was incorporated by a special act of the Louisiana Legislature in 1875 (Act No. 34). The City operates under an elected Mayor-Council form of government, serving approximately 4,831 residents, consisting of the mayor and 5 council members (see Note 25) each representing a separate district with one at-large member. All are elected to four-year terms. The City of New Roads is located approximately 30 miles northwest of Baton Rouge, Louisiana and provides the following services as authorized by its charter: public safety (police), highways and streets, sanitation and drainage, culture and recreation, public improvements, planning and zoning, and general administrative services. The City also provides electrical, gas, water, and sewer utility services to its residents and to portions of areas outside the City limits. The City employs approximately 46 workers.

**NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES**

**A. BASIS OF PRESENTATION**

The accompanying financial statements of the City have been prepared in conformity with governmental accounting principles generally accepted in the United States of America. The Governmental Accounting Standards Board (GASB) is the accepted standard-setting body for establishing governmental accounting and financial reporting principles. The accompanying financial statements have been prepared in conformity with GASB Statement 34, *Basic Financial Statements- and Management's Discussion and Analysis—for State and Local Governments*, issued in June 1999. Such accounting and reporting procedures also conform to the requirements of Louisiana Revised Statute 24:517 and to the guides set forth in the *Louisiana Audit Guide* and the industry audit guide, *Audit of States, Local Governments and Non-profit Organizations*, published by the American Institute of Certified Public Accountants.

**B. REPORTING ENTITY**

As the municipal governing authority, for reporting purposes, the City 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, and (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.

Governmental Accounting Standards Board Statement No. 14 (amended by GASB 39 & GASB 61) established criteria for determining which component units should be considered part of the City for financial reporting purposes. The basic criterion for including a potential component unit within the reporting entity is financial accountability. The GASB has set forth criteria to be considered in determining financial accountability. This criteria includes:

1. Appointing a voting majority of an organization's governing body, and:
  - a. the ability of the City to impose its will on that organization and/or
  - b. the potential for the organization to provide specific financial benefits to or impose specific financial burdens on the City.
2. Organizations for which the City does not appoint a voting majority, but are fiscally dependent on the City.
3. Organizations for which the reporting entity financial statements would be misleading if data of the organization is not included because of the nature or significance of the relationship.

**City of New Roads, Louisiana**  
**Notes to the Financial Statements**

Considered in the determination of component units of the reporting entity were the Pointe Coupee Parish Police Jury, Sheriff, Clerk of Court, Assessor, and School Board, as well as the Judges of the Eighteenth Judicial District. It was determined that these governmental entities are not component units of the City reporting entity because they have separately elected governing bodies, are legally separate, and are fiscally independent of the City.

The following organizations are related organization, which has not been included in the reporting entity:

1. Joint venture between the Parish of Pointe Coupee, Louisiana and the City of New Roads, Louisiana in which the financial statements are presented in the financial statements of the Parish-

-False River Air Park Commission

2. Housing Authority of New Roads, Louisiana- The Housing Authority is a related organization of the City since the City appoints a voting majority of the Housing Authority's governing board. However, the City is not financially accountable for the Housing Authority as it cannot impose its will on the Housing Authority and there is no potential for the Housing Authority to provide financial benefit to, or impose financial burdens on, the City.

**C. FUND ACCOUNTING**

The municipality uses funds to maintain its financial records during the year. Fund accounting is designed to demonstrate legal compliance and to aid financial management by segregating transactions relating to certain government functions and activities. A fund is a separate accounting entity with a self-balancing set of accounts. Funds of the municipality are classified into two categories: governmental and proprietary. In turn, each category is divided into separate fund types. The fund classifications and a description of each existing fund type follow:

**GOVERNMENTAL FUNDS**

Governmental funds are used to account for all or most of the municipality's general activities, including the collection and disbursement of specific or legally restricted monies, the acquisition or construction of general fixed assets, and the servicing of general long-term debt. Governmental funds include:

GENERAL FUND - the general operating fund of the municipality and accounts for all financial resources, except those required to be accounted for in other funds. Revenues are derived primarily from property and other local taxes, state and federal grants, licenses, permits, charges for services, and interest income.

SPECIAL REVENUE FUNDS - account for the proceeds of specific revenue sources that are legally restricted to expenditures for specified purposes. The HUD- Section 8 special revenue fund is considered a non-major fund for reporting purposes.

**PROPRIETARY FUNDS**

Proprietary funds are used to account for activities similar to those found in the private sector, where the determination of net income is necessary or useful to sound financial administration. Proprietary funds differ from governmental funds in that their focus is on income measurement, which, together with the maintenance of equity, is an important financial indicator. Proprietary funds include:

ENTERPRISE FUNDS - account for operations (a) where the intent of the governing body is that the costs (expenses, including depreciation) 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 the periodic determination of revenues earned, expenses incurred, and/or net income is appropriate for capital maintenance, public policy, management control, accountability, or other purposes.

**City of New Roads, Louisiana**  
**Notes to the Financial Statements**

**D. MEASUREMENT FOCUS/BASIS OF ACCOUNTING**

**Government-Wide Financial Statements (GWFS)**

The Statement of Net Position and the Statement of Activities display information about the City as a whole. These statements include all the financial activities, both governmental and business, of the City. Information contained in these statements reflects the economic resources measurement focus and the accrual basis of accounting. Revenues, expenses, gains, losses, assets, deferred outflows of resources, liabilities, and deferred inflows of resources resulting from exchange or exchange-like transactions are recognized when the exchange occurs (regardless of when cash is received or disbursed). Revenues, expenses, gains, losses, assets, deferred outflows of resources, liabilities and deferred inflows of resources resulting from non-exchange transactions are recognized in accordance with the requirements of GASB Statement No. 63, *Financial Reporting of Deferred Outflows of Resources, Deferred Inflows of Resources, and Net Position*.

**Program Revenues** – Program revenues included in the Statement of Activities are derived directly from users as a fee for services; program revenues reduce the cost of the function to be financed from the City's general revenues.

**Fund Financial Statements (FFS)**

The amounts reflected in the Governmental funds of the Balance Sheet and Statement of Revenues, Expenditures, and Changes in Fund Balance are accounted for using a current financial resources measurement focus. With this measurement focus, only current assets and current liabilities are generally included on the balance sheet. The statement of revenues, expenditures, and changes in fund balances reports on the sources (i.e., revenues and other financing sources) and uses (i.e., expenditures and other financing uses) of current financial resources. This approach is then reconciled, through adjustment, to a government-wide view of the city's operations (See the reconciliation statements).

The amounts reflected in the Governmental funds in the FFS use the modified accrual basis of accounting. Under the modified accrual basis of accounting, revenues are recognized when susceptible to accrual (i.e., when they become both measurable and available). Measurable means the amount of the transaction can be determined and available means collectible within the current period or soon enough thereafter to pay liabilities of the current period. The city considers all revenues available if they are collected within 60 days after the fiscal year end. Expenditures are recorded when the related fund liability is incurred, except for interest and principal payments on general long-term debt which is recognized when due, and certain compensated absences and claims and judgments which are recognized when the obligations are expected to be liquidated with expendable available financial resources. The governmental funds use the following practices in recording revenues and expenditures:

Revenues and other governmental fund financial resource increments are recognized in the accounting period when they become susceptible to accrual which is when they become both "measurable" and "available" to finance expenditures of the fiscal period.

Taxpayer-assessed sales taxes are considered "measurable" when in the hands of collecting governments and are recognized as revenue at that time. Anticipated refunds of such taxes are recorded as liabilities and reductions of revenue when they are measurable and their validity seems certain.

Utility and franchise taxes, licenses and permits, fines and forfeitures, charges for services and miscellaneous revenue (except investment earnings) are recorded as revenue when cash is received because they generally are not measurable until actually received. Investment earnings

are recorded as earned when they are measurable and available. Where grant revenue is dependent upon expenditures by the City, revenue is recognized when the related expenditures are incurred.

**City of New Roads, Louisiana**  
**Notes to the Financial Statements**

Property tax revenues are recognized when they become available. Available means when due, or past due and receivable, and collected generally within 60 days after year end.

Expenditures are recognized under the accrual basis of accounting when the related fund liability is incurred.

Transfers between funds that are not expected to be repaid (and any other financing source/use) are accounted for as other financing sources (uses).

All Proprietary Funds are accounted for on a flow of economic resources measurement focus and a determination of net income and capital maintenance. With this measurement focus, all assets and all liabilities associated with the operation of these funds are included on the balance sheet. The proprietary funds use the accrual basis of accounting. Revenues are recognized when earned, and expenses are recognized at the time liabilities are incurred.

The revenue of Electric, Gas, Water, and Sewer systems, which is based upon rates authorized by the governing board, is determined by billings to customer. Earned but unbilled revenue is accrued and reported in the financial statements.

**E. CASH AND CASH EQUIVALENTS**

Cash includes amounts in demand deposits, interest-bearing demand deposits, and time deposits. Under state law, the municipality may 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, or under the laws of the United States.

**F. INVESTMENTS**

Investments are limited by Louisiana Revised Statute (R.S.) 33:2955 and the municipality's investment policy. If the original maturities of investments exceed 90 days, they are classified as investments; however, if the original maturities are 90 days or less they are classified as cash equivalents. GASB Statement No. 31, allows the City to report at amortized cost money market investments and participating interest-bearing investment contracts that have a remaining maturity at time of purchase of one year or less, provided that the fair value of those investments is not significantly affected by the impairment of the credit standing of the issuer or by other factors. Money market investments are short-term, highly liquid debt instruments that include U.S. Treasury obligations. Interest earning investment contracts include time deposits with financial institutions (such as certificates of deposit), repurchase agreements, and guaranteed investment contracts. Investments of the City are reported at fair market value which approximates cost. (see note 4).

**G. RECEIVABLES/PAYABLES**

Activity between funds that are representative of lending/borrowing arrangements outstanding at the end of the fiscal year are referred to as either "due to/from other funds" (the current portion of inter-fund loans) or "advances to/from other funds" (non-current portion of inter-fund loans). Any residual balances outstanding between governmental activities and business-type activities are reported in the government-wide financial statements as "internal balances".

**H. INVENTORIES**

Inventories are valued at cost using the first in/first out method. Inventories of the governmental funds are recorded as expenditures when consumed rather than when purchased.

**City of New Roads, Louisiana**  
**Notes to the Financial Statements**

**I. PREPAID ITEMS**

The City records prepaid assets for any significant expenditure that can be allocable to future periods in both the government-wide and fund financial statements.

**J. RESTRICTED NET POSITION**

For government-wide statement of net position, net position is reported as restricted when constraints placed on net position use is either:

- 1) externally imposed by creditors (such as debt covenants), grantors, contributors, or laws or regulations of other governments; and
- 2) imposed by law through constitutional provisions or enabling legislation.

The City at its own discretion has also restricted certain funds to be spent for specific purposes. See subsequent paragraphs to this note for the further explanations of restrictions of fund equity.

**K. CAPITAL ASSETS**

Capital assets, which include property, plant, equipment and infrastructure assets (e.g. roads, sidewalks, and similar items) are reported in the applicable governmental or business-type activities columns in the government-wide financial statements. Capital assets are capitalized at historical cost or estimated cost if historical cost is not available. Donated assets are recorded as capital assets at their estimated fair market value at the date of donation. The City maintains a threshold level of \$500 or more for capitalizing capital assets. The cost of normal maintenance and repairs that do not add to the value of the asset or materially extend assets lives are not capitalized.

All capital assets, other than land, are depreciated using the straight line method over the following useful lives:

Roads and infrastructure	20-50 Years
Buildings	40 Years
Land Improvements	20 Years
Machinery & equipment	5-20 Years
Furniture & fixtures	5-10 Years
Vehicles	5 Years

**L. DEFERRED OUTFLOWS/INFLOWS OF RESOURCES**

In June 2011, GASB issued Statement No. 63, "Financial Reporting of Deferred Outflows of Resources, Deferred Inflows of Resources, and Net Position" effective for periods beginning after December 31, 2011. This statement provides guidance for reporting deferred outflows, deferred inflows and net position in a statement of financial position and related disclosures and applies to transactions that result in the consumption or acquisition of net assets in one period that are applicable to future periods. The City's deferred outflows consist of bond refunding costs (within the proprietary funds). Bond premiums and discounts, as well as issuance costs, are deferred and amortized over the life of the bonds using the effective interest method. The City also reports deferred outflows/inflows of resources related to pensions and other postemployment benefits (see Notes 8 & 9).

**M. OTHER POSTEMPLOYMENT BENEFITS**

The City follows GASB Statement No. 75, "Accounting and Financial Reporting for Postemployment Benefits other than Pensions", which requires the accrual of other postemployment benefits for retired employees. The City has recorded a liability for other postemployment benefits (see Note 9). In the government-wide financial statements, the other postemployment benefits liability is recorded as an expense and non-current liability and allocated on a functional basis. In the fund financial statements, other

**City of New Roads, Louisiana**  
**Notes to the Financial Statements**

postemployment benefit expenditures are recognized in the amount contributed to the plan or expected to be liquidated with expendable available financial resources. Expendable available financial resources generally refer to other postemployment benefit payments due and payable as of the end of the year.

**N. COMPENSATED ABSENCES**

Employees earn vacation in varying amounts according to years of service and vacation days are non-cumulative. Only with the Mayor's approval can vacation time be carried over to the next year. At December 31, 2019, no vacation time was approved by the Mayor to be carried over. Vacation time off is paid at the employee's base pay rate.

Vacation Earning Schedule  
(Based on 8 hour days)

after 1 year of service	5 days
after 2 years of service	10 days
after 10 years of service	15 days
after 15 years of service	20 days

Employees earn 10 hours of sick leave per month beginning with the first day of employment. Sick leave can accumulate up to 1320 hours. Upon separation, retirement, or layoff with good cause employees have the option to accept a payout not to exceed a maximum of 264 hours and convert the remaining amount to the retirement system or to convert the total hours to the retirement system.

**O. PENSIONS**

Financial reporting information pertaining to the City's participation in the Municipal Police Employees' Retirement System (MPERS) & Municipal Employees' Retirement System (MERS) is prepared in accordance with GASB Statement No. 68, "Accounting and Financial Reporting for Pensions", as amended by GASB Statement No. 71, "Pension Transition for Contributions Made Subsequent to the Measurement Date", which have been adopted by the City for the fiscal year ended December 31, 2015.

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 MPERS and MERS and additions to/deductions from MPERS & MERS' fiduciary net position have been determined on the same basis as they are reported by MPERS & MERS. The financial statements were prepared using the accrual basis of accounting, member and employer contributions are recognized when due, pursuant to formal commitments and statutory requirements. Benefits and refunds of employee contributions are recognized when due and payable in accordance with the statutes governing MPERS & MERS. Expenses are recognized when the liability is incurred, regardless of when payment is made. Investments are reported at fair value on a trade date basis. The fiduciary net position is reflected in the measurement of the City's proportionate share of the plan's net pension liability, deferred outflows and inflows of resources related to pensions, and pension expense. See note 8 for additional information.

**P. LONG-TERM OBLIGATIONS**

In the government-wide financial statements, and the proprietary fund types in the fund financial statements, long term debt and other long-term obligations are reported as liabilities in the applicable governmental activities, business-type activities, or proprietary fund type statement of net position. Bonds payable are reported net of the applicable bond premium or discount.

In the fund financial statements, governmental fund types recognize bond premiums and discounts, as well as bond issuance costs, during the current period. The face amount of the debt issued is reported as other financing sources. Premiums received on debt issuances are reported as other financing sources while discounts on debt issuances are reported as other financing uses. Issuance costs, whether or not withheld from the actual debt proceeds received, are reported as debt service expenditures.



**City of New Roads, Louisiana**  
**Notes to the Financial Statements**

**Q. FUND EQUITY**

Beginning with the fiscal year ending December, 2011, the City has adopted GASB Statement No. 54 "Fund Balance Reporting and Governmental Fund Type Definitions." This statement establishes criteria for classifying fund balances into specifically defined classifications and clarifies definitions for governmental fund types. The following describes the different classifications available for fund balances of governmental funds:

*Nonspendable* – amounts that cannot be spent because they are either (1) not in spendable form or (2) legally or contractually required to be maintained intact.

*Restricted* – amounts for which constraints have been externally imposed by creditors (such as through debt covenants), grantors, contributors, or laws or regulations of other governments or amounts that are imposed by law through constitutional provisions or enabling legislation.

