

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

**ANNUAL FINANCIAL REPORT  
AS OF AND FOR THE YEAR ENDED  
DECEMBER 31, 2013**

***MAJOR, MORRISON & DAVID***

Certified Public Accountants

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111 West Main Street

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**CITY OF NEW ROADS  
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ANNUAL FINANCIAL REPORT  
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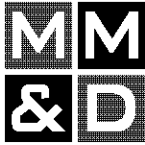
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**CITY OF NEW ROADS  
NEW ROADS, LOUISIANA  
ANNUAL FINANCIAL REPORT  
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# Major, Morrison & David

*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)

## INDEPENDENT AUDITORS' REPORT

To Mayor Myer 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, 2013, 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, 2013, 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 52, be presented to supplement the basic financial statements. Such information, including health care information on page 53, 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.

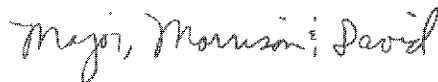
### *Other Information*

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 17, 2014 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 17, 2014

**MANAGEMENT'S DISCUSSION  
AND ANALYSIS**

**CITY OF NEW ROADS, LOUISIANA**  
**MANAGEMENT'S DISCUSSION AND ANALYSIS**  
**December 31, 2013**

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, 2013. 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 \$13,660,952, a decrease of \$381,775 from last year. Of this amount, \$1,919,426 is unrestricted net position and may be used to meet the government's ongoing obligations to citizens and creditors.
- As of the close of the current fiscal year, the City's governmental funds reported combined ending fund balances of \$119,904, a decrease of \$106,529 in comparison with the prior year. The unrestricted fund balance in the general fund, \$(25,392), is available for spending at the government's discretion (unassigned fund balance). 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 .00 percent of the total general fund expenditures and transfers out. It ended the year at a negative balance due to prepaying \$57,940 in insurance expenses for the coming fiscal year.
- The City's total debt decreased by \$315,000. (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.

**CITY OF NEW ROADS, LOUISIANA**  
**MANAGEMENT'S DISCUSSION AND ANALYSIS**  
**December 31, 2013**

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.

- 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 \$13,660,952, a decrease of \$381,775 from last year. The following is a summary of the City's net position:

**CITY OF NEW ROADS**  
Net Position

|                             | <u>Governmental</u><br><u>Activities</u> |                  | <u>Business- type</u><br><u>Activities</u> |                   | <u>Total</u>      |                   |
|-----------------------------|--|------------------|--|-------------------|-------------------|-------------------|
|                             | <u>2012</u>                              | <u>2013</u>      | <u>2012</u>                                | <u>2013</u>       | <u>2012</u>       | <u>2013</u>       |
| Current & Other Assets      | 1,533,053                                | 2,054,789        | 4,487,595                                  | 2,738,237         | 6,020,648         | 4,793,026         |
| Capital Assets              | <u>4,549,126</u>                         | <u>5,251,802</u> | <u>12,327,973</u>                          | <u>11,989,089</u> | <u>16,877,099</u> | <u>17,240,891</u> |
| Total Assets                | <u>6,082,179</u>                         | <u>7,306,591</u> | <u>16,815,568</u>                          | <u>14,727,326</u> | <u>22,897,747</u> | <u>22,033,917</u> |
| Deferred Outflows           | -  | -                | <u>191,356</u>                             | <u>168,063</u>    | <u>191,356</u>    | <u>168,063</u>    |
| Long-term Liabilities       | 416,801                                  | 510,263          | 6,697,463                                  | 6,384,183         | 7,114,264         | 6,894,446         |
| Other Liabilities           | <u>1,306,620</u>                         | <u>1,934,885</u> | <u>625,492</u>                             | <u>(288,303)</u>  | <u>1,932,112</u>  | <u>1,646,582</u>  |
| Total liabilities           | <u>1,723,421</u>                         | <u>2,445,148</u> | <u>7,322,955</u>                           | <u>6,095,880</u>  | <u>9,046,376</u>  | <u>8,541,028</u>  |
| Net Position:               |  |                  |  |                   |                   |                   |
| Invested in capital assets. |  |                  |  |                   |                   |                   |
| Net of related debt         | 4,549,126                                | 5,251,802        | 5,401,665                                  | 5,377,781         | 9,950,791         | 10,629,583        |
| Restricted                  | 170,770                                  | 145,296          | 1,245,195                                  | 966,647           | 1,415,965         | 1,111,943         |
| Unrestricted                | <u>(361,138)</u>                         | <u>(535,655)</u> | <u>3,037,109</u>                           | <u>2,455,081</u>  | <u>2,675,971</u>  | <u>1,919,426</u>  |
| Total Net Position          | <u>4,358,758</u>                         | <u>4,861,443</u> | <u>9,683,969</u>                           | <u>8,799,509</u>  | <u>14,042,727</u> | <u>13,660,952</u> |

By far the largest portion of the City's net position (78%) 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, 2013**

An additional portion of the City's net position (8%) represents resources that are subject to external and internal restrictions on how they are used. The remaining balance of \$1,919,426 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 all three categories of net position for the government as a whole, as well as for its business-type activities. The same situation held true for the prior fiscal year. The governmental activities reported a deficit within its unrestricted net position balance for the third year in a row and is working towards eliminating this in the coming years.

The City's net position decreased by \$381,775 during the current fiscal year.

**CITY OF NEW ROADS**  
**Changes in Net Position**

|  | <u>Governmental</u><br><u>Activities</u> |                  | <u>Business- type</u><br><u>Activities</u> |                    | <u>Total</u>      |                   |
|--|--|------------------|--|--------------------|-------------------|-------------------|
|  | <u>2012</u>                              | <u>2013</u>      | <u>2012</u>                                | <u>2013</u>        | <u>2012</u>       | <u>2013</u>       |
| Revenues:  |  |                  |  |                    |                   |                   |
| Program revenues:                                    |  |                  |  |                    |                   |                   |
| Charges for services                                 | 1,107,248                                | 1,128,670        | 5,809,513                                  | 6,165,053          | 6,916,761         | 7,293,723         |
| Operating grants & Contributions                     | 542,671                                  | 563,125          | 0  | 0                  | 542,671           | 563,125           |
| Capital grants & Contributions                       | 71,210                                   | 472,291          | 583,970                                    | 0                  | 655,180           | 472,291           |
| General revenues:                                    |  |                  |  |                    |                   |                   |
| Sales taxes  | 1,191,778                                | 1,339,406        | 0  | 0                  | 1,191,778         | 1,339,406         |
| Other taxes  | 269,151                                  | 281,683          | 0  | 0                  | 269,151           | 281,683           |
| Other general revenue                                | <u>468,679</u>                           | <u>537,380</u>   | <u>206,762</u>                             | <u>173,660</u>     | <u>675,441</u>    | <u>711,040</u>    |
| Total revenues                                       | <u>3,650,737</u>                         | <u>4,322,555</u> | <u>6,600,245</u>                           | <u>6,338,713</u>   | <u>10,250,982</u> | <u>10,661,268</u> |
| Expenses:  |  |                  |  |                    |                   |                   |
| General government                                   | 2,081,835                                | 2,199,395        | 0  | 0                  | 2,081,835         | 2,199,395         |
| Public safety  | 1,217,069                                | 1,230,134        | 0  | 0                  | 1,217,069         | 1,230,134         |
| Transportation                                       | 54,785                                   | 39,785           | 0  | 0                  | 54,785            | 39,785            |
| Streets & sanitation                                 | 834,771                                  | 887,610          | 0  | 0                  | 834,771           | 887,610           |
| Public works   | 309,724                                  | 266,516          | 0  | 0                  | 309,724           | 266,516           |
| Culture & recreation                                 | 330,494                                  | 298,096          | 0  | 0                  | 330,494           | 298,096           |
| Economic development                                 | 276,005                                  | 345,339          | 0  | 0                  | 276,005           | 345,339           |
| Welfare  | 305,629                                  | 342,935          | 0  | 0                  | 305,629           | 342,935           |
| Debt service   | 0  | 0                | 0  | 0                  | 0                 | 0                 |
| Elect, Gas, Water, Sewer                             | <u>0</u>                                 | <u>0</u>         | <u>4,829,336</u>                           | <u>5,433,233</u>   | <u>4,829,336</u>  | <u>5,433,233</u>  |
| Total expenses                                       | <u>5,410,312</u>                         | <u>5,609,810</u> | <u>4,829,336</u>                           | <u>5,433,233</u>   | <u>10,239,648</u> | <u>11,043,043</u> |
| Increase (decrease) in net Position before transfers | (1,759,575)                              | (1,287,255)      | 1,770,909                                  | 905,480            | 11,334            | (381,775)         |
| Transfers  | <u>2,547,277</u>                         | <u>1,789,940</u> | <u>(2,547,277)</u>                         | <u>(1,789,940)</u> | <u>0</u>          | <u>0</u>          |
| Increase (decrease) in Net position                  | 787,702                                  | 502,685          | ( 776,368)                                 | ( 884,460)         | 11,334            | (381,775)         |
| Net position 1/01                                    | <u>3,571,056</u>                         | <u>4,358,758</u> | <u>10,460,337</u>                          | <u>9,683,969</u>   | <u>14,031,393</u> | <u>14,042,727</u> |
| Net position 12/31                                   | <u>4,358,758</u>                         | <u>4,861,443</u> | <u>9,683,969</u>                           | <u>8,799,509</u>   | <u>14,042,727</u> | <u>13,660,952</u> |

**CITY OF NEW ROADS, LOUISIANA  
MANAGEMENT'S DISCUSSION AND ANALYSIS  
December 31, 2013**

**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, 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. Community Development consists of the Main Street department 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:

|                                  | 2012               | 2012        | 2013               | 2013        |
|----------------------------------|--------------------|-------------|--------------------|-------------|
|                                  | <u>Amount</u>      | <u>%</u>    | <u>Amount</u>      | <u>%</u>    |
| General Government               | \$2,081,835        | 38%         | \$2,199,395        | 39%         |
| Public Safety                    | 1,217,069          | 22%         | 1,230,134          | 22%         |
| Transportation                   | 54,785             | 1%          | 39,785             | 1%          |
| Public Works                     | 309,724            | 6%          | 266,516            | 5%          |
| Street & Sanitation              | 834,771            | 16%         | 887,610            | 16%         |
| Recreation-Culture & Tourism     | 330,494            | 6%          | 298,096            | 5%          |
| Main Street Economic Development | 276,005            | 5%          | 345,339            | 6%          |
| Welfare Programs                 | <u>305,629</u>     | <u>6%</u>   | <u>342,935</u>     | <u>6%</u>   |
| Total Governmental Activities    | <u>\$5,410,312</u> | <u>100%</u> | <u>\$5,609,810</u> | <u>100%</u> |

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

General Revenues:

|                                    | 2012               | 2012        | 2013               | 2013        |
|------------------------------------|--------------------|-------------|--------------------|-------------|
|                                    | <u>Amount</u>      | <u>%</u>    | <u>Amount</u>      | <u>%</u>    |
| Taxes:                             |                    |             |                    |             |
| Sales Taxes                        | \$1,191,778        | 27%         | \$1,339,406        | 34%         |
| Franchise Taxes                    | 15,831             | 1%          | 15,805             | 1%          |
| Property Taxes                     | 253,320            | 6%          | 265,878            | 7%          |
| Licenses & Permits                 | 242,690            | 5%          | 256,985            | 6%          |
| Intergovernmental Revenues         | 165,920            | 4%          | 167,537            | 4%          |
| Investment Earnings                | 900                | 0%          | 364                | 0%          |
| Miscellaneous                      | 51,167             | 1%          | 112,494            | 3%          |
| Transfers – Internal Activities    | <u>2,547,277</u>   | <u>56%</u>  | <u>1,789,940</u>   | <u>45%</u>  |
| Total General Revenues & Transfers | <u>\$4,476,885</u> | <u>100%</u> | <u>\$3,948,409</u> | <u>100%</u> |

Transfers from the city's business-type activities are the largest revenue source for the City comprising 45% of total governmental revenue. These transfers decreased from fiscal year December 31, 2012 to December 31, 2013 by \$757,337 due in large part because of grants received to pay for city infrastructure to go along with funds obtained from refinancing the electric fund bonds.

Sales taxes are the second largest revenue source for the City comprising 34% of total governmental revenue. Sales tax revenues increased from fiscal year ending December 31, 2012 to December 31, 2013 by \$147,628.

Expenditures for the governmental activities increased by \$199,498 or 4% due to increased personnel costs (retirement and health insurance), operating and maintenance, fuel costs, and economic development.