*Committed* – amounts that can be used only for specific purposes determined by formal action of the City Council, who is the highest level of decision-making authority for the City of New Roads. Commitments cannot be used for any other purpose unless the same action that established them decides to modify or remove them.

*Assigned* – amounts that do not meet the criteria to be classified as either restricted or committed but are intended to be used for specific purposes. Amounts can only be assigned by the City Council or by a body or individual designated for that purpose.

*Unassigned* – the residual fund balance in the general fund.

When fund balance resources are available for a specific purpose, the City considers the most restrictive funds to be used first. However, the City reserves the right to spend unassigned resources first and to defer the use of more restrictive funds.

**R. INTERFUND TRANSACTIONS**

Permanent re-allocation of resources between funds of the reporting entity is classified as inter-fund transfers. For the purposes of the statement of activities, all inter-fund transfers between individual governmental and business-type funds have been eliminated.

**S. SALES TAXES & HOTEL/MOTEL TAX**

The City receives a one per cent (1%) sales and use tax. The sales tax ordinance requires that the avails of the City's sales tax be used for the purpose of constructing, acquiring, extending, improving and/or maintaining street and sidewalks (including widening, surfacing, repairing and street lighting), waterworks (including water supply, treatment, storage, and distribution), drainage facilities, sewerage facilities, public buildings, and/or fire department stations and any work or permanent public improvement, including equipment and furnishings therefore, title to which shall be in public; or for any one of more such purposes, or for any other lawful corporate purposes. The City also passed an ordinance establishing a 2% hotel/motel tax to be assessed within the Memorial Boulevard Economic Development District & Downtown Development District with the proceeds to be used for economic development projects within each district. Funds have been deposited into segregated accounts to be used within each designated development district.

**T. USE OF ESTIMATES**

The preparation of financial statements in conformity with generally accepted accounting principles requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements and the

**City of New Roads, Louisiana**  
**Notes to the Financial Statements**

reported amounts of revenues and expenses during the reported period. Actual results may differ from those estimates.

**NOTE 2 - STEWARDSHIP, COMPLIANCE, AND ACCOUNTABILITY**

**A. BUDGETARY INFORMATION**

The City uses the following budget practices for the General Fund and Special Revenue Fund.

1. The proposed budget for fiscal year December 31, 2019 was made available for public inspection in accordance with RS 39:1306 beginning on December 6, 2018. The proposed budget was published in the official journal in accordance with RS 39:1306 on December 6 and December 13, 2018. The public hearing was held in accordance with RS 39:1306 on December 18, 2018. The budget is legally adopted and amended, as necessary.
2. All unencumbered budget appropriations, except project budgets, lapse at the end of each fiscal year.
3. Budgets are adopted on a GAAP basis.
4. Budget amendments involving the transfer of funds from one department, program or function to another or involving increases in expenditures resulting from revenues exceeding amounts estimated requires the approval of the City Council. Amendments were made to the original budget for the year ending December 31, 2019 and are reflected in the budget comparisons.

**B. DEPOSITS AND INVESTMENT LAWS AND REGULATIONS**

In accordance with state law, all uninsured deposits of municipal funds in financial institutions must be secured with acceptable collateral valued at the lower of market or par. As reflected in Note 4 regarding cash and cash equivalents, the City was in compliance with the deposits and investment laws and regulations.

**C. DEFICIT FUND EQUITY**

As of December 31, 2019, no funds of the City had a deficit fund net position.

**D. EXCESS OF EXPENDITURES OVER APPROPRIATIONS**

The following funds had actual expenditures over budgeted appropriations for the year ended December 31, 2019.

<u>Fund</u>	<u>Original Budget</u>	<u>Final Budget</u>	<u>Actual</u>	<u>Unfavorable Variance</u>
General Fund	\$ 5,029,152	\$ 5,048,073	\$ 5,180,809	\$ 132,736

**E. COMPLIANCE WITH BOND AND CERTIFICATE OF INDEBTEDNESS COVENANTS**

1. Compliance with Electric and Water/Sewer Revenue Bonds

As of December 31, 2019, the City was in compliance with all revenue bond covenants. See Note 12 for a further discussion of these covenants.

**City of New Roads, Louisiana**  
**Notes to the Financial Statements**

**NOTE 3 - LEVIED TAXES**

The following is a summary of authorized and levied ad valorem taxes for the year:

	<u>Authorized Millage</u>	<u>Levied Millage</u>
Citywide taxes:		
General Alimony – General Fund	5.94	5.94

The following are the principal taxpayers for the city:

<u>Taxpayer</u>	<u>Type of Business</u>	<u>Assessed Valuation</u>	<u>Percentage of Total Assessed</u>	<u>Amount Assessed</u>
Wal-Mart RE& Store	Real Estate	\$ 2,366,190	3.96%	\$ 14,055
Peoples Bank	Financial	2,217,440	3.71%	13,172
Maggio Motors, Inc.	Automobiles	1,973,690	3.30%	11,724
Regions Bank	Financial	1,515,120	2.54%	9,000
Louisiana Generating	Power Supplier	1,429,120	2.46%	8,489
		<u>\$ 9,501,560</u>	<u>15.97%</u>	<u>\$ 56,440</u>

**NOTE 4 - DEPOSITS AND INVESTMENTS**

**A. Cash and Cash Equivalents**

Cash and Cash equivalents include bank accounts and short-term investments. See Note 1(E) for additional cash disclosure information.

Custodial Credit Risk – Deposits

Custodial credit risk is the risk that in the event of a bank failure the City's deposits may not be returned. Deposits are exposed to custodial credit risk if they are either (a) uninsured and uncollateralized, or (b) uninsured and collateralized with securities held by the pledging financial institution or its trust department/agent but not in the name of the City. The City's cash and investment policy, as well as state law, require that deposits be fully secured by federal deposit insurance or the pledge of securities owned by the bank. The fair value of the pledged securities plus the federal deposit insurance must at all times equal or exceed the amount on deposit with the bank. The following chart represents bank balances for the City as of December 31, 2019. Deposits are listed in terms of whether they are exposed to custodial credit risk.

**Bank Balances**

	<u>Uninsured &amp; Uncollateralized</u>	<u>Uninsured &amp; Collateralized with Securities Held by Pledging Institution or It's Trust Department/Agent But Not in the Entity's Name</u>	<u>Total Bank Balances – All Deposits</u>	<u>Total Carrying Value – All Deposits</u>
Cash and Cash Equivalents	\$ -	\$ -	\$ 2,118,679	\$ 1,971,916

Total bank balances do not include petty cash amounts on hand of \$1,050 at year end.

**B. Investments**

Investments are stated at fair value. See also Note 1 (F) for additional investment disclosure information.

**City of New Roads, Louisiana**  
**Notes to the Financial Statements**

Credit Risk - Investments

Investments permitted by state statute include obligations issued, insured or guaranteed by the U.S. government including certificates or other ownership interest in such obligations and/or investments in registered mutual or trust funds consisting solely of U.S. government securities. The City's investment program is limited to purchases of bank certificate of deposits, U.S. treasury and government agency obligations as well as investments in the Louisiana Asset Management Pool, Inc. (LAMP). LAMP is a nonprofit corporation formed by an initiative of the State Treasurer, and organized under the laws of the State of Louisiana which operates a local government investment pool. It is the City's opinion that since these securities are governmental agencies, credit risk is not a factor. LAMP is rated AAAM by Standard & Poor's.

Custodial Credit Risk - Investments

Custodial credit risk for investments is the risk that in the event of the failure of the counterparty to a transaction, the City will not be able to recover the value of the investment. Investments are exposed to custodial risk if the securities are (a) uninsured and unregistered and held by the counterparty or (b) uninsured, unregistered and held by the counterparty's trust department or agent but not in the name of the City. The following chart presents the investment position of the City as of December 31, 2019. The various types of investments are listed and presented by whether they are exposed to custodial credit risk.

<u>Investments</u>				
	Uninsured, Unregistered, and Held by the Counterparty	Uninsured, Unregistered & Held by the Counterparty's Trust Department or Agent but Not in the Entity's Name	All Investments – Reported Amount	All Investments – Fair Value
Investments Not Categorized:				
LAMP	\$ -	\$ -	\$ 1,659,428	\$ 1,659,428
Total	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 1,659,428</u>	<u>\$ 1,659,428</u>

Interest Rate Risk - Investments

Interest rate risk is defined as the risk that changes in interest rates will adversely affect the fair value of investments. Investments can be highly sensitive to changes in interest rates due to their terms or characteristics. The City's investment policy with regards to interest rate risk is to match cash flow requirements with cash flows from investments. This matching allows for securities to be held to maturity thereby avoiding realizing losses due to liquidation of securities prior to maturity, especially in a rising interest rate environment. Investing in longer term maturities that contain a "step up" in coupon interest rates will also contribute to the reduction of 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 60 days and consists of no securities with a maturity in excess of 397 days. The WAM for LAMP's total investments is 92 as of December 31, 2019. Investments classified by maturity dates at December 31, 2019 are summarized below:

	Fair Value	0-1 Years Before Maturity	1-5 Years Before Maturity	6+ Years Before Maturity
LAMP	\$ 1,659,428	\$ 1,659,428	\$ -	\$ -
Total	<u>\$ 1,659,428</u>	<u>\$ 1,659,428</u>	<u>\$ -</u>	<u>\$ -</u>

**City of New Roads, Louisiana**  
**Notes to the Financial Statements**

**NOTE 5 - CAPITAL ASSETS**

Capital assets and depreciation activity as of and for the year ended December 31, 2019 are as follows:

<b>Governmental activities:</b>	Balance January 1, 2019	Additions	Deletions	Balance December 31, 2019
Capital assets not depreciated:				
Land	\$ 632,142	\$ -0-	\$ -0-	\$ 632,142
Capital assets being depreciated:				
Land Improvements	1,517,158	-0-	-0-	1,517,158
Construction in Progress	10,580	-0-	-0-	10,580
Infrastructure	15,025,338	-0-	-0-	15,025,338
Buildings	2,445,121	4,850	-0-	2,449,971
Equipment	902,827	86,043	2,180	986,690
Furniture & Fixtures	359,886	12,088	-0-	371,974
Transportation Equipment	316,931	20,821	19,025	318,727
<b>Total assets</b>	<b>21,209,983</b>	<b>123,802</b>	<b>21,205</b>	<b>21,312,580</b>
Less accumulated depreciation:				
Land Improvements	1,138,324	70,278	-0-	1,208,602
Infrastructure	11,790,643	97,337	-0-	11,887,980
Buildings	1,554,057	61,905	-0-	1,615,962
Equipment	638,883	53,180	2,180	689,883
Furniture & Fixtures	276,148	22,160	-0-	298,308
Transportation Equipment	196,806	51,213	10,780	237,239
<b>Totals</b>	<b>\$ 15,594,861</b>	<b>\$ 356,073</b>	<b>\$ 12,960</b>	<b>\$ 15,937,974</b>
Capital assets net of accumulated depreciation	<b>\$ 5,615,122</b>	<b>\$ (232,271)</b>	<b>\$ 8,244</b>	<b>\$ 5,374,606</b>

Depreciation expense of \$356,073 for the year ended December 31, 2019, was charged to the general government function.

**Proprietary activities:**

A summary of proprietary property, plant, and equipment follows. Depreciation expense for the year ended December 31, 2019 was \$672,011.

<b>Proprietary Activities:</b>	Balance January 1, 2019	Additions	Deletions	Balance December 31, 2019
Land	\$ 113,585	\$ -0-	\$ -0-	\$ 113,585
Buildings	84,627	-0-	-0-	84,627
Improvements other than Building	26,901,734	275,195	-0-	27,176,929
Furniture & Fixtures	11,455	-0-	-0-	11,455
Transportation Equipment	306,284	-0-	-0-	306,284
Distribution	243,457	-0-	-0-	243,457
Equipment	154,867	18,870	-0-	173,737
<b>Totals</b>	<b>27,816,009</b>	<b>294,065</b>	<b>-0-</b>	<b>28,110,074</b>

**City of New Roads, Louisiana**  
**Notes to the Financial Statements**

Less accumulated depreciation	18,516,879	672,011	-0-	19,188,890
Net Fixed Assets	<u>\$ 9,299,130</u>	<u>\$ (377,946)</u>	<u>\$ -0-</u>	<u>\$ 8,921,184</u>

There were no construction commitments as of the end of the current fiscal year.

**NOTE 6 - ACCOUNTS AND INTERGOVERNMENTAL RECEIVABLES**

The following is a summary of receivables at December 31, 2019.

<u>Class of Receivable</u>	<u>General Fund</u>	<u>Special Rev. Fund</u>	<u>Enterprise Fund</u>
Intergovernmental			
Ad valorem	\$ 310,768	\$ -0-	\$ -0-
Federal	22,504	-0-	41,790
State	37,924	-0-	-0-
Local	24,633	-0-	-0-
Accounts	<u>85,772</u>	<u>-0-</u>	<u>1,176,378</u>
Total	<u>\$ 481,601</u>	<u>\$ -0-</u>	<u>\$ 1,218,168</u>

The City uses the allowance method whereby uncollectible amounts due from customers' utility receivables are recognized as bad debts through the use of an allowance account or are charged off at the time information becomes available which indicates the particular receivable is not collectible. An allowance for doubtful accounts charge (net of recoveries) of approximately \$134,172 was recorded at December 31, 2019.

**NOTE 7 - COMPENSATED ABSENCES**

At December 31, 2019, employees of the City have accumulated and vested \$164,754 of employee leave benefits, which was computed in accordance with GASB Codification C60. Of this amount, \$155,334 is recorded as an obligation of the General Fund and \$9,420 is an obligation of the proprietary funds.

**NOTE 8 - PENSION PLAN**

Substantially all employees of the City are members of either the Municipal Employees Retirement System of Louisiana or the Municipal Police Employees Retirement System of Louisiana. These systems are cost-sharing, multiple-employer defined benefit pension plans administered by separate boards of trustees. Pertinent information relative to each plan follows:

A. Municipal Employees' Retirement System of Louisiana (MERS)

*Plan Description.* The System was originally established by Act 356 of the 1954 regular session of the Legislature of the State of Louisiana to provide retirement benefits to employees of all incorporated villages, towns, and cities within the state, which did not have their own retirement system and which elected to become members of the system. The System is administered by a Board of Trustees composed of eleven members, three of whom shall be active and contributing members of the System with at least ten years creditable service and who are elected to office in accordance with the Louisiana Election Code, three of whom shall be active and contributing members of the System with at least ten years creditable service and who are not elected officials; one of whom shall be president of the Louisiana Municipal Association who shall serve as an ex-officio member during his tenure; one of whom shall be Chairman of the Senate Retirement Committee; one of whom shall be the Chairman of the House Retirement Committee of the Legislature of Louisiana; the commissioner of administration, who shall be a nonvoting member; and the State Treasurer, who shall be a nonvoting member. The System is the administrator of a cost-sharing multiple-employer defined benefit pension plan. The System was established and provided for by R.S. 11:1731 of the Louisiana Revised Statutes (LRS). Act#569 of the year 1968 established by the

**City of New Roads, Louisiana**  
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Legislature of the State of Louisiana provides an optional method for municipalities to cancel Social Security and come under supplementary benefits in the MERS, effective on and after June 30, 1970. Effective October 1, 1978, under Act#788, the “regular plan” and the “supplemental plan” were replaced, and are now known as Plan “A” and Plan “B”. Plan A combines the original plan and the supplemental plan for those municipalities participating in both plans, while Plan B participates in only the original plan.

Eligibility Requirements

Membership is mandatory as a condition of employment beginning on the date employed if the employee is on a permanent basis working at least thirty-five hours per week. Those individuals paid jointly by a participating employer and the parish are not eligible for membership in the System with exceptions as outlined in the statutes. Any person eligible for membership but whose first employment making him eligible for membership in the System occurred on or after January 1, 2013 shall become a member of the MERS Plan A Tier 2 or MERS Plan B Tier 2 of the System as a condition of employment. All employees of the City are members of Plan A, therefore only Benefits for Plan A are reflected below.

Retirement Benefits

Benefit provisions are authorized within Act 356 of the 1954 regular session and amended by LRS 11:1756-11:1785. The following brief description of the plan and its benefits is provided for general information purposes only. Participants should refer to the appropriate statutes for more complete information.

Any member of Plan A who commenced participation in the System prior to January 1, 2013 can retire providing he/she meets one of the following criteria:

- 1) Any age with twenty-five (25) or more years of creditable service.
- 2) Age 60 with a minimum of ten (10) years of creditable service.
- 3) Any age with five (5) years of creditable service eligible for disability benefits
- 4) Survivor’s benefits require five (5) or more years creditable service with legal spouse and at least last 12 months before death – 40% at age 60 or minimum of 20% immediately (actuarially calculated).
- 5) Any age with 20 years of creditable service, exclusive of military service with an actuarially reduced early benefit.

Generally, the monthly amount of the retirement allowance for any member of Plan A shall consist of an amount equal to three percent of the member’s monthly average final compensation multiplied by his years of creditable service. Final average compensation is the average monthly earnings during the highest sixty consecutive months, or joined months if service is interrupted. However, under certain conditions as outlined in the statutes, the benefits are limited to specified amounts. An additional regular retirement benefit can be received for any city marshal or deputy city marshal. See Plan booklet for further details.

Any member of Plan A Tier 2 can retire providing he meets one of the following requirements.

- 1) Age 67 with seven years of creditable service.
- 2) Age 62 with ten years of creditable service.
- 3) Age 55 with thirty years of creditable service.
- 4) Any age with twenty-five years of creditable service with an actuarially reduced early benefit.
- 5) Survivor’s benefits require five or more years of creditable service with legal spouse at least 12 months before death- 40% at age 60 or minimum of 20% immediately (actuarially calculated).

Generally, the monthly amount of the retirement allowance for any member of Plan A Tier 2 shall consist of an amount equal to three percent of the member’s final average compensation multiplied by his years of creditable service. Final average compensation is the average monthly earnings during the highest sixty consecutive months, or joined months if service is interrupted. However, under certain conditions as outlined in the statutes, the benefits are limited to specified amounts. Any city marshal or deputy city

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marshal shall receive an additional regular benefit computed on supplemental marshal's earnings. See Plan booklet for further details.

Survivor Benefits

Upon death of any member of Plan A with five (5) or more years of creditable service, not eligible for retirement, the plan provides for benefits for the surviving spouse and minor children as outlined in the statutes. Any member of Plan A who is eligible for normal retirement at the time of death and who leaves a surviving spouse will be deemed to have retired and selected Option 2 benefits on behalf of the surviving spouse on the date of death. Such benefits will begin only upon proper application and are paid in lieu of any other survivor benefits.

- 1) Surviving spouse who is not eligible for social security survivorship or retirement benefits, married no less than twelve (12) months immediately preceding death of member, shall be paid a monthly benefit equal to thirty percent of the member's final compensation, payable when the surviving spouse attains the age of sixty years or becomes disabled and payable for as long as the surviving spouse lives, or
- 2) A monthly benefit equal to the actuarial equivalent of the benefit described above, but not less than fifteen percent of the member's final compensation, payable upon death of the member and payable for as long as the surviving spouse lives. Selecting this benefit precludes the survivor from eligibility for the thirty-percent benefit payable when the surviving spouse attains the age of sixty years.

Any member of Plan A who had not withdrawn their accumulated contributions and had at least twenty years of service credit at time of death, surviving spouse shall receive benefits for as long as he/she lives as outlined in the statutes.

DROP Benefits

In lieu of terminating employment and accepting a service allowance, any member of Plan A who is eligible to retire may elect to participate in the deferred retirement option plan (DROP) for up to three years and defer the receipt of benefits. During participation in the plan, employer contributions are payable but employee contributions cease. The monthly retirement benefits that would be payable, had the person elected to cease employment and receive a service retirement allowance, are paid into the DROP Fund. Interest is earned when the member has completed DROP participation. Interest earnings are based upon the actual rate of return on the investments identified as DROP funds for the period. In addition, no cost-of-living increases are payable to participants until employment which made them eligible to become members of the System has been terminated for at least one full year. Upon termination of employment prior to or at the end of the specified period of participation, a participant in the DROP may receive, at his option, a lump sum from the account equal to the payments into the account, a true annuity based upon his account balance in that fund, or any other method of payment if approved by the board of trustees. If a participant dies during the participation in the DROP, a lump sum equal to the balance in his/her account shall be paid to his named beneficiary or, if none, to his estate. If employment is not terminated at the end of the three years, payments into the DROP fund cease and the person resumes active contributing membership in the System.

Disability Benefits

For Plan A, a member shall be eligible to retire and receive a disability benefit if he has at least five years of creditable service, is not eligible for normal retirement, and has been officially certified as disabled by the State Medical Disability Board. Upon retirement caused by disability, a member of Plan A shall be paid a disability benefit equal to the lesser of forty-five percent of his final average compensation or three percent of his final average compensation multiplied by his years of creditable service, whichever is greater, or an amount equal to three percent of the member's final average compensation multiplied by his years of creditable service projected to his earliest normal retirement age.



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Cost of Living Increases

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 additional cost of living increases 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.

Deferred Benefits

Plan A provides for deferred benefits for members who terminate before being eligible for retirement. Once the member reaches the appropriate age for retirement, benefits become payable. Benefits are based in statutes in effect at time of withdrawal.

*Funding Policy.* Under Plan A, members are required by state statute to contribute 9.50% (9.50% as of July 1, 2019) of their annual covered salary and the City is required to contribute at an actuarially determined rate. The current rate is 27.75% (26.00% before July 1, 2019) of annual covered payroll. Contributions to the System also include one-fourth of one percent (except Orleans and East Baton Rouge Parishes) of the taxes shown to be collectible by the tax rolls of each parish. These tax dollars are divided between Plan A and Plan B based proportionately on the salaries of the active members of each plan. The System also receives revenue sharing funds each year as appropriated by the legislature. These additional sources of income are used as additional employer contributions and considered support from non-employer contributing entities. The contribution requirements of plan members and the City are established and may be amended by state statute. As provided by Louisiana Revised Statute 11:103, the employer contributions are determined by actuarial valuation and are subject to change each year based on the results of the valuation for the prior fiscal year. The City's contributions to the System under Plan A for the years ending December 31, 2019, 2018, and 2017, were \$330,558, \$306,124, and \$288,005, respectively, equal to the required contributions for each year. The amount of non-employer contributions recognized as revenue in the government-wide statement of activities was \$31,146 and non-employer contributions recognized in the business-type activities was \$9,115 for the year ended December 31, 2019.

*Pension Liabilities, Pension Expense, and Deferred Outflows of Resources and Deferred Inflows of Resources Related to Pensions.* At December 31, 2019, the City reported a liability of \$1,971,137 for its proportionate share of net pension liability within the governmental activities and \$650,581 for its proportionate share of net pension liability within its business-type activities. The net pension liability was measured as of June 30, 2019 and the total pension liability used to calculate the net pension liability was determined by an actuarial valuation as of that date. The City's proportion of the net pension liability was based on a projection of the City's long-term share of contributions to the pension plan relative to the projected contributions of all participating municipalities, actuarially determined. At June 30, 2019, the City's proportion was 0.627406%, which was a decrease of 0.030158% from its proportion measured as of June 30, 2018.

For the year ended December 31, 2019, the City recognized pension expense of \$430,316. At December 31, 2019, the City recognized deferred outflows of resources and deferred inflows of resources related to pensions from the following:

	Deferred Outflows of Resources	Deferred Inflows of Resources
Differences between expected and actual experience	\$ -	\$ 63,968
Changes in assumptions	66,253	-
Net difference between projected and actual earnings on pension plan investments	260,016	-
Changes in proportion and differences between City's contributions and proportionate share of contributions	41	107,088
City contributions subsequent to the measurement date	154,380	-
	<hr/>	<hr/>
Total	\$ 480,690	\$ 171,056

**City of New Roads, Louisiana**  
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The \$154,380 reported as deferred outflows of resources relating to pensions resulting from the City contributions subsequent to the measurement date will be recognized as a reduction of the net pension liability in the year ended December 31, 2020. Other amounts reported as deferred outflows and deferred inflows of resources related to pensions will be recognized in pension expense as follows:

Year ended December 31,	
2020	\$ 74,925
2021	25,296
2022	33,205
2023	21,828
2024	-0-
Thereafter	-0-
Total	<u>\$ 155,254</u>

*Actuarial assumptions.* The total pension liability in the June 30, 2019 actuarial valuation was determined based on the results of an experience study for the period July 2013 through June 30, 2018 using the following actuarial assumptions, applied to all periods included in the measurement:

Actuarial Cost Method:	Entry Age Normal Cost.
Investment Rate of Return:	7.00%
Expected Remaining Service Lives:	3 years
Inflation rate	2.5%
Projected Salary increases:	6.4% 4years service, 4.5% more than 4 years (including inflation & merit increases).
Annuitant & beneficiary mortality:	PubG-2010(B) Healthy Retiree Table set equal to 120% for males & females, each adjusted using their respective male & female MP2018 scales.
Employee mortality:	PubG-2010(B) Employee Table set equal to 120% for males & females, each adjusted using their respective male & female MP2018 scales.
Disabled lives mortality:	PubNS-2010(B) Disabled Retiree Table set equal to 120% for males & females with the full generational MP2018 scale.

*Discount Rate.* The long term expected rate of return on pension plan investments was determined using a building-block method in which best-estimate ranges of expected future real rates of return (expected returns, net of pension plan investment expenses 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 and an adjustment for the effect of rebalancing/diversification.

Best estimates of arithmetic real rates of return for each major asset class included in the System's target asset allocation as of June 30, 2019 are summarized in the following table:

<u>Asset Class</u>	<u>Target Asset Allocation</u>	<u>Long-term Expected Portfolio Real Rate of Return</u>
Public Equity	50%	2.15%
Public Fixed Income	35%	1.51%
Alternatives	15%	0.64%
Totals	<u>100%</u>	<u>4.30%</u>
Inflation		<u>2.70%</u>
Expected Arithmetic Nominal Return		<u>7.00%</u>

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The discount rate used to measure the total pension liability was 7.00% for the year ended June 30, 2019. 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, which are calculated in accordance with relevant statutes and approved by the Board of Trustees and the Public Retirement Systems' Actuarial Committee. Based on those assumptions, the System'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 effects of certain other changes in the net pension liability are required to be included in pension expense over the current and future periods. The effects on the total pension liability of (1) changes of economic and demographic assumptions or of other inputs and (2) differences between expected and actual experience are required to be included in pension expense in a systematic and rational manner over a closed period equal to the average of the expected remaining service lives of all employees that are provided with benefits through the pension plan (active employees and inactive employees), determined as of the beginning of the measurement period. The effect on net pension liability of differences between the projected earnings on pension plan investments and actual experience with regard to those earnings is required to be included in pension expense in a systematic and rational manner over a closed period of five years, beginning with the current period.

*Sensitivity to Changes in Discount Rate.* The following presents the City's proportionate share of the net pension liability using the discount rate of 7.00%, as well as what the City's net pension liability would be if it was calculated using a discount rate that is one percentage lower (6.00%), or one percentage point higher (8.00%) than the current rate as of June 30, 2019.

	1% Decrease (6.00%)	Current Discount Rate (7.00%)	1% Increase (8.00%)
City's proportionate share of the net pension liability	\$ 3,418,250	\$ 2,621,718	\$ 1,948,274

The Municipal Employees' Retirement System has issued a stand-alone audit report on their financial statements for the year ended June 30, 2019. Access to the report can be found on their website, [www.mersla.com](http://www.mersla.com), or by writing to the Municipal Employees Retirement System of Louisiana, 7937 Office Park Boulevard, Baton Rouge, Louisiana 70809, or by calling (225) 925-4810.

**B. Municipal Police Employees' Retirement System of Louisiana (MPERS)**

*Plan Description.* The Municipal Police Employees' Retirement System 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. The following is a brief description of the plan and its benefits and is provided for general information purposes only. Participants should refer to the appropriate statutes for more complete information.

**Membership Prior to January 1, 2013**

A member is eligible for regular retirement after he has been a member of the System and has 25 years of creditable service at any age or has 20 years of creditable service and is age 50 or has 12 years creditable service and is age 55. A member is eligible for early retirement after he has been a member of the System for 20 years of creditable service at any age with an actuarially reduced benefit. Benefit rates are three and one-third percent of average final compensation (average monthly earnings during the highest 36

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consecutive months or joined months if service was interrupted) per number of years of creditable service not to exceed 100% of final salary. Upon the death of an active contributing member, or disability retiree, the plan provides for surviving spouses and minor children. Under certain conditions outlined in the statutes, the benefits range from forty to sixty percent of the member's average final compensation for the surviving spouse. In addition, each child under age eighteen receives benefits equal to ten percent of the member's average final compensation or \$200 per month, whichever is greater.

Membership Commencing January 1, 2013

Member eligibility for regular retirement, early retirement, disability, and survivor benefits are based on Hazardous Duty and Non Hazardous Duty sub plans. Under the Hazardous Duty sub plan, a member is eligible for regular retirement after he has been a member of the System and has 25 years of creditable service at any age or has 12 years of creditable service at age 55. Under the Non Hazardous Duty sub plan, a member is eligible for regular retirement after he has been a member of the System and has 30 years of creditable service at any age, 25 years of creditable service at age 55, or 10 years of creditable service at age 60. Under both sub plans, a member is eligible for early retirement after he has been a member of the System for 20 years of creditable service at any age, with an actuarially reduced benefit from age 55. Under the Hazardous and Non Hazardous Duty sub plans, the benefit rates are three percent and two and a half percent, respectively, of average final compensation (average monthly earnings during the highest 60 consecutive months or joined months if service was interrupted) per number of years of creditable service not to exceed 100% of final salary. Upon death of an active contributing member, or disability retiree, the plan provides for surviving spouses and minor children. Under certain conditions outlined in the statutes, the benefits range from twenty-five to fifty-five percent of the member's average final compensation for the surviving spouse. In addition, each child under age eighteen receives ten percent of average final compensation or \$200 per month whichever is greater. If deceased member had less than ten years of service, beneficiary will receive a refund of employee contributions only.

Cost-of-Living Adjustments

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. No regular retiree, survivor or beneficiary shall be eligible to receive cost-of-living adjustment until benefits have been received at least one full fiscal year and the payment of such COLA, when authorized, shall not be effective until the lapse of at least one-half of the fiscal year. Members who elect early retirement are not eligible for a cost-of-living adjustment until they reach regular retirement age. A COLA may only be granted if funds are available from interest earnings in excess of normal requirements, as determined by the actuary.

Deferred Retirement Option Plan

A member is eligible to elect to enter the deferred retirement option plan (DROP) when he is eligible for regular retirement based on the member's sub plan participation. Upon filing the application for the program, the employee's active membership in the System is terminated. At the entry date into the DROP, the employee and employer contributions cease. The amount to be deposited into the DROP account is equal to the benefit computed under the retirement plan elected by the participant at date of application. The duration of participation in the DROP is thirty six months or less. If employment is terminated after the three-year period the participant may receive his benefits by lump sum payment or a true annuity. If employment is not terminated, active contributing membership into the System shall resume and upon later termination, he shall receive additional retirement benefit based on the additional service. For those eligible to enter DROP prior to January 1, 2004, DROP accounts shall earn interest subsequent to the termination of DROP participation at a rate of half of one percentage point below the percentage rate of return of the System's investment portfolio as certified by the actuary on an annual basis but will never lose money. For those eligible to enter DROP subsequent to January 1, 2004, an irrevocable election is made to earn interest based on the System's investment portfolio return or a money market investment return. This could result

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in a negative earnings rate being applied to the account. If a member elects a money market investment return, the funds are transferred to a government money market account and earn interest at the money market rate.

Initial Benefit Option Plan

In 1999, the State Legislature authorized the System to establish an Initial Benefit Option program. Initial Benefit Option is available to members who are eligible for regular retirement and have not participated in DROP. The Initial Benefit Option program provides both a one-time single sum payment of up to 36 months of regular monthly retirement benefit, plus a reduced monthly retirement benefit for life. Interest is computed on the balance based on the same criteria as DROP.

*Funding Policy.* Plan members are required by state statute to contribute 10.0% (10.0% as of July, 1, 2019) of their annual covered salary and the City is required to contribute at an actuarially determined rate. The current rate is 32.50% (32.25% before July 1, 2019) of annual covered payroll. The contribution requirements of plan members and the City are established and may be amended by state statute. As provided by Louisiana Revised Statute 11:103, the employer contributions are determined by actuarial valuation and are subject to change each year based on the results of the valuation for the prior fiscal year. The City's contributions to the System for the years ending December 31, 2019, 2018, and 2017, were \$164,664, \$158,417, and \$151,042, respectively, equal to the required contributions for each year. The System also receives insurance premium tax monies as additional employer contributions. The tax is considered support from a non-contributing entity and appropriated by the legislature each year based on an actuarial study. The amount of non-employer contributions recognized as revenue in the government-wide statement of activities was \$31,028 for the year ended December 31, 2019.