**CITY OF NEW ROADS, LOUISIANA  
MANAGEMENT'S DISCUSSION AND ANALYSIS  
December 31, 2013**

**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:

|          | <u>Operating Revenues</u>                     |   |  |          |
|----------|---|---|--|----------|
|          | Fiscal year ended<br><u>December 31, 2012</u> | Fiscal year ended<br><u>December 31, 2013</u> | Increase/ (Decrease)<br><u>Between Years</u> | <u>%</u> |
| Electric | \$3,841,269                                   | \$4,046,787                                   | \$ 205,518                                   | 5.4      |
| Gas      | \$ 875,217                                    | \$1,050,233                                   | \$ 175,016                                   | 20.0     |
| Water    | \$ 712,374                                    | \$ 704,774                                    | \$ ( 7,600)                                  | (1.0)    |
| Sewer    | <u>\$ 380,653</u>                             | <u>\$ 363,259</u>                             | \$ ( 17,394)                                 | ( 4.5)   |
|          | <u>\$5,809,513</u>                            | <u>\$6,165,053</u>                            |  |          |

Increase/(Decrease) Between Years..... \$ 355,540

|          | <u>Operating Expenses</u>                     |   |  |          |
|----------|---|---|--|----------|
|          | Fiscal year ended<br><u>December 31, 2012</u> | Fiscal year ended<br><u>December 31, 2013</u> | Increase/ (Decrease)<br><u>Between Years</u> | <u>%</u> |
| Electric | \$3,097,665                                   | \$3,462,875                                   | \$ 365,210                                   | 11.7     |
| Gas      | \$ 532,933                                    | \$ 648,765                                    | \$ 115,832                                   | 21.7     |
| Water    | \$ 616,396                                    | \$ 653,060                                    | \$ 36,664                                    | 5.9      |
| Sewer    | <u>\$ 297,563</u>                             | <u>\$ 347,885</u>                             | \$ 50,322                                    | 16.9     |
|          | <u>\$4,544,557</u>                            | <u>\$5,112,585</u>                            |  |          |

Increase/(Decrease) Between Years..... \$ 568,028

**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 government's 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, 2013**

The City maintains three 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 funds (HUD Section 8 Special Revenue Fund & William H. Scott Civic Center Commission Special Revenue Fund) is combined into 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 \$119,904, a decrease of \$106,529 from the prior year ending December 31, 2012. In the General Fund, the unassigned fund balance is \$(25,392).

The City has restricted \$1,963 of its general fund balance for possible future coverage in liability claims. The general fund balance also consists of a non-spendable balance in the form of prepaid expenses.

The City's major fund- the General Fund had a decrease from the prior year of \$63,614, from \$98,125 in the year ending December 31, 2012 to \$34,511 in the year ending December 31, 2013. The restricted fund balances in the other governmental funds in the amount of \$85,393 indicates that these funds are not available for new spending because they have already been committed for grant programs and the civic center operations. 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 56.

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 24-50 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 52 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 pages 52.
- b. Analysis of Significant Budget Variances in the General Fund:
  1. Revenues:
    - a. Decreases in charges for services from city event revenues of \$41,920.
    - b. Increase in intergovernmental revenue of \$17,258 due to increased grants.
    - c. Increase in sales and ad valorem taxes of \$38,370 from new businesses.
    - d. Remaining revenues were close to estimated budget figures.
  2. Expenditures:
    - a. Under budgeted for streets & sanitation due to maintenance increases of \$90,405.
    - b. Over budgeted for capital outlay due to project completion with lower estimated costs in the current year of \$160,748.

**CITY OF NEW ROADS, LOUISIANA  
MANAGEMENT'S DISCUSSION AND ANALYSIS  
December 31, 2013**

- c. General government increases over budget in the amount of \$94,027 due to higher insurance costs and claims, personnel benefits, and legal expenses.
- d. Remaining expenses were slightly over budget due to unexpected costs incurred.

**Supplemental Information**

- A. Combining statements of the Non-Major Governmental Funds (Special Revenue: HUD Section 8 & William H. Scott Civic Center Commission) as well as budgetary comparison schedules have been provided on pages 56 - 59.
- B. Other Supplementary schedules follow, starting on page 60.

**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, 2013 amounts to \$17,240,891 (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 \$1,361,278 or 8.06%, less depreciation expense in the amount of \$997,486.

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

- 1. Three used police units for the public safety department for \$39,804.
- 2. City-wide infrastructure improvements for community park, civic center, Memorial Blvd, & Martin Drive & 10<sup>th</sup> Street extensions of \$908,992.
- 3. Underground utilities for Memorial Blvd. for \$194,306.
- 4. Sewer system improvements for Memorial Blvd., Pointe Breeze pump station, & aerator project at oxidation pond of \$138,776.

Additional information on the City's capital assets can be found in Note 6 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 \$6,611,308. Of this amount, \$5,905,000 is payable from the income and revenues earned from the electric system, and \$706,308 is payable from the income and revenues earned from the water and sewer system.

The City's total net debt decreased \$315,000 (4.5%) during the current fiscal year due to repayments on the electric and water bonds. Additional information on the City's long-term debt can be found in Note 12 on pages 41-44.

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

The following factors were considered in preparing the City's budget for the 2014 fiscal year:

Budgeted sales tax amounts were increased slightly, but conservatively, due to anticipation of the new WalMart Supercenter being open for a full year as well as new businesses locating on Memorial Boulevard..

Intergovernmental revenues were budgeted at a higher amount due to projects which will be funded by grants and contributions from the parish for assistance on Martin Drive-10<sup>th</sup> Street extensions.

Garbage service revenue was adjusted upward due to increases in garbage fees to cover increased costs. All other revenues were budgeted at roughly the same amounts as earned in 2013, based on current economic conditions.

**CITY OF NEW ROADS, LOUISIANA  
MANAGEMENT'S DISCUSSION AND ANALYSIS  
December 31, 2013**

Transfers from the utility funds are expected to be lower due to estimated completion of projects funded with excess bond proceeds.

Within expenses, additional amounts were budgeted for personnel costs due to inflationary pressures on health care expenses. Retirement costs were budgeted higher due to expected increases in the government's retirement contribution rates. Each of the general government departments budget estimates were budgeted with no increases due to expected cost cutting measures in various expense accounts. Capital outlay budget funds have been decreased from the prior year due to completion of major infrastructure projects for which grants will be used to complete the projects. Within the proprietary funds, expenditures will be incurred to complete the sewer lift station improvements, and other small capital improvement projects to be funded with remaining water/sewer bond monies available to be borrowed. Additional cuts in expenditures where possible are expected to be made for a more efficient operation. All other items were estimated to remain in line with 2013 actual figures.