*Pension Liabilities, Pension Expense, and Deferred Outflows of Resources and Deferred Inflows of Resources Related to Pensions.* At December 31, 2019, the City reported a liability of \$1,368,763 for its proportionate share of net pension liability within the governmental activities. The net pension liability was measured as of June 30, 2019 and the total pension liability used to calculate the net pension liability was determined by an actuarial valuation as of that date. The City's proportion of the net pension liability was based on a projection of the City's long-term share of contributions to the pension plan relative to the projected contributions of all participating municipal police departments, actuarially determined. At June 30, 2019, the City's proportion was 0.150717%, which was a decrease of 0.017417% from its proportion measured as of June 30, 2018.

For the year ended December 31, 2019, the City recognized pension expense of \$128,154. At December 31, 2019, the City recognized deferred outflows of resources and deferred inflows of resources related to pensions from the following:

	Deferred Outflows of Resources	Deferred Inflows of Resources
Differences between expected and actual experience	\$ 2,872	\$ 42,111
Changes in assumptions	76,703	
Net difference between projected and actual earnings on pension plan investments	88,926	-
Changes in proportion and differences between City's contributions and proportionate share of contributions	84,705	103,068
City contributions subsequent to the measurement date	83,901	-
Total	<u>\$ 337,107</u>	<u>\$ 145,179</u>

The \$83,901 reported as deferred outflows of resources relating to pensions resulting from the City contributions subsequent to the measurement date will be recognized as a reduction of the net pension liability in the year ended December 31, 2020. Other amounts reported as deferred outflows and deferred inflows of resources related to pensions will be recognized in pension expense as follows:

**City of New Roads, Louisiana**  
**Notes to the Financial Statements**

Year ended December 31,	
2020	\$ 90,145
2021	(5,415)
2022	1,096
2023	22,201
2024	-0-
Thereafter	-0-
Total	<u>\$ 108,027</u>

*Actuarial assumptions.* The total pension liability in the June 30, 2019 actuarial valuation was determined based on the results of an actuarial experience study for the period of July 1, 2009 through June 30, 2014 using the following actuarial assumptions, applied to all periods included in the measurement:

Actuarial Cost Method:	Entry Age Normal Cost.
Investment Rate of Return:	7.125%, net of investment expense.
Expected Remaining Service lives:	4 years
Inflation Rate:	2.50%
Salary increases, including inflation and merit:	Years of service 1-2; salary growth rate 9.75% Years of service 3-23; salary growth rate 4.75% Years of service over 23; salary growth rate 4.25%
Mortality	RP-2000 Combined Healthy with Blue Collar Adjustment Sex Distinct Tables projected to 2029 by Scale AA (set back 1 year for females) for healthy annuitants and beneficiaries. RP-2000 Disabled Lives Table set back 5 years for males and 3 years for females for disabled annuitants. RP-2000 Employee Table set back 4 years for males and 3 years for females for active members.
Cost-of-Living Adjustments	The present value of future retirement benefits is based on benefits currently being paid by the System and includes previously granted cost-of-living increases. The present values do not include provisions for potential future increases not yet authorized by the Board of Trustees.

The mortality rate assumption used was set based upon an experience study performed by the prior actuary on plan data for the period July 1, 2009 through June 30, 2014 and review of similar law enforcement mortality. The data was assigned credibility weighting and combined with a standard table to produce current levels of mortality. This mortality was then projected forward to a period equivalent to the estimated duration of the System's liabilities. Annuity values calculated based on this mortality were compared to those produced by using a setback of standard tables. The result of the procedure indicated that the tables used would produce liability values approximating the appropriate generational mortality tables.

Best estimates of arithmetic nominal rates of return for each major asset class included in the System's target asset allocation as of June 30, 2019 are summarized in the following table:

<u>Asset Class</u>	<u>Target Asset Allocation</u>	<u>Long-term Expected Portfolio Real Rate of Return</u>
Equity	48.50%	3.28%
Fixed Income	33.50%	.80%
Alternatives	18.00%	1.06%
Other	<u>0.00%</u>	<u>0.00%</u>
Totals	<u>100%</u>	5.14%

**City of New Roads, Louisiana**  
**Notes to the Financial Statements**

Inflation	<u>2.75%</u>
Expected Nominal Return	<u>7.89%</u>

*Discount Rate.* The discount rate used to measure the total pension liability was 7.125%. 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 the Public Retirement Systems' Actuarial Committee taking into consideration the recommendation of the System's actuary. Based on those assumptions, the System'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.

*Sensitivity to Changes in Discount Rate.* The following presents the City's proportionate share of the net pension liability using the discount rate of 7.125%, as well as what the City's net pension liability would be if it were calculated using a discount rate that is one percentage lower (6.125%), or one percentage point higher (8.125%) than the current rate as of June 30, 2019.

	<u>1% Decrease (6.125%)</u>	<u>Current Discount Rate (7.125%)</u>	<u>1% Increase (8.125%)</u>
City's proportionate share of the net pension liability	\$ 1,907,138	\$ 1,368,763	\$ 917,120

The Municipal Police Employees' Retirement System has issued a stand-alone audit report on their financial statements for the year ended June 30, 2019. Access to the report can be found on their website, [www.lampers.org](http://www.lampers.org), or by writing to the Municipal Police Employees Retirement System of Louisiana, 8401 United Plaza Boulevard, Baton Rouge, Louisiana 70809-2250, or by calling (225) 929-7411.

**NOTE 9 – POSTEMPLOYMENT HEALTH CARE AND LIFE INSURANCE BENEFITS**

**General Information about the OPEB Plan**

*Plan Description* - The City of New Roads (the City) provides certain continuing health care and life insurance benefits for its retired employees. The City's OPEB Plan (the OPEB Plan) is a single-employer defined benefit OPEB plan administered by the City. The authority to establish and/or amend the obligation of the employer, employees and retirees rests with the City. No assets are accumulated in a trust that meets the criteria in GASB Codification Section P52, *Postemployment Benefits Other Than Pensions-Reporting for Benefits Not Provided Through Trusts That Meet Specified Criteria-Defined Benefit*.

*Benefits Provided* – Medical benefits are provided through a comprehensive plan and are made available to employees upon actual retirement. Employees are covered by the Municipal Employees' Retirement System of Louisiana whose retirement eligibility (D.R.O.P. entry) provisions are as follows: 25 years of service at any age; or, age 60 and 10 years of service (or, for those employees hired on or after January 1, 2013, age 55 and 30 years of service; or, age 62 and 10 years of service; or, age 67 and 7 years of service).

Life insurance coverage is not provided to retirees.

*Employees covered by benefit terms* – At December 31, 2019, the following employees were covered by the benefit terms:

Inactive employees or beneficiaries currently receiving benefit payments	6
Inactive employees entitled to but not yet receiving benefit payments	-
Active employees	<u>49</u>
	<u>55</u>

**City of New Roads, Louisiana**  
**Notes to the Financial Statements**

**Total OPEB Liability**

The City's total OPEB liability of \$1,434,447 was measured as of December 31, 2019, and was determined by an actuarial valuation as of that date

*Actuarial Assumptions and other inputs* – The total OPEB liability in the December 31, 2019, actuarial valuation was determined using the following actuarial assumptions and other inputs, applied to all periods included in the measurement, unless otherwise specified:

Inflation	2.5%
Salary increases	3.0%, including inflation
Discount rate	4.10%, annually (beginning of year to determine ADC)
	2.74%, annually (as of end of year measurement date)
Healthcare cost trend rates	5.5% annually

The discount rate was based on the average of the Bond Buyers' 20 Year General Obligation municipal bond index as of December 31, 2019, the end of the applicable measurement period. Mortality rates were based on the RP-2000 Table without projection with 50%/50% unisex blend.

The actuarial assumptions used in the December 31, 2019 valuation were based on the results of ongoing evaluations of the assumptions from July 1, 2009 to December 31, 2019.

**Changes in the Total OPEB Liability**

Balance at December 31, 2018	\$ 1,142,705
Changes for the year:	
Service cost	11,653
Interest	47,090
Differences between expected and actual experience	202,522
Changes in assumptions	139,545
Benefit payments and net transfers	<u>(109,068)</u>
Net changes	<u>291,742</u>
Balance at December 31, 2019	<u>\$ 1,434,447</u>

*Sensitivity of the total OPEB liability to changes in the discount rate* – The following presents the total OPEB liability of the City, as well as what the City's total OPEB liability would be if it were calculated using a discount rate that is one percentage point lower (1.74%) or one percentage point higher (3.74%) than the current discount rate:

	1.0% Decrease (1.74%)	Current Discount (2.74%)	1.0% Increase (3.74%)
Total OPEB Liability	<u>\$ 1,572,059</u>	<u>\$ 1,434,447</u>	<u>\$ 1,314,758</u>

*Sensitivity of the total OPEB liability to changes in the healthcare cost trend rates* – The following presents the total OPEB liability of the City, as well as what the City's total OPEB liability would be if it were calculated using healthcare cost trend rates that are one percentage point lower (4.5%) or one percentage point higher (6.5%) than the current healthcare trend rates:

	1.0% Decrease (4.5%)	Current Discount (5.5%)	1.0% Increase (6.5%)
Total OPEB Liability	<u>\$ 1,316,147</u>	<u>\$ 1,434,447</u>	<u>\$ 1,569,364</u>



**City of New Roads, Louisiana**  
**Notes to the Financial Statements**

**OPEB Expense, Deferred Outflows of Resources, and Deferred Inflows of Resources Related to OPEB**

For the year ended December 31, 2019 the City recognized OPEB expense of \$78,807. At December 31, 2019, the City reported deferred outflows of resources and deferred inflows of resources related to OPEB from the following sources:

	Deferred Outflows of Resources	Deferred Inflows of Resources
Differences between expected and actual experience	\$ 188,345	\$ -
Changes in assumptions	129,578	(57,092)
Total	<u>\$ 317,923</u>	<u>\$ (57,092)</u>

Amounts reported as deferred outflows of resources and deferred inflows of resources related to OPEB will be recognized in OPEB expense as follows:

<u>Years ending June 30:</u>	
2020	20,064
2021	20,064
2022	20,064
2023	20,064
2024	20,064
Thereafter	160,511

**NOTE 10 - ACCOUNTS, SALARIES AND OTHER PAYABLES**

The payables of \$1,143,833 at December 31, 2019, are as follows:

<u>Class of Payable</u>	<u>General Fund</u>	<u>Special Revenue Fund</u>	<u>Proprietary Funds</u>
Salaries & Withholdings	\$ 57,361	\$ 0	\$ 9,051
Accounts	435,664	0	477,003
Other	155,334	0	9,420
Total	<u>\$ 648,359</u>	<u>\$ 0</u>	<u>\$ 495,474</u>

**NOTE 11 - LEASES**

The City has an operating lease of the following nature:

In March 1952, the City entered into a 99-year lease agreement with St. Mary's Roman Catholic Church of False River to supply its utilities in exchange for the use of land on which part of the City Hall now stands. In August, 1980, a decree was passed which limited the amount of utilities the church could obtain for the use of the land. The value of the operating lease payments remaining on all leases is as follows:

<u>Year Ending 12/31</u>	<u>St. Mary's</u>
2020	\$ 30,105
2021	30,105
2022	30,105
2023	30,105
2024	30,105
2025-2051	794,291
	<u>\$ 944,816</u>

The City also has cancellable operating leases of vehicles for the police department and utility departments and incurred rental expense of \$81,976 for the year ended December 31, 2019.

**City of New Roads, Louisiana**  
**Notes to the Financial Statements**

**NOTE 12 - CHANGES IN GENERAL LONG-TERM OBLIGATIONS**

The following is a summary of long-term debt transactions of the City for the year ended December 31, 2019:

	<u>Bonded Debt</u>	<u>Capital Leases</u>	<u>Total</u>
Long-term obligations payable at December 31, 2018	\$ 4,951,603	\$ 12,868	\$ 4,964,471
Additions	-0-	-0-	-0-
Deductions	<u>(315,000)</u>	<u>(12,868)</u>	<u>(327,868)</u>
Long-term obligations payable at December 31, 2019	4,636,603	0	4,636,603
Less current portion	<u>(325,000)</u>	<u>0</u>	<u>(325,000)</u>
Net long-term obligations	<u><u>\$ 4,311,603</u></u>	<u><u>\$ -0-</u></u>	<u><u>\$ 4,311,603</u></u>

Revenue bonds and certificates of indebtedness are comprised of the following individual issues:

**Revenue Bonds:**

Electric System Upgrade:

\$6,000,000 2011 Utilities Revenue Refunding Bonds due in semi-annual interest and annual principal installments of amounts from \$265,000 to \$425,000 with interest rates of 4.00% due through July 1, 2031. The Electric Utility System fund is used to retire these issues.

\$ 4,125,000

Water/Sewer System Upgrade:

\$1,000,000 2011 Utilities Revenue Bonds due in semi-annual interest and annual principal installments of amounts from \$50,000 to \$55,000, with interest rates of .95% due through July 1, 2031. The Water and Sewer Utilities fund is used to retire these issues.

\$ 511,603

At December 31, 2019, the City has accumulated and restricted \$586,898 in the proprietary funds for future debt requirements. The annual requirements to amortize all bonds outstanding at December 31, 2019, including interest payments of \$1,162,429 are as follows:

**ANNUAL REQUIREMENTS TO AMORTIZE LONG-TERM DEBT**

<u>Year Ending 12/31</u>	<u>Electric Revenue Bonds</u>	<u>Water/Sewer Revenue Bond</u>	<u>Total</u>
2020	\$ 440,000	\$ 52,302	\$ 492,302
2021	439,000	52,077	491,077
2022	437,600	51,852	489,452
2023	440,800	51,628	492,428
2024	438,400	51,402	489,802
Thereafter	<u>3,078,800</u>	<u>265,171</u>	<u>3,343,971</u>
	<u><u>\$ 5,274,600</u></u>	<u><u>\$ 524,432</u></u>	<u><u>\$ 5,799,032</u></u>

Revenue Bonds:

On August 29, 2011, the City issued \$6,000,000 of Utility Revenue Refunding Bonds, Series 2011 to provide debt service reduction, to refund a portion of its Series 2001 Electric System Revenue Refunding Bonds (\$1,180,000), refund a portion of its Series 2001 Water & Sewer Revenue Refunding Bonds (\$1,255,000), refund a portion of its 2009 Water Meter Project lease (\$1,423,469), and acquire, upgrade,

**City of New Roads, Louisiana**  
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expand and construct City owned public improvements. These bonds were issued in one denomination of \$6,000,000 for private placement with a financial institution. They bear interest payable on January and July 1, of each year at rates of 4.00% and mature on July 1, of each year beginning July 1, 2012, with the final installment due on July 1, 2031. These bonds are secured by and payable in principal and interest from all excess revenues of the City. The bond resolutions require that the City will establish and maintain utility rates and fees so that the system will provide sufficient revenues to pay the normal operating expenses of the system, the annual debt payment, and the reserves and/or sinking funds required by bond agreement. The bond resolution required the establishment of the following accounts:

**Electric System Revenue Fund, Water System Revenue Fund, and Gas System Revenue Fund -**

The City is required to deposit daily into these funds the income and revenues earned from the operation of the utility system. This account is used to pay for the reasonable and necessary expenses of the system and fund the reserves required by the bond agreements.

**2011 Utility Revenue Refunding Bond Sinking Fund -**

This fund is to be used to pay the next required installment of interest and principal for the 2011 Utility System Revenue Bonds. The City is required to make monthly deposits by the 20th of each month, beginning September 1, 2011, equal to 1/6th of the next interest installment and 1/12th of the next principal installment.

**2011 Excess Revenue Fund-**

The City is to deposit into this account excess revenues which shall maintain a minimum balance of \$500,000 during the life of the 2011 bonds. The City covenants that it will budget annually, and exclusive of cumulative fund balance, during the life of the bonds and to maintain Excess Revenues available for repayment of principal and interest of the maximum annual debt service (MADS) of the bonds and all outstanding parity obligations in an amount equal to 1.15 times MADS, to be tested annually by an independent Certified Public Accountant. The City has met the requirement of excess revenues in an amount equal to 1.15 times MADS as of December 31, 2019.