**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 Robert A. Myer, 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, 2013**

|   | <b>Governmental<br/>Activities</b> | <b>Business-Type<br/>Activities</b> | <b>Total</b>         |
|---|------------------------------------|-------------------------------------|----------------------|
| <b>ASSETS</b>                                   |                                    |                                     |                      |
| Cash and cash equivalents                       | \$ 592,126                         | \$ 625,234                          | \$ 1,217,360         |
| Investments                                     | 591,865                            | 1,966                               | 593,831              |
| Account receivables, net                        | 171,154                            | 792,807                             | 963,961              |
| Internal balances                               | 262,669                            | (262,669)                           | -                    |
| Due from other governmental units               | 265,527                            | -                                   | 265,527              |
| Prepaid expenses                                | 57,940                             | 176,334                             | 234,274              |
| Restricted cash & cash equivalents              | 113,508                            | 1,020,217                           | 1,133,725            |
| Restricted investments                          | -                                  | 384,348                             | 384,348              |
| Capital assets, net of depreciation             | 5,251,802                          | 11,989,089                          | 17,240,891           |
| <b>Total assets</b>                             | <b>7,306,591</b>                   | <b>14,727,326</b>                   | <b>22,033,917</b>    |
| <b>DEFERRED OUTFLOWS OF RESOURCES</b>           |                                    |                                     |                      |
| Deferred bond refunding cost                    | -                                  | 168,063                             | 168,063              |
| <b>Total deferred outflows of resources</b>     | <b>-</b>                           | <b>168,063</b>                      | <b>168,063</b>       |
| <b>LIABILITIES</b>                              |                                    |                                     |                      |
| Accounts payable and accrued expenses           | 415,267                            | 525,635                             | 940,902              |
| Internal balances                               | 1,516,210                          | (1,516,210)                         | -                    |
| Due to other governmental units                 | 3,408                              | 12,700                              | 16,108               |
| Current portion of long-term obligations        | -                                  | 330,000                             | 330,000              |
| Utility deposits                                | -                                  | 359,572                             | 359,572              |
| Non-current portion of long-term obligations    | -                                  | 6,281,308                           | 6,281,308            |
| Other post employment benefits payable          | 510,263                            | 102,875                             | 613,138              |
| <b>Total liabilities</b>                        | <b>2,445,148</b>                   | <b>6,095,880</b>                    | <b>8,541,028</b>     |
| <b>DEFERRED INFLOWS OF RESOURCES</b>            |                                    |                                     |                      |
| <b>Total deferred inflows of resources</b>      | <b>-</b>                           | <b>-</b>                            | <b>-</b>             |
| <b>NET POSITION</b>                             |                                    |                                     |                      |
| Invested in capital assets, net of related debt | 5,251,802                          | 5,377,781                           | 10,629,583           |
| Restricted for:                                 |                                    |                                     |                      |
| Liability Claims                                | 1,963                              | -                                   | 1,963                |
| Prepaid expenses                                | 57,940                             | -                                   | 57,940               |
| Capital additions                               | -                                  | 601,305                             | 601,305              |
| Debt service                                    | -                                  | 365,342                             | 365,342              |
| HUD grant                                       | 52,932                             | -                                   | 52,932               |
| Civic center operations                         | 32,461                             | -                                   | 32,461               |
| Unrestricted (deficit)                          | (535,655)                          | 2,455,081                           | 1,919,426            |
| <b>Total net position</b>                       | <b>\$ 4,861,443</b>                | <b>\$ 8,799,509</b>                 | <b>\$ 13,660,952</b> |

The accompanying notes are an integral part of this statement.



**CITY OF NEW ROADS, LOUISIANA**  
**STATEMENT OF ACTIVITIES**  
For the Year Ended December 31, 2013

| 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                |
| <b>Governmental activities:</b>             |                      |                      |                                    |                                  |   |                          |                      |
| General government                          | \$ 2,199,395         | \$ 331,361           | \$ 84,688                          | \$ 4,298                         | \$ (1,779,048)                                    | -                        | \$ (1,779,048)       |
| Public safety                               | 1,230,134            | 72,590               | 86,801                             | 9,345                            | (1,061,398)                                       | -                        | (1,061,398)          |
| Transportation                              | 39,785               | -                    | -                                  | -                                | (39,785)  | -                        | (39,785)             |
| Streets & sanitation                        | 887,610              | 439,045              | -                                  | 450,000                          | 1,435   | -                        | 1,435                |
| Public works                                | 266,516              | 7,420                | -                                  | -                                | (259,096)   | -                        | (259,096)            |
| Culture and recreation                      | 298,096              | 24,326               | 100,152                            | 8,648                            | (164,970)   | -                        | (164,970)            |
| Economic development                        | 345,339              | 253,928              | 1,176                              | -                                | (90,235)  | -                        | (90,235)             |
| Welfare                                     | 342,935              | -                    | 290,308                            | -                                | (52,627)  | -                        | (52,627)             |
| <b>Total governmental activities</b>        | <b>5,609,810</b>     | <b>1,128,670</b>     | <b>563,125</b>                     | <b>472,291</b>                   | <b>(3,445,724)</b>                                | <b>-</b>                 | <b>(3,445,724)</b>   |
| <b>Business-type activities:</b>            |                      |                      |                                    |                                  |   |                          |                      |
| Electric                                    | 3,752,947            | 4,046,787            | -                                  | -                                | -   | 293,840                  | 293,840              |
| Natural gas                                 | 654,223              | 1,050,233            | -                                  | -                                | -   | 396,010                  | 396,010              |
| Water and sewer                             | 1,026,063            | 1,068,033            | -                                  | -                                | -   | 41,970                   | 41,970               |
| <b>Total business-type activities</b>       | <b>5,433,233</b>     | <b>6,165,053</b>     | <b>-</b>                           | <b>-</b>                         | <b>-</b>  | <b>731,820</b>           | <b>731,820</b>       |
| <b>Total primary government</b>             | <b>\$ 11,043,043</b> | <b>\$ 7,293,723</b>  | <b>\$ 563,125</b>                  | <b>\$ 472,291</b>                | <b>(3,445,724)</b>                                | <b>731,820</b>           | <b>(2,713,904)</b>   |
| <b>General revenues:</b>                    |                      |                      |                                    |                                  |   |                          |                      |
| <b>Taxes:</b>                               |                      |                      |                                    |                                  |   |                          |                      |
| Sales taxes                                 |                      |                      |                                    |                                  | 1,339,406   | -                        | 1,339,406            |
| Property taxes                              |                      |                      |                                    |                                  | 265,878   | -                        | 265,878              |
| Franchise taxes                             |                      |                      |                                    |                                  | 15,805  | -                        | 15,805               |
| Occupational licenses                       |                      |                      |                                    |                                  | 256,985   | -                        | 256,985              |
| Video poker revenue                         |                      |                      |                                    |                                  | 167,537   | -                        | 167,537              |
| Gain(loss) on sale of fixed assets          |                      |                      |                                    |                                  | 6,745   | -                        | 6,745                |
| Investment earnings                         |                      |                      |                                    |                                  | 364   | 1,949                    | 2,313                |
| Miscellaneous                               |                      |                      |                                    |                                  | 105,749   | 171,711                  | 277,460              |
| Transfers - internal activities             |                      |                      |                                    |                                  | 1,789,940   | (1,789,940)              | -                    |
| <b>Total general revenues and transfers</b> |                      |                      |                                    |                                  | <b>3,948,409</b>                                  | <b>(1,616,280)</b>       | <b>2,332,129</b>     |
| <b>Change in net position</b>               |                      |                      |                                    |                                  | <b>502,685</b>                                    | <b>(884,460)</b>         | <b>(381,775)</b>     |
| <b>Net position - beginning of the year</b> |                      |                      |                                    |                                  | <b>4,358,758</b>                                  | <b>9,683,969</b>         | <b>14,042,727</b>    |
| <b>Net position - end of the year</b>       |                      |                      |                                    |                                  | <b>\$ 4,861,443</b>                               | <b>\$ 8,799,509</b>      | <b>\$ 13,660,952</b> |

The accompanying notes are an integral part of this statement.

**CITY OF NEW ROADS, LOUISIANA  
BALANCE SHEET  
GOVERNMENTAL FUNDS  
December 31, 2013**

|  | <b>General Fund</b> | <b>Other<br/>Governmental<br/>Funds</b> | <b>Total<br/>Governmental<br/>Funds</b> |
|--|---------------------|---|---|
| <b><u>ASSETS</u></b>                         |                     |   |   |
| Current Assets                               |                     |   |   |
| Cash   | \$ 592,126          | \$ -                                    | \$ 592,126                              |
| Investments                                  | 591,865             | -                                       | 591,865                                 |
| Accounts receivable, net                     | 161,250             | 9,904                                   | 171,154                                 |
| Due from other funds                         | 281,335             | -                                       | 281,335                                 |
| Due from other governmental units            | 265,527             | -                                       | 265,527                                 |
| Prepaid expenses                             | 57,940              | -                                       | 57,940                                  |
| Restricted Assets                            |                     |   |   |
| Cash   | 1,963               | 111,545                                 | 113,508                                 |
| <br>   |                     |   |   |
| TOTAL ASSETS                                 | <u>\$ 1,952,006</u> | <u>\$ 121,449</u>                       | <u>\$ 2,073,455</u>                     |
| <br>   |                     |   |   |
| <b><u>LIABILITIES &amp; FUND BALANCE</u></b> |                     |   |   |
| <b>LIABILITIES:</b>                          |                     |   |   |
| Accounts payable                             | \$ 192,578          | \$ 17,390                               | \$ 209,968                              |
| Accrued liabilities                          | 78,678              | -                                       | 78,678                                  |
| Compensated absences                         | 126,621             | -                                       | 126,621                                 |
| Due to other funds                           | 1,516,210           | 18,666                                  | 1,534,876                               |
| Due to other governmental units              | 3,408               | -                                       | 3,408                                   |
| TOTAL LIABILITIES                            | <u>1,917,495</u>    | <u>36,056</u>                           | <u>1,953,551</u>                        |
| <br>   |                     |   |   |
| <b>FUND BALANCE</b>                          |                     |   |   |
| Nonspendable:                                |                     |   |   |
| Prepaid expenses                             | 57,940              | -                                       | 57,940                                  |
| Restricted for:                              |                     |   |   |
| Liability claims                             | 1,963               | -                                       | 1,963                                   |
| Center operations                            | -                   | 32,461                                  | 32,461                                  |
| Federal grants                               | -                   | 52,932                                  | 52,932                                  |
| Unassigned                                   | (25,392)            | -                                       | (25,392)                                |
| TOTAL FUND BALANCE                           | <u>34,511</u>       | <u>85,393</u>                           | <u>119,904</u>                          |
| <br>   |                     |   |   |
| <b>TOTAL LIABILITIES &amp; FUND BALANCE</b>  | <u>\$ 1,952,006</u> | <u>\$ 121,449</u>                       | <u>\$ 2,073,455</u>                     |

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, 2013**

|  |                     |
|--|---------------------|
| Total fund balance - governmental funds  | \$ 119,904          |
| Amounts reported for governmental activities in the statement<br>of net position are different because:  |                     |
| Capital assets used in governmental activities are not current<br>financial resources and, therefore, are not reported in the<br>Balance sheet - governmental funds. | 5,251,802           |
| Long-term liabilities are not due and payable in the current period and therefore<br>are not reported in the Balance Sheet - governmental funds.                     |                     |
| Other post employment benefits   | <u>(510,263)</u>    |
| Total net position of governmental activities  | <u>\$ 4,861,443</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, 2013**