**Water / Sewer System Revenue Bonds:**

On February 15, 2011, the City issued \$1,000,000 of Utilities Revenue Bonds, Series 2011, the bond to be purchased by the Louisiana Department of Environmental Quality in order to grant the City a loan from the Municipal Facilities Revolving Loan Fund for the purpose of constructing, acquiring, extending and/or improving the sewer portion of the combined water treatment and distribution system and sewerage collection, treatment, and disposal system. The amount and dates of the principal installment of the bonds shall be determined as of the date of delivery of the bonds in integral multiples of \$1,000 or \$5,000, so that the combined annual principal, interest and administrative fee on the bonds from and after the scheduled project completion date shall be approximately equal. If the full amount of the bond issuance is not purchased, then upon final payment of the loan, the schedule of principal payments shall be recalculated so that the actual amount of principal, interest and administrative fee due each bond year are approximately equal. The bond bears interest, payable on January and July 1 of each year, at a rate of .95% and matures on July 1 of each year beginning July 1, 2012, with the final installment due on July 1, 2031. These bonds are secured by and payable in principal and interest solely from the income and revenues earned from the water/sewer system. The bond resolution requires that the City will establish and maintain water and sewer rates and fees so that the system will provide sufficient revenues to pay the normal operating expenses of the system, the annual debt payments, and fund the reserves and/or sinking funds required by the bond agreement. The bond resolution required the establishment of the following accounts:

**Water and Sewer System Revenue Fund -**

The City is required to deposit daily into this fund the income and revenues earned from the operation of the water and sewer system. This account is used to pay for the reasonable and necessary expenses of the system and fund the reserves required by the bond agreement.

**City of New Roads, Louisiana**  
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**Water and Sewer System Revenue Bonds Sinking Fund –**

This fund is to be used to pay the next required installment of interest and principal. The City is required to make monthly deposits by the 20th of each month, beginning in March 2011, equal to 1/6th of the next interest installment and 1/12th of the next principal installment.

**Water and Sewer Revenue Bond Debt Service Fund -**

This fund is to be used solely for the purpose of paying the principal and interest on the bonds payable for the Sinking Fund, if they should otherwise go into default. It is required to be funded in an amount equal to the highest combined principal and interest requirement for any succeeding sinking fund year. The Reserve Fund was initially funded with \$251,348 from the 2001 bond issuance proceeds. Monies in the reserve fund must be invested in Government Securities, maturing in five years or less from the date of investment.

**Water and Sewer System Capital Additions and Contingencies Fund -**

The City is to deposit into this account by the 20th of each month, 5% of the gross revenues of the system for the preceding month. The funding must continue until \$200,000 has been accumulated in the account. These monies may be used to care for extensions, additions, improvements, renewals, and replacements necessary to properly operate the systems. They may also be used to pay principal and interest on the bonds if there are insufficient funds in the Sinking or Reserve funds, however, the fund may not be depleted for the above uses to less than \$5,000. If this balance is reduced below \$200,000, funding shall be resumed until the maximum is again accumulated.

**NOTE 13 - INTERGOVERNMENTAL PAYABLE**

The following is a summary of the intergovernmental payable due other governments at December 31, 2019:

<u>Payable to:</u>	<u>General Fund</u>	<u>Proprietary Funds</u>
Pointe Coupee Parish Council	\$ 18,543	\$ -0-
Pointe Coupee Sewer Districts	-0-	33,238
La. Department of Revenue	-0-	2,762
Other La. Departments	-0-	1,304
	<hr/>	<hr/>
Totals	\$ 18,543	\$ 37,304

**NOTE 14 - INTERFUND RECEIVABLES/PAYABLES**

The following is a summary of interfund receivable and payable balances at December 31, 2019:

	<u>Due From Other Funds</u>	<u>Due To Other Funds</u>
Enterprise Funds –		
Electric Utility System:		
General Fund	\$ 5,258	\$ 149,858
Gas Utility System	-0-	164,254
Water/Sewer System	152,963	-0-
Gas Utility System:		
General Fund	3,000	35,272
Electric Utility System	164,254	-0-
Water/Sewer System	5,778	-0-
Water/Sewer Utility System:		
General Fund	3,000	56,121
Electric Utility System	-0-	152,963
Gas Utility System	-0-	5,778

**City of New Roads, Louisiana**  
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General Fund –		
Electric Utility System	149,858	5,258
Gas Utility System	35,272	3,000
Water/Sewer System	<u>56,121</u>	<u>3,000</u>
Totals	<u>\$ 575,504</u>	<u>\$ 575,504</u>

**NOTE 15 - INTERFUND TRANSFERS**

The following is a summary of interfund transfers which occurred during the year ended December 31, 2019. The transfers were made from the proprietary funds in order to help fund additional governmental activities.

	Transfer In From	Transfer Out To
General Fund –		
Electric Utility System	\$ 955,000	\$ -0-
Gas Utility System	375,000	-0-
Water/Sewer Utility System	545,000	-0-
Enterprise Funds –		
Electric Utility System:		
General Fund	-0-	\$ 955,000
Gas Utility System:		
General Fund	-0-	375,000
Water/Sewer Utility System:		
General Fund	<u>-0-</u>	<u>545,000</u>
Totals	<u>\$ 1,875,000</u>	<u>\$ 1,875,000</u>

**NOTE 16 - RESTRICTED AND NONSPENDABLE NET POSITION/FUND BALANCES**

**Proprietary Funds:**

Unrestricted net position for proprietary funds represents the net position available for future operations or distributions.

Restrictions of net position of enterprise funds are created by increases in assets restricted for a certain use. These increases result from earnings on restricted assets and other interfund transfers to restricted accounts. Earnings on restricted assets are included in net income of the Enterprise Funds. When restricted net positions are increased there is an equal reduction to the portion of net position that is unrestricted. Specific restrictions of net position are described below:

Restricted for Bond indentures - This represents the amounts required to be held in the sinking, reserve, and excess revenue accounts in accordance with the bond agreements for the \$6,000,000 utility revenue refunding bonds issued in 2011, and the \$1,000,000 utility revenue bonds issued in 2011.

Restricted for Capital Additions - This represents the amounts required to be held in the capital additions and contingencies accounts in accordance with the bond agreements for the \$1,000,000 utility revenue bonds issued in 2011. It also represents internal restrictions by the City to be used for capital additions in coming years.

**City of New Roads, Louisiana**  
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**Governmental Funds:**

The unassigned fund balances for governmental funds represent the amount available for budgeting future operations. Restrictions of fund balances of governmental funds are created to either (1) satisfy legal covenants that require that a portion of the fund balance be segregated or (2) identify the portion of the fund balance that is not appropriable for future expenditures. Specific restrictions of the fund balance accounts are summarized below.

Nonspendable for prepaid expenses – This restriction was created to segregate a portion of the fund balance to account for insurance expenses that have already been prepaid and will be recognized as an expense in the next operating cycle.

Restricted for Liability Claims - This restriction was imposed by a third-party administrator to segregate a portion of the fund balance account to cover any costs that might be incurred due to changes in the coverage should any claims not be reported when incurred, which had the effect of reducing liability insurance premiums.

Restricted for Grants - Funds restricted by grants for future program costs. This restriction occurs in the HUD Section 8 Fund.

**NOTE 17 - SEGMENT INFORMATION**

Some services provided by the City are financed by user charges - electric, water, sewer, and natural gas. Due to the fact that these enterprise funds are both a segment and a major fund, segment information disclosure is not mandatory. However, significant financial data for these enterprises is reflected as follows:

	Electric	Natural Gas	Water/Sewer	Total
Operating Revenues	\$ 5,127,557	\$ 1,107,543	\$ 1,359,796	\$ 7,594,896
Depreciation	221,479	33,066	417,466	672,011
Operating Income	1,248,381	476,262	139,305	1,863,948
Change in Net Position	212,480	106,870	(398,958)	(79,608)
Property, Plant, and Equipment Additions	59,680	-0-	234,385	294,065
Total Assets	5,990,057	1,024,069	6,565,824	13,579,950
Fund Equity	255,995	939,871	5,547,343	6,743,209
Net Working Capital	816,343	319,675	(37,235)	1,098,783

**NOTE 18 - ON-BEHALF PAYMENTS FOR FRINGE BENEFITS AND SALARIES**

A portion of the salaries of the City's police officers are paid through a supplement from the state. These payments, remitted directly to the officers, provides the officers of the city with an additional \$500 per month, which is added to their base salary. For the year ended December 31, 2019, \$52,750 was received from the state and is included in revenues under intergovernmental revenue and in expenses under public safety on the combined statement of revenue, expenditures, and changes in fund balance.

**NOTE 19 – OTHER EMPLOYMENT BENEFITS**

The city provides certain health care benefits for its active employees. Substantially all employees may participate while working for the city. These benefits are provided through an insurance company whose monthly premiums are paid 80% by the city and 20% by the employee. The cost of employee's benefits totaled \$414,402 for the year ended December 31, 2019.

**City of New Roads, Louisiana**  
**Notes to the Financial Statements**

**NOTE 20 - JOINT VENTURES**

Condensed or summarized below is the latest available financial information on the City's joint venture with the Parish:

<u>False River Air Park Commission</u>	<u>(Unaudited)</u>
Balance Sheet Date	12/31/18
Total Assets (not including GFA)	\$ 66,413
Total General Fixed Assets (GFA)	8,576,605
Total Liabilities	86,041
Total Net Position	8,556,977
Total Revenues	233,252
Total Expenditures	675,822
Total Other Financing Sources (Uses)	1,193,625
Net Increase (Decrease) in Net Position	751,055

False River Air Park Commission

The False River Air Park Commission is 50% owned by the City. For the year ended December 31, 2019, the City contributed \$49,000 as an operating grant and \$9,358 for insurance to cover expenses of the facility. The False River Air Park Commission is a component unit of the Pointe Coupee Parish Council because the Pointe Coupee Parish Council is the governing authority for Pointe Coupee Parish.

**NOTE 21 - LITIGATION AND CLAIMS**

The City is a defendant in 5 pending lawsuits. It is in the City counsels' opinion that the City is fully insured against the risk involved in the respective actions and that they are being actively defended by counsel of the City and their insurers. The ultimate resolution of these lawsuits cannot be presently determined and no provision for any liability that may result from such claims has been made in the financial statements. Litigation costs of \$37,549 were incurred in the current year and recorded as current-year expenditure in the General Fund.

**NOTE 22 - RISK MANAGEMENT**

The City is exposed to various risks of loss related to torts; theft of, damage to, and destruction of assets; errors and omissions; injuries to employees; health benefits; and natural disasters. The City currently reports all of its risk management activities in its General Fund. Claim expenditures and liabilities are reported when it is probable that a loss has occurred and the amount of that loss can be reasonably estimated. These losses include an estimate of claims that have been incurred but not reported. In a previous year, the City elected the "reimbursement method" for unemployment compensation benefits. If any claims are paid by the state, the City reimburses the state from the general operating account. The City had estimated unemployment compensation liability as of year-end of \$0, which has been recognized in year-end accounts payable.

The City decided to retain some of the risk with respect to at-fault damages to City owned vehicles. The City carries a fleet insurance policy on all City owned vehicles, but is self-insured for at-fault damage to City owned vehicles. The amount of insurance premiums saved when this account was established, plus annual interest earnings funded the cash account. In May 2001, the City increased its deductible, due to high premium costs, on its auto liability policy to \$50,000 with a maximum aggregate loss of \$500,000 and implemented self-insured retention. The City has no estimated liability for damaged vehicles or liability claims as of year-end. At year-end, this cash account had \$3,738 held for purposes of funding future claims. As a result, \$3,738 of the general fund balance is restricted for payment of future vehicle liability claims.

**City of New Roads, Louisiana**  
**Notes to the Financial Statements**

The City has adopted the provisions of GASB Statement Number 10 “Accounting and Financial Reporting for Risk Financing and Related Insurance Item”. This self-insured fund is accounted for in the General Fund. As required by this statement, a reconciliation of claims liabilities and reservations is shown below.

	Unemployment Compensation	Vehicle Liability	Totals
Beginning of Fiscal Year Liability	\$ -0-	\$ -0-	\$ -0-
Current Year Claims & Changes in Estimates	7,167	63,827	70,994
Claim Payments	7,167	(63,827)	(70,994)
End of Fiscal Year Liability	<u>\$ -0-</u>	<u>\$ -0-</u>	<u>\$ -0-</u>

**NOTE 23 - LOUISIANA ENERGY AND POWER AUTHORITY CONTRACT**

The Louisiana Energy and Power Authority (LEPA), a political subdivision of the State of Louisiana, has joined nineteen Louisiana municipalities together in order to provide the members facilities for the generation and transmission of electric power. LEPA has obtained a 20% undivided ownership interest in a coal-fired steam electric generating unit under a Joint Ownership Agreement. The other two members of the agreement, Central Louisiana Electric Company, Inc. (CLECO) and Lafayette Public Power Authority (LPPA) have ownership interests of 30% and 50%, respectively. An Owner Committee consisting of LEPA, CLECO, and LPPA was formed to make recommendations to CLECO, the plant operator, and to decide on various issues including construction and operating budgets.

On October 1, 1992, the City together with four other cities entered into Power Sales Contracts with LEPA. Each city is required to purchase its respective entitlement share of generated electricity. The aggregate entitlement shares of all the cities equals 100%, of which the City’s share is 2.83%. Each city is required to pay monthly for its entitlement share of power capability and energy on a take-or-pay basis, whether or not the unit is operating. The Power Sales Contracts will continue in effect until all bonds issued by LEPA have been provided for or the date the Contracts are terminated and settlement complete; however, in no event will the contracts continue beyond July 1, 2023.

On June 1, 2016, the City began purchasing power from CLECO (formerly NRG Energy) under a five-year contract to provide for more stable energy costs, thereby ending its energy purchase agreement with LEPA. However, the City is still responsible for its share of power on a take-or-pay basis with LEPA until the City can sell its share to other participants under the LEPA agreements or the end date of the contracts in 2023.

**NOTE 24 - UTILITY SERVICE AGREEMENTS**

Pointe Coupee Parish Sewerage District No. 1 & 3A

An agreement between the Sewerage District No. 1 & 3A of Pointe Coupee Parish and the City provided for the billing of customers on the sewerage system whom are also customers on the City’s utility system. This billing agreement went into effect for the month of November 1980.

Pointe Coupee Parish Sewage District No. 4

An agreement between the Sewage District No. 4 of Pointe Coupee Parish and the City provides for the City to handle operation and maintenance of the system with full cost reimbursement to the City for any expenses incurred in the process. The Sewer District will be able to discharge into the City’s oxidation ponds in exchange for a flat fee per gallon, with re-examination of the fees every two years of the agreement.



**City of New Roads, Louisiana**  
**Notes to the Financial Statements**

**NOTE 25 - COMPENSATION PAID TO BOARD MEMBERS**

In compliance with House Concurrent Resolution No. 54 of the 1979 Session of the Louisiana Legislature, compensation paid to board members during the year ended December 31, 2019 is as follows:

Mayor – Cornell Dukes	\$ 60,569
Council:	
Theron Smith	15,600
Vernell Davis	14,400
Kurt Kellerman	14,400
Joy Nelson	14,068
Kirk White	14,400
	<hr/>
Total Compensation	<u>\$ 133,437</u>

**NOTE 26 – FEDERAL FINANCIAL ASSISTANCE PROGRAMS**

The City participated in the following federal financial assistance programs during the year ending December 31, 2019.

Federal Grantor/ Pass-Through Grantor Federal Grants/ <u>Program Title</u>	<u>Federal CFDA Number</u>	<u>Pass-Through Grantor Number</u>	<u>Expenditures</u>
<b>United States Department of Housing And Urban Development</b>			
Direct:			
Section 8 Housing Choice Vouchers	14.871	Proj #LA205	\$ 235,269
Indirect: Other Housing Authorities	14.871		32,207
<b>United States Department of Homeland Security</b>			
Passed though the La. Governor’s Office of Homeland Security & Emergency Preparedness			
Hazard Mitigation Grant Program	97.039	1786-182-LA	<u>0</u>
Total (All Federal)			<u>\$ 267,476</u>

**NOTE 27 - DEFINITION OF CASH AND CASH EQUIVALENTS USED IN THE STATEMENT OF CASH FLOWS**

For the purpose of the Statement of Cash Flows presented in the proprietary type funds, cash and cash equivalents are defined as unrestricted and restricted cash.