|   | <b>General<br/>Fund</b> | <b>Other<br/>Governmental<br/>Funds</b> | <b>Total<br/>Governmental<br/>Funds</b> |
|---|-------------------------|---|---|
| <b>REVENUES</b>   |                         |   |   |
| Taxes   | \$ 1,616,370            | \$ -                                    | \$ 1,616,370                            |
| Licenses and permits  | 270,495                 | -                                       | 270,495                                 |
| Intergovernmental revenue   | 317,293                 | 407,767                                 | 725,060                                 |
| Charges for services  | 1,164,130               | 49,821                                  | 1,213,951                               |
| Fines and forfeitures   | 43,127                  | -                                       | 43,127                                  |
| Miscellaneous   | 427,857                 | 18,949                                  | 446,806                                 |
| Total revenues  | <u>3,839,272</u>        | <u>476,537</u>                          | <u>4,315,809</u>                        |
| <b>EXPENDITURES</b>   |                         |   |   |
| General government  | 1,785,600               | -                                       | 1,785,600                               |
| Public safety   | 1,230,134               | -                                       | 1,230,134                               |
| Streets and sanitation  | 887,610                 | -                                       | 887,610                                 |
| Transportation  | 39,785                  | -                                       | 39,785                                  |
| Culture and recreation  | 165,645                 | 132,266                                 | 297,911                                 |
| Economic development and assistance   | 345,339                 | -                                       | 345,339                                 |
| Capital outlay  | 989,752                 | 44,251                                  | 1,034,003                               |
| Welfare   | -                       | 342,935                                 | 342,935                                 |
| Public works  | 266,516                 | -                                       | 266,516                                 |
| Total expenditures  | <u>5,710,381</u>        | <u>519,452</u>                          | <u>6,229,833</u>                        |
| <b>EXCESS (DEFICIENCY) OF REVENUES<br/>OVER EXPENDITURES</b>                                      | <u>(1,871,109)</u>      | <u>(42,915)</u>                         | <u>(1,914,024)</u>                      |
| <b>OTHER FINANCING SOURCES (USES)</b>   |                         |   |   |
| Transfers in  | 1,789,940               | -                                       | 1,789,940                               |
| Sale of fixed assets  | 17,555                  | -                                       | 17,555                                  |
| Transfers out   | -                       | -                                       | -                                       |
| Total other financing sources (uses)  | <u>1,807,495</u>        | <u>-</u>                                | <u>1,807,495</u>                        |
| <b>EXCESS (DEFICIENCY) OF REVENUES AND<br/>OTHER SOURCES OVER EXPENDITURES<br/>AND OTHER USES</b> | <u>(63,614)</u>         | <u>(42,915)</u>                         | <u>(106,529)</u>                        |
| <b>FUND BALANCES AT BEGINNING OF YEAR</b>   | <u>98,125</u>           | <u>128,308</u>                          | <u>226,433</u>                          |
| <b>FUND BALANCES AT END OF YEAR</b>   | <u>\$ 34,511</u>        | <u>\$ 85,393</u>                        | <u>\$ 119,904</u>                       |

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, 2013**

|  |              |
|--|--------------|
| Net change in fund balances - total governmental funds | \$ (106,529) |
|--|--------------|

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      | 1,034,003 |
| Depreciation expense | (320,517) |

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 | 6,745    |
| Proceeds from the sale of capital assets      | (17,555) |

|  |          |
|--|----------|
| Post employment benefits reported in governmental activities are not current financial resources, and therefore, are not reported in the Balance Sheet - governmental funds. | (93,462) |
|--|----------|

|   |                   |
|---|-------------------|
| Change in net position of governmental activities | <u>\$ 502,685</u> |
|---|-------------------|

The accompanying notes are an integral part of this statement.

**CITY OF NEW ROADS, LOUISIANA**  
**STATEMENT OF NET POSITION**  
**PROPRIETARY FUNDS**  
**December 31, 2013**

|   | <b>Business-Type Activities -<br/>Enterprise Funds</b> |                     |                     |                     |
|---|--|---------------------|---------------------|---------------------|
|   | <b>Electric</b>  | <b>Natural Gas</b>  | <b>Water/Sewer</b>  | <b>Total</b>        |
| <b>ASSETS</b>                                   |  |                     |                     |                     |
| Current Assets:                                 |  |                     |                     |                     |
| Cash and cash equivalents                       | \$ 360,148   | \$ 35,562           | \$ 229,524          | \$ 625,234          |
| Investments                                     | 1,966  | -                   | -                   | 1,966               |
| Account receivables, net                        | 630,774  | 114,787             | 47,246              | 792,807             |
| Due from other funds                            | 1,516,210  | 450,267             | 27,704              | 1,994,181           |
| Prepaid expenses                                | 169,049  | 1,030               | 6,255               | 176,334             |
| Total current assets                            | <u>2,678,147</u>                                       | <u>601,646</u>      | <u>310,729</u>      | <u>3,590,522</u>    |
| Non-current Assets:                             |  |                     |                     |                     |
| Restricted Assets:                              |  |                     |                     |                     |
| Cash & cash equivalents                         | 895,360  | -                   | 124,857             | 1,020,217           |
| Investments                                     | -  | 331,390             | 52,958              | 384,348             |
| Capital assets, net of depreciation             | 3,890,841  | 571,748             | 7,526,500           | 11,989,089          |
| Total noncurrent assets                         | <u>4,786,201</u>                                       | <u>903,138</u>      | <u>7,704,315</u>    | <u>13,393,654</u>   |
| Total assets                                    | <u>7,464,348</u>                                       | <u>1,504,784</u>    | <u>8,015,044</u>    | <u>16,984,176</u>   |
| <b>DEFERRED OUTFLOWS OF RESOURCES</b>           |  |                     |                     |                     |
| Deferred bond refunding costs                   | 168,063  | -                   | -                   | 168,063             |
| Total deferred outflows of resources            | <u>168,063</u>   | <u>-</u>            | <u>-</u>            | <u>168,063</u>      |
| <b>LIABILITIES</b>                              |  |                     |                     |                     |
| Current Liabilities:                            |  |                     |                     |                     |
| Accounts payable and accrued expenses           | 425,731  | 85,939              | 13,965              | 525,635             |
| Due to other funds                              | 285,863  | 142,052             | 312,725             | 740,640             |
| Due to other governmental units                 | 9,817  | -                   | 2,883               | 12,700              |
| Current portion of long-term obligations        | 295,000  | -                   | 35,000              | 330,000             |
| Utility deposits                                | 359,572  | -                   | -                   | 359,572             |
| Total current liabilities                       | <u>1,375,983</u>                                       | <u>227,991</u>      | <u>364,573</u>      | <u>1,968,547</u>    |
| Noncurrent Liabilities:                         |  |                     |                     |                     |
| Other post employment benefits payable          | 39,322   | 13,272              | 50,281              | 102,875             |
| Non-current portion of long-term obligations    | 5,610,000  | -                   | 671,308             | 6,281,308           |
| Total noncurrent liabilities                    | <u>5,649,322</u>                                       | <u>13,272</u>       | <u>721,589</u>      | <u>6,384,183</u>    |
| Total liabilities                               | <u>7,025,305</u>                                       | <u>241,263</u>      | <u>1,086,162</u>    | <u>8,352,730</u>    |
| <b>DEFERRED INFLOWS OF RESOURCES</b>            |  |                     |                     |                     |
| Total deferred inflows of resources             | <u>-</u>   | <u>-</u>            | <u>-</u>            | <u>-</u>            |
| <b>NET POSITION</b>                             |  |                     |                     |                     |
| Invested in capital assets, net of related debt | (2,014,159)  | 571,748             | 6,820,192           | 5,377,781           |
| Restricted for:                                 |  |                     |                     |                     |
| Capital additions                               | 216,957  | 331,390             | 52,958              | 601,305             |
| Debt service                                    | 275,490  | -                   | 89,852              | 365,342             |
| Unrestricted (deficit)                          | <u>2,128,818</u>                                       | <u>360,383</u>      | <u>(34,120)</u>     | <u>2,455,081</u>    |
| Total net position                              | <u>\$ 607,106</u>                                      | <u>\$ 1,263,521</u> | <u>\$ 6,928,882</u> | <u>\$ 8,799,509</u> |

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, 2013**

|  | <b>Electric<br/>Utility System</b> | <b>Natural Gas<br/>Utility System</b> | <b>Water &amp; Sewer<br/>Utility Systems</b> | <b>Total<br/>Memo Only</b> |
|--|------------------------------------|---------------------------------------|--|----------------------------|
| <b>OPERATING REVENUES</b>                |                                    |                                       |  |                            |
| Charges for services                     | \$ 3,984,478                       | \$ 1,050,233                          | \$ 1,068,033                                 | \$ 6,102,744               |
| Miscellaneous                            | 62,309                             | -                                     | -  | 62,309                     |
| Total operating revenues                 | <u>4,046,787</u>                   | <u>1,050,233</u>                      | <u>1,068,033</u>                             | <u>6,165,053</u>           |
| <b>OPERATING EXPENSES</b>                |                                    |                                       |  |                            |
| Personal services                        | 226,917                            | -                                     | 114,372                                      | 341,289                    |
| Contracted services                      | 31,753                             | 22,905                                | 34,474                                       | 89,132                     |
| Operating costs                          | 2,762,467                          | 571,378                               | 91,766                                       | 3,425,611                  |
| Maintenance and supplies                 | 185,427                            | 31,894                                | 230,095                                      | 447,416                    |
| Insurance                                | 13,382                             | 2,905                                 | 19,308                                       | 35,595                     |
| Utilities                                | 1,278                              | 2,386                                 | 92,909                                       | 96,573                     |
| Depreciation                             | 241,651                            | 17,297                                | 418,021                                      | 676,969                    |
| Total operating expenses                 | <u>3,462,875</u>                   | <u>648,765</u>                        | <u>1,000,945</u>                             | <u>5,112,585</u>           |
| Operating income (loss)                  | <u>583,912</u>                     | <u>401,468</u>                        | <u>67,088</u>                                | <u>1,052,468</u>           |
| <b>NONOPERATING REVENUES (EXPENSES)</b>  |                                    |                                       |  |                            |
| Miscellaneous                            | 62,342                             | 17,831                                | 87,436                                       | 167,609                    |
| Bad debts recovered                      | 6,051                              | -                                     | -  | 6,051                      |
| Interest and fiscal charges              | (265,570)                          | -                                     | (6,871)                                      | (272,441)                  |
| Bad debts written off                    | (24,502)                           | (5,458)                               | (18,247)                                     | (48,207)                   |
| Total nonoperating revenues (expenses)   | <u>(221,679)</u>                   | <u>12,373</u>                         | <u>62,318</u>                                | <u>(146,988)</u>           |
| Income before operating transfers        | <u>362,233</u>                     | <u>413,841</u>                        | <u>129,406</u>                               | <u>905,480</u>             |
| <b>OPERATING TRANSFERS</b>               |                                    |                                       |  |                            |
| Transfers in                             | -                                  | -                                     | -  | -                          |
| Transfers out                            | (1,065,000)                        | (420,000)                             | (304,940)                                    | (1,789,940)                |
| Total operating transfers                | <u>(1,065,000)</u>                 | <u>(420,000)</u>                      | <u>(304,940)</u>                             | <u>(1,789,940)</u>         |
| <b>CHANGE IN NET POSITION</b>            | <u>(702,767)</u>                   | <u>(6,159)</u>                        | <u>(175,534)</u>                             | <u>(884,460)</u>           |
| <b>NET POSITION AT BEGINNING OF YEAR</b> | <u>1,309,873</u>                   | <u>1,269,680</u>                      | <u>7,104,416</u>                             | <u>9,683,969</u>           |
| <b>NET POSITION AT END OF YEAR</b>       | <u>\$ 607,106</u>                  | <u>\$ 1,263,521</u>                   | <u>\$ 6,928,882</u>                          | <u>\$ 8,799,509</u>        |

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, 2013

|  | <b>BUSINESS-TYPE ACTIVITIES -</b> |                    |                    |                     |
|--|-----------------------------------|--------------------|--------------------|---------------------|
|  | <b>ENTERPRISE FUNDS</b>           |                    |                    |                     |
|  | <b>ELECTRIC</b>                   | <b>NATURAL GAS</b> | <b>WATER/SEWER</b> | <b>TOTAL</b>        |
|  | <b>FUND</b>                       | <b>FUND</b>        | <b>FUND</b>        |                     |
| <b>Cash flows from operating activities:</b>                         |                                   |                    |                    |                     |
| Receipts from customers  | \$ 2,885,499                      | \$ 956,422         | \$ 1,213,516       | \$ 5,055,437        |
| Payments to employees for services                                   | (158,503)                         | (241)              | (69,968)           | (228,712)           |
| Payments to suppliers of goods & services                            | (2,697,456)                       | (373,184)          | (478,484)          | (3,549,124)         |
| Payments for quasi-external transactions                             | (100,000)                         | (120,000)          | (80,000)           | (300,000)           |
| Payments for payroll taxes   | (2,457)                           | -                  | (1,123)            | (3,580)             |
| Payments for employee benefits                                       | (50,805)                          | -                  | (39,745)           | (90,550)            |
| Interest payments on revenue bonds/lease purchase                    | (265,570)                         | -                  | (6,871)            | (272,441)           |
| Net cash provided (used) by operating activities                     | (389,292)                         | 462,997            | 537,325            | 611,030             |
| <b>Cash flows from noncapital financing activities:</b>              |                                   |                    |                    |                     |
| Transfers to other funds   | (1,065,000)                       | (420,000)          | (304,940)          | (1,789,940)         |
| Net cash provided (used) by noncapital financing activities          | (1,065,000)                       | (420,000)          | (304,940)          | (1,789,940)         |
| <b>Cash flows from capital and related financing activities:</b>     |                                   |                    |                    |                     |
| Principal repayments related to capital purposes                     | (285,000)                         | -                  | (30,000)           | (315,000)           |
| Payments related to the acquisition of capital asset                 | (131,915)                         | (62,391)           | (143,776)          | (338,082)           |
| Issuance cost refunding bonds  | 23,293                            | -                  | -                  | 23,293              |
| Net cash provided (used) by capital and related financing activities | (393,622)                         | (62,391)           | (173,776)          | (629,789)           |
| <b>Cash flows from investing activities:</b>                         |                                   |                    |                    |                     |
| Purchase of investments  | -                                 | (9,491)            | (23,418)           | (32,909)            |
| Net cash provided (used) by investing activities                     | -                                 | (9,491)            | (23,418)           | (32,909)            |
| <b>Net increase (decrease) in cash and cash equivalents</b>          | <b>(1,847,914)</b>                | <b>(28,885)</b>    | <b>35,191</b>      | <b>(1,841,608)</b>  |
| <b>Cash and cash equivalents at beginning of year</b>                |                                   |                    |                    |                     |
| Unrestricted cash  | 277,406                           | 64,447             | 100,501            | 442,354             |
| Restricted cash  | 2,826,016                         | -                  | 218,689            | 3,044,705           |
| <b>TOTAL BEGINNING CASH</b>  | <b>3,103,422</b>                  | <b>64,447</b>      | <b>319,190</b>     | <b>3,487,059</b>    |
| <b>Cash and cash equivalents at end of year</b>                      |                                   |                    |                    |                     |
| Unrestricted cash  | 360,148                           | 35,562             | 229,524            | 625,234             |
| Restricted cash  | 895,360                           | -                  | 124,857            | 1,020,217           |
| <b>TOTAL ENDING CASH</b>   | <b>\$ 1,255,508</b>               | <b>\$ 35,562</b>   | <b>\$ 354,381</b>  | <b>\$ 1,645,451</b> |