**NOTE 28 – SUBSEQUENT EVENTS**

Management has performed an evaluation of the City’s activities through June 30, 2020, and has concluded that there are no significant subsequent events requiring recognition or disclosure through the date and time these financial statements were available to be issued on June 30, 2020, except for the following note.

In the spring of 2020, there was a global outbreak of a new strain of coronavirus, COVID-19. The public health crisis has caused volatile economic conditions, impacting financial markets and disrupting general business activities across the United States. The timing and extent of the impact of COVID-19 on the City’s current operations and future operations is unknown at the date of this report.

## **REQUIRED SUPPLEMENTAL INFORMATION**

**CITY OF NEW ROADS, LOUISIANA  
GENERAL FUND**

**BUDGETARY COMPARISON SCHEDULE  
For the Year Ended December 31, 2019**

	<b>BUDGETED AMOUNTS</b>		<b>ACTUAL</b>	<b>VARIANCE WITH FINAL BUDGET FAVORABLE (UNFAVORABLE)</b>
	<b>ORIGINAL</b>	<b>FINAL</b>		
<b>REVENUES</b>				
Taxes	\$ 1,875,500	\$ 1,890,000	\$ 1,938,934	\$ 48,934
Licenses & permits	315,000	297,000	247,545	(49,455)
Intergovernmental revenue	589,817	309,175	331,969	22,794
Charges for services	1,034,050	1,092,940	1,080,314	(12,626)
Fines and forfeitures	55,060	55,110	53,221	(1,889)
Miscellaneous	60,300	110,510	35,962	(74,548)
Total revenues	3,929,727	3,754,735	3,687,945	(66,790)
<b>EXPENDITURES</b>				
General government	1,240,625	1,578,575	1,593,888	(15,313)
Public safety	1,253,350	1,303,100	1,390,128	(87,028)
Streets and sanitation	1,102,480	1,091,830	1,173,307	(81,477)
Transportation	52,000	57,500	58,358	(858)
Culture and recreation	223,955	377,255	424,561	(47,306)
Economic development and assistance	79,094	72,845	73,168	(323)
Educational	50,000	64,420	54,227	10,193
Capital outlay	705,148	212,298	123,802	88,496
Debt service	16,250	16,000	12,868	3,132
Public works	306,250	274,250	276,502	(2,252)
Total expenditures	5,029,152	5,048,073	5,180,809	(132,736)
<b>EXCESS (DEFICIENCY) OF REVENUES OVER EXPENDITURES</b>	(1,099,425)	(1,293,338)	(1,492,864)	(199,526)
<b>OTHER FINANCING SOURCES (USES)</b>				
Transfers in	1,240,000	1,420,000	1,875,000	455,000
Sale of fixed assets	5,500	12,400	6,900	(5,500)
Transfers out	-	-	-	-
Total other financing sources (uses)	1,245,500	1,432,400	1,881,900	449,500
<b>EXCESS (DEFICIENCY) OF REVENUES AND OTHER SOURCES OVER EXPENDITURES AND OTHER USES</b>	146,075	139,062	389,036	249,974
<b>FUND BALANCES AT BEGINNING OF YEAR</b>	237,478	292,746	292,746	-
<b>FUND BALANCES AT END OF YEAR</b>	\$ 383,553	\$ 431,808	\$ 681,782	\$ 249,974

**CITY OF NEW ROADS**  
**New Roads, Louisiana**

**SCHEDULE OF CHANGES IN TOTAL OPEB LIABILITY**  
**FOR THE YEAR ENDED DECEMBER 31, 2019**

	2018	2019
Service cost	\$ 13,419	\$ 11,653
Interest	43,396	47,090
Changes of benefit terms	-	-
Differences between expected & actual experience	334	202,522
Changes of assumptions	(65,875)	139,545
Benefit payments	(103,382)	(109,068)
Net change in total OPEB liability	(112,108)	291,742
Total OPEB liability – beginning	1,254,813	1,142,705
Total OPEB liability – ending	\$ 1,142,705	\$ 1,434,447
Net OPEB liability	\$ 1,142,705	\$ 1,434,447
Covered employee payroll	\$ 1,689,050	\$ 1,642,517
Net OPEB liability as a percentage of covered employee payroll	67.65%	87.33%
Fiduciary Net Position	\$ -0-	\$ -0-
Funded Ratio	0%	0%

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

**CITY OF NEW ROADS  
NEW ROADS, LOUISIANA**

**SCHEDULE OF CITY'S PROPORTIONATE SHARE OF NET PENSION LIABILITY -  
MUNICIPAL POLICE EMPLOYEES' RETIREMENT SYSTEM**

**December 31, 2019**

<u>Fiscal Year Ended June 30:</u>	<u>2019</u>	<u>2018</u>	<u>2017</u>	<u>2016</u>	<u>2015</u>	<u>2014</u>	<u>2013</u>	<u>2012</u>	<u>2011</u>	<u>2010</u>
City's proportion of the net pension liability (asset)	0.150717%	0.168134%	0.152208%	0.142943%	0.208971%	0.216869%	0.252845%	Unavailable	Unavailable	Unavailable
City's proportionate share of the net pension liability (asset)	\$ 1,368,763	\$ 1,421,415	\$ 1,328,840	\$1,339,779	\$1,637,069	\$ 1,356,750	\$2,019,835	Unavailable	Unavailable	Unavailable
City's covered-employee payroll	\$ 496,829	\$ 491,309	\$ 455,370	\$ 400,797	\$ 548,073	\$ 573,973	\$ 550,630	\$ 586,171	\$ 595,592	\$ 566,713
City's proportionate share of the net pension liability (asset) as a percentage of its covered employee payroll	275.50%	289.31%	291.82%	334.28%	298.70%	236.38%	366.82%	Unavailable	Unavailable	Unavailable
Plan fiduciary net position as a percentage of the total pension liability	71.01%	71.89%	70.08%	66.04%	70.73%	75.10%	66.71%	Unavailable	Unavailable	Unavailable

**CITY OF NEW ROADS  
NEW ROADS, LOUISIANA**

**SCHEDULE OF CITY'S PROPORTIONATE SHARE OF NET PENSION LIABILITY -  
MUNICIPAL EMPLOYEES' RETIREMENT SYSTEM**

**December 31, 2019**

<u>Fiscal Year Ended June 30:</u>	<u>2019</u>	<u>2018</u>	<u>2017</u>	<u>2016</u>	<u>2015</u>	<u>2014</u>	<u>2013</u>	<u>2012</u>	<u>2011</u>	<u>2010</u>
City's proportion of the net pension liability (asset)	0.627406%	0.657564%	0.689479%	0.680331%	0.576683%	0.575858%	0.558063%	Unavailable	Unavailable	Unavailable
City's proportionate share of the net pension liability (asset)	\$ 2,621,717	\$ 2,722,761	\$ 2,884,381	\$ 2,788,480	\$2,060,002	\$ 1,477,908	\$ 1,729,665	Unavailable	Unavailable	Unavailable
City's covered-employee payroll	\$ 1,182,813	\$ 1,202,780	\$ 1,252,138	\$ 1,225,969	\$ 998,475	\$ 941,903	\$ 972,943	\$ 949,098	\$ 1,082,808	\$ 1,106,947
City's proportionate share of the net pension liability (asset) as a percentage of its covered employee payroll	221.65%	226.37%	230.36%	227.45%	206.31%	156.91%	177.78%	Unavailable	Unavailable	Unavailable
Plan fiduciary net position as a percentage of the total pension liability	64.68%	63.94%	62.49%	62.11%	66.18%	73.99%	67.97%	Unavailable	Unavailable	Unavailable

**CITY OF NEW ROADS  
NEW ROADS, LOUISIANA**

**SCHEDULE OF CITY'S CONTRIBUTIONS -  
MUNICIPAL POLICE EMPLOYEES' RETIREMENT SYSTEM**

**December 31, 2019**

<u>Fiscal Year Ended June 30:</u>	<u>2019</u>	<u>2018</u>	<u>2017</u>	<u>2016</u>	<u>2015</u>	<u>2014</u>	<u>2013</u>	<u>2012</u>	<u>2011</u>	<u>2010</u>
Contractually required contribution	\$ 160,227	\$ 151,078	\$ 144,580	\$ 118,235	\$ 172,643	\$ 177,932	\$ 170,695	\$ 155,335	\$ 148,898	\$ 62,338
Contributions in relation to the contractually required contribution	\$ 160,227	\$ 151,078	\$ 144,580	\$ 118,235	\$ 172,643	\$ 177,932	\$ 170,695	\$ 155,335	\$ 148,898	\$ 62,338
Contribution deficiency (excess)	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
City's covered-employee payroll	\$ 496,829	\$ 491,309	\$ 455,370	\$ 400,797	\$ 548,073	\$ 573,973	\$ 550,630	\$ 586,171	\$ 595,592	\$ 566,713
Contribution as a percentage of covered-employee payroll	32.25%	30.75%	31.75%	29.50%	31.50%	31.00%	31.00%	26.50%	25.00%	11.00%

**CITY OF NEW ROADS  
NEW ROADS, LOUISIANA**

**SCHEDULE OF CITY'S CONTRIBUTIONS -  
MUNICIPAL EMPLOYEES' RETIREMENT SYSTEM**

**December 31, 2019**

<u>Fiscal Year Ended June 30:</u>	<u>2019</u>	<u>2018</u>	<u>2017</u>	<u>2016</u>	<u>2015</u>	<u>2014</u>	<u>2013</u>	<u>2012</u>	<u>2011</u>	<u>2010</u>
Contractually required contribution	\$ 307,531	\$ 297,688	\$ 284,861	\$ 242,129	\$ 197,199	\$ 176,607	\$ 165,400	\$ 158,974	\$ 154,300	\$ 149,438
Contributions in relation to the contractually required contribution	\$ 307,531	\$ 297,688	\$ 284,861	\$ 242,129	\$ 197,199	\$ 176,607	\$ 165,400	\$ 158,974	\$ 154,300	\$ 149,438
Contribution deficiency (excess)	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
City's covered-employee payroll	\$ 1,182,813	\$ 1,202,780	\$ 1,252,138	\$ 1,225,969	\$ 998,475	\$ 941,903	\$ 972,943	\$ 949,098	\$ 1,082,808	\$ 1,106,947
Contribution as a percentage of covered-employee payroll	26.00%	24.75%	22.75%	19.75%	19.75%	18.75%	17.00%	16.75%	14.25%	13.50%



**CITY OF NEW ROADS  
New Roads, Louisiana**

**Notes to Required Supplementary Information  
For the Year Ended December 31, 2019  
Other Postemployment Benefit Plan  
&  
Municipal Police Employees' Retirement System  
Municipal Employees' Retirement System**

**OPEB Plan**

*Changes in Benefit Terms* – There were no changes of benefit terms for the year ended December 31, 2019.

*Changes of Assumptions* – The discount rate as of December 31, 2018 was 4.10% and it changed to 2.74% as of December 31, 2019.

*Assets* – There are no assets accumulated in a trust that meets the criteria in paragraph 4 of GASB Statement No. 75 to pay related benefits.

**Retirement System Plans**

*Changes in Assumptions or Other Inputs.* Changes in assumptions about future economic or demographic factors or of other inputs were recognized in pension expense using the straight-line amortization method over a closed period equal to the average of the expected remaining service lives of all employees that are provided with pensions through the pension plan.

*Changes in Proportion.* Changes in the employer's proportionate shares of the collective net pension liability and collective deferred outflows of resources and deferred inflows of resources since the prior measurement date were recognized in employer's pension expense (benefit) using the straight-line amortization method over a closed period equal to the average of the expected remaining service lives of all employees that are provided pensions through the pension plan.

## **OTHER SUPPLEMENTAL INFORMATION**

**CITY OF NEW ROADS  
New Roads, Louisiana**

**NON-MAJOR GOVERNMENTAL FUNDS**

HUD-Section 8 Program Fund

The HUD-Section 8 Program Fund is used to account for funds which are designated to aid low-income families to obtain decent, safe, and sanitary housing through a system of rental subsidies.

**CITY OF NEW ROADS, LOUISIANA  
COMBINING BALANCE SHEET  
NON-MAJOR GOVERNMENTAL FUNDS  
December 31, 2019**

	<b>HUD - SECTION 8 SPECIAL REVENUE FUND</b>	<b>TOTAL NON-MAJOR GOVERNMENTAL FUNDS</b>
<b><u>ASSETS</u></b>		
Current Assets		
Accounts receivable	-	-
Due from other funds	-	-
Due from other governmental units	-	-
Prepaid expenses	-	-
Restricted Assets		
Cash	\$ 101,930	\$ 101,930
<b>TOTAL ASSETS</b>	<b>\$ 101,930</b>	<b>\$ 101,930</b>
<b><u>LIABILITIES &amp; FUND BALANCE</u></b>		
<b><u>LIABILITIES:</u></b>		
Accounts payable	\$ -	\$ -
Due to other funds	-	-
<b>TOTAL LIABILITIES</b>	<b>-</b>	<b>-</b>
<b><u>FUND BALANCE</u></b>		
Restricted for:		
Reserved for prepaid expenses	-	-
Civic center operations	-	-
Federal grant	101,930	101,930
<b>TOTAL FUND BALANCE</b>	<b>101,930</b>	<b>101,930</b>
<b>TOTAL LIABILITIES &amp; FUND BALANCE</b>	<b>\$ 101,930</b>	<b>\$ 101,930</b>

**CITY OF NEW ROADS, LOUISIANA**  
**STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES**  
**NON-MAJOR GOVERNMENTAL FUNDS**  
**For the Year Ended December 31, 2019**

	<b>HUD SECTION 8 SPECIAL REVENUE FUND</b>	<b>TOTAL NONMAJOR GOVERNMENTAL FUNDS</b>
<b>REVENUES</b>		
Intergovernmental revenue	\$ 288,609	\$ 288,609
Charges for services	-	-
Miscellaneous	1,562	1,562
	<hr/>	<hr/>
Total revenues	290,171	290,171
	<hr/>	<hr/>
<b>EXPENDITURES</b>		
Culture & recreation	-	-
Capital outlay	-	-
Welfare	275,543	275,543
	<hr/>	<hr/>
Total expenditures	275,543	275,543
	<hr/>	<hr/>
<b>EXCESS (DEFICIENCY) OF REVENUES OVER EXPENDITURES</b>	14,628	14,628
	<hr/>	<hr/>
<b>OTHER FINANCING SOURCES (USES)</b>		
Transfers in	-	-
Transfers out	-	-
Total other financing sources (uses)	-	-
	<hr/>	<hr/>
<b>EXCESS (DEFICIENCY) OF REVENUES AND OTHER SOURCES OVER EXPENDITURES AND OTHER USES</b>	14,628	14,628
	<hr/>	<hr/>
<b>FUND BALANCES AT BEGINNING OF YEAR</b>	87,302	87,302
	<hr/>	<hr/>
<b>FUND BALANCES AT END OF YEAR</b>	\$ 101,930	\$ 101,930
	<hr/> <hr/>	<hr/> <hr/>

**CITY OF NEW ROADS, LOUISIANA**  
**NON-MAJOR GOVERNMENTAL FUNDS**  
**HUD SECTION 8**  
**BUDGETARY COMPARISON SCHEDULE**  
**For the Year Ended December 31, 2019**

	<b>BUDGETED AMOUNTS</b>		<b>ACTUAL</b>	<b>VARIANCE WITH FINAL BUDGET FAVORABLE (UNFAVORABLE)</b>
	<b>ORIGINAL</b>	<b>FINAL</b>		
<b>REVENUES</b>				
Intergovernmental revenue	272,000	272,000	288,609	16,609
Miscellaneous	20,000	20,000	1,562	(18,438)
Total revenues	292,000	292,000	290,171	(1,829)
<b>EXPENDITURES</b>				
Education	-	-	-	-
Welfare	291,500	291,500	275,543	15,957
Total expenditures	291,500	291,500	275,543	15,957
<b>EXCESS (DEFICIENCY) OF REVENUES OVER EXPENDITURES</b>	500	500	14,628	14,128
<b>OTHER FINANCING SOURCES (USES)</b>				
Transfers in	-	-	-	-
Transfers out	-	-	-	-
Total other financing sources (uses)	-	-	-	-
<b>EXCESS (DEFICIENCY) OF REVENUES AND OTHER SOURCES OVER EXPENDITURES AND OTHER USES</b>	500	500	14,628	14,128
<b>FUND BALANCES AT BEGINNING OF YEAR</b>	72,301	72,301	87,302	15,001
<b>FUND BALANCES AT END OF YEAR</b>	\$ 72,801	\$ 72,801	\$ 101,930	\$ 29,129

**CITY OF NEW ROADS  
NEW ROADS, LOUISIANA**

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

**For the Year Ended December 31, 2019**

**AGENCY HEAD NAME: Cornell Dukes**

<b><u>PURPOSE</u></b>	<b><u>AMOUNT</u></b>
Salary	\$ 60,569
Benefits - Retirement	16,291
Conference Travel	6,851
Registration Fees	<u>1,110</u>
<b>TOTAL</b>	<b><u><u>\$ 84,821</u></u></b>

## **OTHER REPORTS REQUIRED BY *GOVERNMENT AUDITING STANDARDS***

### **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***

A report on compliance with laws and regulations and on internal controls over financial reporting and other matters as required by *Government Auditing Standards*, issued by the Comptroller General of the United States. This report is based solely on the audit of the financial statements and includes, where appropriate, any significant deficiencies and/or material weaknesses in internal control or compliance and other matters that would be material to the presented financial statements.



**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***

The Honorable Cornell Dukes  
And Members of the City Council  
City of New Roads, 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, each major fund, and the aggregate remaining fund information of City of New Roads, Louisiana, as of and for the year ended December 31, 2019, and the related notes to the financial statements, which collectively comprise City of New Roads, Louisiana's basic financial statements and have issued our report thereon dated June 30, 2020.

**Internal Control Over Financial Reporting**

In planning and performing our audit of the financial statements, we considered City of New Roads, 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 City of New Roads, Louisiana's internal control. Accordingly, we do not express an opinion on the effectiveness of City of New Roads, 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 were not identified. However, as described in the accompanying schedule of findings and responses, we identified 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 deficiencies described in the accompanying schedule of findings and responses as item 19-1 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 responses as item 19-2 to be significant deficiency.

**Compliance and Other Matters**

As part of obtaining reasonable assurance about whether the City of New Roads, Louisiana's financial statements are free of material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts and grant agreements, noncompliance with which could have a direct and material

effect on the determination of financial statement amounts. However, providing an opinion on compliance with those provisions was not an objective of our audit and, accordingly, we do not express such an opinion. The results of our tests disclosed an instance of noncompliance or other matters that are required to be reported under *Government Auditing Standards*, and which is described on the accompanying schedule of findings and responses as item 19-3.

#### **City of New Roads, Louisiana's Response to Findings**

The City of New Roads, Louisiana's response to the findings identified in our audit are described in the accompanying schedule of findings and responses. City of New Roads, Louisiana's response was not subjected to the auditing procedures applied in the audit of the financial statements and, accordingly, we express no opinion on it.

#### **Purpose of this Report**

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

A handwritten signature in blue ink that reads "Major, Morrison & David". The signature is written in a cursive, flowing style.

Major, Morrison & David  
New Roads, Louisiana  
June 30, 2020

**CITY OF NEW ROADS  
New Roads, Louisiana  
Schedule of Findings and Responses  
For the Year Ended December 31, 2019**

**SECTION I - SUMMARY OF AUDITOR'S RESULTS**

**Financial Statements**

Type of auditor's report issued: Unqualified

Internal control over financial reporting:

Material weakness(es) identified?   X   yes        no

Significant deficiency(ies) identified?   X   yes        none reported

Noncompliance material to financial statements noted?        yes   X   no

**SECTION II - FINANCIAL STATEMENT FINDINGS**

**Finding 19-1**

Criteria: In order to maintain adequate internal controls and prevent the possibility of fraud, misappropriation, or material misstatements of revenues, all offsite location accounting programs should be integrated with City Hall's centralized accounting program to record the actual accrual of revenues prior to collections on a timely and accurate basis.

Condition: The police department's traffic ticket program is not integrated with City Hall's centralized accounting program to record the accrual of revenues prior to the collection process. There also is not a timely report reconciliation process between the police department and the main accounting department regarding what was reported as revenue and what was collected by City Hall.

Context: Without proper centralized integration of revenue recording programs at both locations (City Hall & Police Department), the actual recording of revenue does not get posted prior to collection thereby allowing the possibility of misappropriation of collected funds without transaction trails to reconcile the revenue recording process with the collection process.

Effect: This could result in misappropriation of City funds without being detected on a timely basis.

Cause: No formal reconciliation process of the traffic ticket revenue reports maintained at the police department was performed with the collections of ticket revenue at City Hall. By not performing this process, misappropriation of ticket revenues occurred (prior year finding 17-1,18-1).

Recommendation: Management should perform timely reconciliations of ticket revenue recorded by the police department with collections processed at City Hall. The City should also integrate the ticket revenue program for the police department with City Hall's centralized accounting program. This is a prior year finding that did not get fully addressed in 2019 with the purchase of a new police ticket system that is linked to City Hall.

Management's Response: Management will update procedures to monitor daily collection reports, and research additional integrating software with the accounting software. Expensive add on modules for public safety ticket reporting with the current accounting software was deemed to be too costly to implement and the project resulted in not being completely resolved in 2018 or 2019. Additional Public safety software will be examined again to link both offices to improve reporting and reconciliation processes once fully implemented with all procedures. Additional analysis is being done to make sure that procedures in the recording of tickets,

**CITY OF NEW ROADS**  
**New Roads, Louisiana**  
**Schedule of Findings and Responses**  
**For the Year Ended December 31, 2019**

collections, posting, and reconciling reports are segregated properly in order to monitor and maintain the proper controls.

Finding 19-2

Criteria: In order to maintain adequate internal controls and prevent the possibility of fraud and or misappropriation of monies, segregation of duties in the operation of police confidential informant funds should be implemented thereby providing proper oversight and supervisory controls by more than one individual with proper documentation and tracking of the use of funds.

Condition: The police department occasionally requests funds from the general fund to be used on cases providing small amounts of dollars to be used to gain information from confidential informants. Funds are overseen by a Captain in the department with minimal oversight and supervisory controls. This can allow for improper use of the funds if segregation and approvals are not in place to verify proper usage.

Context: Without proper segregation of duties in overseeing the use of informant funds with documentation of payment directly to the informant and proper approvals by more than one individual, funds could be used improperly and not for their intended purposes.

Effect: This could result in misappropriation of City funds without being detected on a timely basis.

Cause: Due to the informant funds activity being controlled by one individual with no timely follow up by supervisory personnel, improper usage of funds in the amount of \$95 occurred during the current year. (see fraud/misappropriation exhibit page 77-78).

Recommendation: Management should implement tighter controls over the use and request of confidential informant funds providing for a segregation of the requests, collection, and remittance to the informants. Supervisory controls should be implemented whereby more than one individual is in charge of the process and proper approvals are obtained prior to disbursement of the funds.

Management's Response: Management will update procedures to provide more oversight over the police informant funds by segregating duties among multiple personnel to oversee the request, receipts of funds from the general fund and payment to the confidential informants. Supervisory approval will be required prior to issuance of funds for payment.

Finding 19-3

Criteria: LSA-RS 24:523 requires "an agency head of an auditee who has actual knowledge of or reasonable cause to believe that there has been a misappropriation of the public funds or assets of his agency shall immediately notify, in writing, the legislative auditor and the district attorney of the parish in which the agency is domiciled of such misappropriation".

Condition: An officer of the police department was accused of taking a bribe to fix a court summons and stealing \$95 from a police informant fund. The police department notified the District Attorney in writing and an investigation was performed by the Pointe Coupee Parish Sheriff's Office.

Context: According to LSA RS 24:523, there is a requirement of the "agency head" to notify the Legislative Auditor and the District Attorney in writing of the possible misappropriation of funds or assets, which was not performed according to the revised statutes.

Effect: Results in violation of LSA RS 24:523.

Cause: Management was under the impression that the notification to the District Attorney by the police department and subsequent investigation met the requirements of reporting the incident.

**CITY OF NEW ROADS**  
**New Roads, Louisiana**  
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**For the Year Ended December 31, 2019**

Recommendation: We recommend that management report all incidents of misappropriation of public funds or assets of the agency to the Legislative Auditor and District Attorney immediately in writing at the times of occurrence.

Management's Response: Management has indicated all reports of misappropriations of public funds or assets of the agency will be immediately reported in writing to the Legislative Auditor and District Attorney upon future occurrences.

**CITY OF NEW ROADS**  
**New Roads, Louisiana**

**Summary Schedule of Prior Audit Findings**  
**For the Year Ended December 31, 2019**

Ref. No.	Fiscal Year Finding Initially Occurred	Description of Finding	Corrective Action Taken	Planned Corrective Action/Corrective Action Taken
Section I – Internal Control and Compliance Material to the Financial Statements:				
18-1	2017	Non-integrated accounting program for police department ticket software and City Hall centralized accounting department.	No	This finding was not completed in 2019 and is still in the implementation stage with the installation of software package for the police ticket program at City Hall in order to provide the linkage of collection and recording of ticket revenue.

Section II – Internal Control and Compliance Material to Federal Awards

There were no prior year findings.

Section III – Management Letter:

Discussion of the need for reduction of expenditures or increasing revenues in order to reduce continued reductions of net position of the entity.

**CITY OF NEW ROADS**  
**New Roads, Louisiana**

**Corrective Action Plan for Current Year Audit Findings**  
**For the Year Ended December 31, 2019**

<u>Ref. No.</u>	<u>Description of Finding</u>	<u>Corrective Action Planned</u>	<u>Name of Contact Person</u>	<u>Anticipated Completed</u>
Section I – Internal Control and Compliance Material to the Financial Statements:				
19-1	Non-integrated accounting programs involving the police department ticket system and the centralized accounting department.	Management is still looking into a police ticket software program at City Hall that will allow linkage of recording, collecting, reporting and reconciling of ticket revenue with the general fund. Additional processes need to be finalized in order to maintain the segregation of duties in the recording, collecting, posting and reconciling for internal control purposes.	C. Dukes K.McDonald	12/2020
19-2	Internal controls & segregation of duties involving the use of police informant funds.	Police department will implement additional supervisory controls and proper approvals upon the issuance of informant payments.	K.McDonald	8/2020
19-3	Violation of LSA RS 24:523 informing LLA and DA in writing of misappropriation of funds/assets.	Management will inform LLA and DA of misappropriations of funds or assets in writing upon future occurrences.	C. Dukes	8/2020

Section II – Internal Control and Compliance Material to Federal Awards

There were no current year findings.

Section III – Management Letter:

Discussion of the need for reduction of expenditures revenues in order to reduce continued reductions of net position of the entity.

**CITY OF NEW ROADS**  
**New Roads, Louisiana**  
**Fraud/Misappropriation Exhibit**  
**For the Year Ended December 31, 2019**

#	ELEMENT OF FINDING	RESPONSE
1	A general statement describing the fraud or misappropriation that occurred.	A police officer accepted a bribe (\$100) to remove a traffic ticket fine/court summons and pocketed the funds. Due to non-integrated accounting software used by the police department and improper sequencing of the ticket system the misappropriation of funds was not discovered until a citizen paying the bribe came forward. The same police officer admitted to stealing \$95 from the informant fund during investigation interviews.
2	A description of the funds or assets that were the subject of the fraud or misappropriation (ex., utility receipts, petty cash, computer equipment).	Funds misappropriated consisted of police department traffic ticket fines and informant fund monies.
3	The amount of funds or approximate value of assets involved.	The bribe consisted of \$100 and the informant fund theft consisted of \$95 was misappropriated by the officer.
4	The department or office in which the fraud or misappropriation occurred.	The misappropriation occurred by an officer of the police department.
5	The period of time over which the fraud or misappropriation occurred.	The misappropriation occurred during the year of 2019.
6	The title/agency affiliation of the person who committed or is believed to have committed the act of fraud or misappropriation.	The officer was a captain with the police department.
7	The name of the person who committed or is believed to have committed the act of fraud or misappropriation, if formal charges have been brought against the person and/or the matter has been adjudicated.	Shane Fabre, Captain, New Roads Police Department. The officer was booked on one count of public bribery, two counts of malfeasance in office, and one count of misdemeanor theft of less than \$1,000 on November 12, 2019, brought against him by the District Attorney for the Eighteenth Judicial District.
8	Is the person who committed or is believed to have committed the act of fraud still employed by the agency?	No, Shane Fabre was terminated on November 12, 2019.
9	If the person who committed or is believed to have committed the act of fraud is still employed by the agency, do they have access to assets that may be subject to fraud or misappropriation?	Not applicable, terminated.
10	Has the agency notified the appropriate law enforcement body about the fraud or misappropriation?	Yes, the District Attorney for the 18 <sup>th</sup> Judicial District Attorney's Office was notified once the misappropriation was discovered and confirmed.
11	What is the status of the investigation at the date of the auditor's/accountant's report?	The investigation was completed by the Pointe Coupee Parish Sheriff's Office and submitted to the District Attorney's Office.
12	If the investigation is complete and the person believed to have committed the act of fraud or misappropriation has been identified, has the agency filed charges against that person?	Yes, charges were filed against Mr. Shane Fabre, Captain of the New Roads Police Department.
13	What is the status of any related adjudication at the date of the auditor's/accountant's report?	The case is pending at the District Attorney's office.
14	Has restitution been made or has an insurance claim been filed?	No restitution has been made as of the date of this report.



**CITY OF NEW ROADS**  
**New Roads, Louisiana**  
**Fraud/Misappropriation Exhibit**  
**For the Year Ended December 31, 2019**

15	Has the agency notified the Louisiana Legislative Auditor and the District Attorney in writing, as required by Louisiana Revised Statute 24:523 (Applicable to local governments only)	The Police Department only notified the District Attorney of the 18 <sup>th</sup> Judicial District.
16	Did the agency's internal controls allow the detection of the fraud or misappropriation in a timely manner?	No, the agency's internal controls did not allow for the detection of the fraud or misappropriation in a timely manner.
17	If the answer to the last question is "no," describe the control deficiency/significant deficiency/material weakness that allowed the fraud or misappropriation to occur and not be detected in a timely manner.	Due to non-integrated accounting software used by the police department the improper sequencing in ticketing system was not discovered.
18	Management's plan to ensure that the fraud or misappropriation does not occur in the future	The police department's ticket system will be researched further to integrate with the centralized accounting software at City Hall in order to provide checks and balances on recording and collection of fines/summons.

**CITY OF NEW ROADS**  
**New Roads, Louisiana**  
**Schedule of Insurance**  
**For the Year Ended December 31, 2019**

<u>Insurance Company</u>	<u>Policy Term</u>	<u>Policy Description</u>	<u>Policy Limits</u>
Hartford Steam Boiler Ind. Co.	6/1/19 to 6/1/20	Boiler and Machinery	\$2,813,981 limit; \$5,000 deductible; transformers \$25,000 deductible (to cash value of equipment depending on age of equipment)
Armguard Insurance Co.	1/3/19 to 1/3/20	Fire Standard Blanket Policy on Bldg. & Prop.	\$9,519,868 gas warehouse, substation & equipment \$5,000 deductible
Colony Specialty Insurance Co.	7/1/19 to 7/1/20	Power Plant Building & Equipment	\$5,823,836 limit \$10,000 deductible \$25,000 wind/hail
Armguard Insurance Co.	4/9/19 to 4/9/20	General Liability	\$2,000,000 general aggregate; \$1,000,000 each occurrence \$50,000 deductible Law Enforcement \$5,000 deductible non-law enforcement
Admiral Insurance Co.	6/21/19 to 6/21/20	Environmental Impairment Liability-Lift & Pump Stations	\$3,000,000 aggregate \$50,000 deductible self-insured retention \$1,000,000 per pollution condition limit
Western Surety Company	7/1/19 to 7/1/20	Public Employee Blanket Position Bond Liability	\$75,000 limit
Western Surety Company	10/1/19 – 10/1/20	Public Official Bond Coverage	\$50,000 limits
LWCC	11/1/19 to 11/1/20	Worker's Compensation	Statutory Limits \$1,000,000 employer liability
Scottsdale Insurance Co. Inderwriters Lloyds of London	7/3/19-12/02/19	Special Events Coverage	\$500,000 per occurrence \$1,000,000 aggregate limit \$160,000 cancellation indemnity limit
Great Lake Reinsurance, UK	6/20/19 to 6/20/20	Commercial Property	\$311,000 total property \$1,000 deductible;\$2,500 wind/hail
Armguard Insurance Co.	4/9/19 to 4/9/20	Commercial Umbrella	\$1,000,000 limit \$10,000 retained limit
Armguard Insurance Co.	4/9/19 to 4/9/20	Business Auto	\$1,000,000 liability; UM excluded \$25,000 deductible
American Empire Surplus Lines Co.	6/10/19 – 6/10/20	Commercial Property- Center	\$3,370,000 total property \$5,000 deductible

**CITY OF NEW ROADS**  
**New Roads, Louisiana**  
**Schedule of Electric, Water, & Gas Customers**  
**For the Year Ended December 31, 2019**

Number of metered electric customers	2,548
Number of non-metered electric customers	<u>-0-</u>
Total electric customers	<u>2,548</u>
Number of metered water customers	3,666
Number of non-metered water customers	<u>-0-</u>
Total water customers	<u>3,666</u>
Number of metered gas customers	2,453
Number of non-metered gas customers	<u>-0-</u>
Total gas customers	<u>2,453</u>

**INDEPENDENT ACCOUNTANTS' REPORT ON  
APPLYING AGREED-UPON PROCEDURES**

**INDEPENDENT ACCOUNTANTS' REPORT  
ON APPLYING AGREED-UPON PROCEDURES**

Honorable Cornell Dukes, Mayor  
Members of the City Council &  
The Louisiana Legislative Auditor

We have performed the procedures enumerated below, which were agreed to by the management of the City of New Roads (City) and the Legislative Auditor, State of Louisiana (LLA), on the control and compliance (C/C) areas identified in the LLA's Statewide Agreed-Upon Procedures (SAUPs) for the year ended December 31, 2019. Management of the City 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***

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1. Obtain and inspect the entity's written policies and procedures and observe that 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  
*Written policies and procedures were obtained and address the functions noted above.*
  - 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.  
*Written policies and procedures were obtained and address the functions noted above.*
  - c) **Disbursements**, including processing, reviewing, and approving  
*Written policies and procedures were obtained and address the functions noted above.*
  - 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).  
*Written policies and procedures were obtained and address the functions noted above.*
  - e) **Payroll/Personnel**, including (1) payroll processing, and (2) reviewing and approving time and attendance records, including leave and overtime worked.  
*Written policies and procedures were obtained and address the functions noted above.*

- 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

*Written policies and procedures were obtained and address the functions noted above.*

- 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).

*Written policies and procedures were obtained and address the functions noted above.*

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

*Written policies and procedures were obtained and address the functions noted above.*

- i) **Ethics**, including (1) the prohibitions as defined in Louisiana Revised Statute 42:1111-1121, (2) actions to be taken if an ethics violation takes place, (3) system to monitor possible ethics violations, and (4) requirement that all employees, including elected officials, annually attest through signature verification that they have read the entity's ethics policy.

*Written policies and procedures were obtained and address the functions noted above.*

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

*Written policies and procedures were obtained and address the functions noted above.*

- k) **Disaster Recovery/Business Continuity**, including (1) identification of critical data and frequency of data backups, (2) Storage of 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 system and software patches/updates, and (6) identification of personnel, processes, and tools needed to recover operations after a critical event.

*Management has been working on updating this policy which meets some of the above required guidelines and should be completed in the next fiscal year.*

#### ***Board (or Finance Committee, if applicable)***

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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.

*Obtained board minutes and noted that the council met twice a month during the year in accordance with City policy.*

- b) For those entities reporting on the governmental accounting model, observe that the minutes referenced or included monthly budget-to-actual comparisons on the general fund and major special revenue funds, as well as monthly financial statements (or budget-to-actual comparisons, if budgeted) for major proprietary funds.

*No exceptions noted.*

- c) For governmental entities, obtain the prior year audit report and observe the unrestricted fund balance in the general fund. If the general fund had a negative ending unrestricted 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 unrestricted fund balance in the general fund.

*No exceptions noted.*

#### ***Bank Reconciliations***

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3. Obtain a listing of client 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 the selected each account, and observe that:

*Obtained listing of client bank accounts from management and management's representation that the listing is complete. Management identified the entity's main operating account. Obtained bank statements and reconciliations for the main operating account and 4 additional accounts for one random month during the period.*

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

*Reconciliations have been prepared within 2 months of statement closing date for each account.*

- 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

*The bank reconciliations prepared for all accounts examined had evidence of management review.*

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

*For all bank reconciliations selected, no accounts selected had items noted outstanding for more than 12 months.*

#### ***Collections (excluding EFTs)***

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*Collections procedures were not tested at December 31, 2019 (Year 3) due to the fact that there were no exceptions noted in prior year (Year 2).*

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 properly segregated at each collection location such that:
  - a) Employees that are responsible for cash collections do not share cash drawers/registers.
  - 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.
  - c) Each employee responsible for collecting cash is not responsible for posting collection entries to the general ledger or subsidiary ledgers, unless another employee/official is responsible for reconciling ledger postings to each other and to the deposit.
  - 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 verifies the reconciliation.
6. Inquire of management that all employees who have access to cash are covered by a bond or insurance policy for theft.

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). Alternately, 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:
  - a) Observe that receipts are sequentially pre-numbered.
  - b) Trace sequentially pre-numbered receipts, system reports, and other related collection documentation to the deposit slip.
  - c) Trace the deposit slip total to the actual deposit per the bank statement.
  - d) Observe that 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).
  - e) Trace the actual deposit per the bank statement to the general ledger.

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

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*Non-payroll disbursements procedures were not tested at December 31, 2019 (Year 3) due to the fact that there were no exceptions noted in prior year (Year 2).*

8. 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 is less than 5).
9. 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.
10. 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 that the disbursement matched the related original invoice/billing statement.
  - b) Observe that the disbursement documentation included evidence (e.g. initial/date, electronic logging) of segregation of duties tested under #9, as applicable.

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

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*Credit cards/debit cards/fuel cards/P-cards were not tested at December 31, 2019 (Year 3) due to the fact that there were no exceptions noted in prior year (Year 2).*



11. Obtain from management a listing of all active credit cards, bank debit cards, fuel cards, and P-cards (cards) 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.
12. 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 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.)]
  - b) Observe that finance charges and late fees were not assessed on the selected statements.
13. 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 that 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).

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### ***Travel and Expense Reimbursement***

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*Travel and expense reimbursements were not tested at December 31, 2019 (Year 3) due to the fact that there were no exceptions noted in prior year (Year 2).*

14. Obtain from management a listing of all travel and related expense reimbursements, by person, 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, agree the reimbursement rate to those rates established by the State of Louisiana or the U.S. General Services Administration ([www.gsa.gov](http://www.gsa.gov)).
  - b) If reimbursed using actual costs, observe that the reimbursement is supported by an original itemized receipt that identifies precisely what was purchased.
  - c) Observe that each reimbursement is supported by documentation of the business/public purpose (for meal charges, observe that the documentation required by written policy (procedure#1h).
  - d) Observe that each reimbursement was reviewed and approved, in writing, by someone other than the person receiving reimbursement.

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### ***Contracts***

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*Contracts were not tested at December 31, 2019 (Year 3) due to the fact that there were no exceptions noted in prior year (Year 2).*

15. 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 selections 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.
- 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).
- c) If the contract was amended (e.g. change order), observe that the original contract terms provided for such an amendment.
- 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.

### ***Payroll and Personnel***

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16. 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.

*Obtained listing of employees/elected officials and managements representation that listing is complete along with pay rates and agreed to authorized salaries.*

17. Randomly select one pay period during the fiscal period. For the 5 employee/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.)

*No exceptions were noted on daily attendance and leave documentation upon selecting 10 employee/officials.*

- b) Observe that supervisors approved the attendance and leave of the selected employees/officials.

*On the 10 employees selected, attendance sheets for 4 of the employees were not signed by the supervisor, one was not approved for sick leave and one had partial leave approved.*

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

*No exceptions were noted.*

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

*No exceptions were noted.*

19. Obtain management's representation that employer and employee portions of payroll taxes, retirement contributions, health insurance premiums, and workers' compensation premiums have been paid, and associated forms have been filed, by required deadlines.

*No exceptions were noted.*

### ***Ethics (excluding nonprofits)***

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

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

*Examined the ten randomly selected employee's ethics compliance documentation maintained in personnel files with eight obtaining the required certification and two did not.*

- b) Observe that the documentation demonstrates each employee/official attested through signature verification that he or she has read the entity's ethics policy during the fiscal period.

*Each employee attested in writing that they have read the entity's ethics policy.*

### ***Debt Service***

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21. Obtain a listing of bond/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 bond/note issued

*Not applicable.*

22. Obtain a listing of bond/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.

*No exceptions were noted.*

### ***Other***

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23. 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.

*Management represented there was a misappropriation of informant funds during the fiscal period which was reported to the District Attorney, but not the Legislative Auditor.*

24. 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.

*No exceptions were noted.*

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

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

*Major, Morrison & David*

Major, Morrison & David  
New Roads, Louisiana  
June 30, 2020

**CITY OF NEW ROADS**  
**New Roads, Louisiana**

**Management's Response to Statewide Agreed-Upon Procedures**  
**For the Year Ended December 31, 2019**

- 1(k). Management is in the process of updating and finalizing procedures of its Disaster/Recovery Process. Although many items required are in place, additional work will be done to meet all required needs and should be completed in the next fiscal year.
  
- 17b. Management has indicated they will follow up and stress the importance of providing documentation of leave slips along with the required supervisor's approval. Payroll department personnel has the required forms to be completed for leave documentation and will institute a checklist for completion of required documents per payroll period.
  
- 20a. Management will implement an internal memo to all employees of the requirements to attend the ethics training annually, and implement a checklist to verify that all employees have obtained certification before the end of each fiscal year end.
  
- 23. Management has been informed of the requirements to notify immediately both the Legislative Auditor and District Attorney in writing upon occurrences of fraud/misappropriation of funds or assets.



**Major, Morrison & David**

*Certified Public Accountants*

QUALITY • INTEGRITY • DEPENDABILITY

John L. Morrison III, CPA, CGMA, PC

Mark A. David, CPA, PC

John S. Disotell III, CPA, PC

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Van P. Major, CPA (1951-2005)

Honorable Mayor Cornell Dukes  
And Members of the City Council  
New Roads, Louisiana 70760

In planning and performing our audit of the financial statements of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of the City of New Roads as of and for the year ended December 31, 2019, in accordance with auditing standards generally accepted in the United States of America, we considered the City's internal control over financial reporting (internal control) as a basis for designing 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 City's internal control. Accordingly, we do not express an opinion on the effectiveness of the City's internal control.

Our consideration of internal control was for the limited purpose described in the first 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 were not identified. In addition, because of inherent limitations in internal control, including the possibility of management override of controls, misstatements due to error or fraud may occur and not be detected by such controls. However as discussed below, we identified certain deficiencies in internal control that we consider to be material weaknesses and other deficiencies that we consider to be 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 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 believe that the deficiency referred to as item 19-1 in the following paragraph constitutes a material weakness.

Item 19-1: Lack of centralized integration of police ticket revenue recording program with the main accounting software at City Hall in order to reconcile revenue recorded and monies collected.

Item 19-2: Internal control improvements, supervisory approval, and procedures in handling police informant funds.

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 item 19-2 in the preceding paragraph to be a significant deficiency in internal control.

We wish to communicate the following comments and recommendations to management and the council:

- 1) Overall, general fund revenues remained steady in comparison to the prior year while expenditures increased roughly 7.5%. This required an increase in transfers from the proprietary funds over prior year amounts of \$520,000 (although not all of these funds were necessary). Continued evaluation of general government expenditures should be examined for potential cost reductions and implemented. Balanced budgets that are adopted should be enforced with no excess spending once a department has expended their allocation of funds.

- 2) In the spring of 2020 there was a global outbreak of a new strain of coronavirus, COVID-19, which has caused volatile economic conditions, impacting financial markets and disrupting general business activities across the United States. The financial implications are uncertain, but could affect City revenues such as sales taxes, property taxes, and utility collections. Possible funding to local governments has been proposed from the federal government to offset the effects of a slowdown in economic activity for which the City could be a recipient to assist their operations. Until the funding is approved, the City should closely monitor its costs to preserve funds to prevent a decrease in its current reserves.

This communication is intended solely for the information and use of the City of New Roads, Louisiana's mayor, council members, and management, the Legislative Auditor for the State of Louisiana, federal awarding agencies, and pass-through entities and is not intended to be and should not be used by anyone other than these specified parties.

A handwritten signature in blue ink that reads "Major, Morrison & David". The signature is written in a cursive, flowing style.

Major, Morrison & David  
New Roads, Louisiana  
June 30, 2020



# CITY OF NEW ROADS

P.O. BOX 280 • 211 W. MAIN STREET • NEW ROADS, LA 70760

June 30, 2020

## ADMINISTRATION

**Mayor**  
Cornell Dukes

**Secretary-Treasurer**  
Lynette H. Nelson

**City Attorney**  
John W. Jewell

**Chief of Police**  
Kevin McDonald

**Public Works Director**  
Paul Seawell, Jr.

Mr. Daryl G. Purpera, CPA, CFE  
Louisiana Legislative Auditor  
Baton Rouge, Louisiana 70804-9397

Dear Mr. Purpera

The City of New Roads respectfully submits the following response to the findings and management letter comments regarding our audit for the year ending December 31, 2019.

As I enter my second year as mayor, we have continued to take steps to improve our net position/fund balance. Even though our transfers from proprietary funds and expenditures increased, we operated with a net position that increased by approximately \$324,000 from the 2018. Although we have further improvements to make, we will work continuously to seek ways to streamline our costs and closely monitor our spending to ensure it is in line with our budget this fiscal year.

In the previous and current years' audits, we were cited for not integrating our police department ticket software with the general administration accounting software in order to reconcile revenue and collections. Additional controls were implemented as a result of the 2018 audit findings; however, we still have been unable to find a cost-effective solution to integrate the police department ticket software with the administrative collections and accounting software. We will update our procedures to monitor daily collection reports, and research additional integrating software with the accounting software. We will research new public safety software to link both offices to improve reporting and reconciliation processes once fully integrated.

Another item to be discussed is the internal controls and segregation of duties involving the use of public information funds. Due to the informant funds activity being controlled by one individual with no timely follow up, improper usage of funds occurred during the year as disclosed in the audit report's Fraud/Misappropriation exhibit. In order to reduce the risk of misappropriating funds, we are going to begin implementing tighter controls over the use and request of confidential informant funds and implement the segregation of the request, collection and remittance functions.

When the fraud noted above occurred, the City of New Roads inadvertently failed to notify your office in writing. As disclosed in the audit report's Fraud/Misappropriation exhibit, a police officer accepted a bribe to remove a traffic ticket fine/ court summons and pocketed the funds. The District Attorney for the 18<sup>th</sup> Judicial District Attorney's Office was notified once the misappropriation was discovered and confirmed. Our management was under the impression that the notification of the District Attorney by the police department and subsequent investigation met the requirements for reporting the incident. Our failure to notify the Louisiana

## COUNCIL MEMBERS

Theron Smith  
Mayor Pro Tem  
611 Pennsylvania Street  
New Roads, LA 70760

Vernell Davis  
P.O. Box 1092  
New Roads, LA 70760

Kurt Kellerman  
1705 False River Drive  
New Roads, LA 70760

Joy Nelson  
P.O. Box 924  
New Roads, LA 70760

Kirk M. White  
602 Louisiana Street  
New Roads, LA 70760

Legislative Auditor was unintentional. Any fraudulent activities will be immediately reported to the Louisiana Legislative Auditor in writing going forward.

The spread of COVID-19 has been declared by the World Health Organization as a "Public Health Emergency of International Concern." The City of New Roads primarily serves to provide public works, safety, and utilities to its citizens and the extent of the impact of COVID-19 on operational and financial performance will depend on certain developments including the duration and spread of the outbreak and the impact on employees, vendors, and customers all of which are uncertain and cannot be predicted. We will continue to operate as effectively as we can while striving to ensure the safety of our employees during this unprecedented time.

Sincerely,

A handwritten signature in blue ink, appearing to read 'Cornell Dukes', with a stylized flourish at the end.

Cornell Dukes  
Mayor  
CD: lhn