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, 2013

|  | BUSINESS-TYPE ACTIVITIES -<br>ENTERPRISE FUNDS |                     |                     |             |
|--|--|---------------------|---------------------|-------------|
|  | ELECTRIC<br>FUND                               | NATURAL GAS<br>FUND | WATER/SEWER<br>FUND | TOTAL       |
| Operating income   | \$ 362,233                                     | \$ 413,841          | \$ 129,406          | \$ 905,480  |
| Adjustments to reconcile operating income to net cash provided (used) by operating activities: |  |                     |                     |             |
| Depreciation   | 241,651  | 17,297              | 418,021             | 676,969     |
| Bad debt expense   | 24,502   | 5,458               | 18,247              | 48,207      |
| (Increase) decrease in accounts receivable   | (159,471)                                      | (12,567)            | 67,503              | (104,535)   |
| (Increase) decrease in due from other funds  | (1,094,711)                                    | (104,533)           | (27,704)            | (1,226,948) |
| (Increase) decrease in prepaid items   | (166,182)                                      | (23)                | (3,326)             | (169,531)   |
| Increase (decrease) in accounts payable  | 153,903  | 11,173              | (70,159)            | 94,917      |
| Increase (decrease) in due to other funds  | 233,631  | 132,592             | 1,801               | 368,024     |
| Increase (decrease) in accrued payables  | 15,152   | (241)               | 3,536               | 18,447      |
| Total adjustments  | (751,525)                                      | 49,156              | 407,919             | (294,450)   |
| Net cash provided (used) by operating activities   | (389,292)                                      | 462,997             | 537,325             | 611,030     |

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, 2013**

**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 24) 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 north-west 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 42 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 Statutes 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 organization is a 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

**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 & William H. Scott Civic Center Commission special revenue funds are considered non-major funds 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.

GASB Statement Number 20 provides guidance on accounting and financial reporting for proprietary fund types and allows proprietary fund types to choose one of two options in applying pronouncements issued by the Financial Accounting Standards Board (FASB) as of November 30, 1989. The City of New Roads has elected to use the first option for reporting its activities. This approach applies all GASB pronouncements and FASB Statements and Interpretations, Accounting Principles Board (APB) Opinions, and Accounting Research Bulletins (ARBs) issued on or before November 30, 1989, unless those pronouncements conflict with or contradict GASB pronouncements. Changes to FASB statements and interpretations, APB opinions and ARBs issued after November 30, 1989, would not apply unless adopted by GASB. GASB Statement Number 20 was superseded by GASB Statement Number 62 thereby eliminating the election referred to above due to the fact that FASB pronouncements were incorporated into GASB authoritative literature, effective for financial statements for periods beginning after December 15, 2011.

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).

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

**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 for supplies are considered immaterial and are recorded as expenditures or expenses when purchased.

**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     |

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

**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. Bond premiums and discounts, as well as issuance costs, are deferred and amortized over the life of the bonds using the effective interest method.

**M. OTHER POSTEMPLOYMENT BENEFITS**

In November 2004, GASB issued Statement No. 45 "Accounting and Financial Reporting by Employers for Postemployment Benefits Other than Pensions." This statement requires the accrual of other postemployment benefits for retired employees. The City has recorded a liability for other post-employment benefits beginning December 31, 2009 (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 post employment 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, 2013 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. 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**

**P. 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.

**Q. 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.

**R. SALES TAXES**

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.

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

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

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

A. BUDGETARY INFORMATION

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

1. The proposed budget for fiscal year December 31, 2013 was made available for public inspection in accordance with RS 39:1306 beginning on November 20, 2012. The proposed budget was published in the official journal in accordance with RS 39:1306 on November 22, 2012. The public hearing was held in accordance with RS 39:1306 on December 10, 2012. 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, 2013 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, 2013, no City funds had deficit fund equities.

D. EXCESS OF EXPENDITURES OVER APPROPRIATIONS

The following fund had actual expenditures over budgeted appropriations for the year ended December 31, 2013.

| <u>Fund</u>   | <u>Original<br/>Budget</u> | <u>Final Budget</u> | <u>Actual</u> | <u>Unfavorable<br/>Variance</u> |
|---------------|----------------------------|---------------------|---------------|---------------------------------|
| General Fund  | \$ 5,583,996               | \$ 5,597,901        | \$ 5,710,381  | \$ 112,480                      |
| HUD Section 8 | \$ 279,460                 | \$ 300,740          | \$ 342,935    | \$ 42,195                       |

E. COMPLIANCE WITH BOND AND CERTIFICATE OF INDEBTEDNESS COVENANTS

1. Compliance with Electric and Water/Sewer Revenue Bonds

As of December 31, 2013, the City was in compliance with all revenue bond covenants except for one requirement. See Note 12 for a further discussion of these covenants and the Schedule of Findings & Responses item 13-2.

**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:

|                                | Authorized<br>Millage | Levied<br>Millage |
|--------------------------------|-----------------------|-------------------|
| 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<br/>Valuation</u> | <u>Percentage of<br/>Total Assessed</u> | <u>Amount<br/>Assessed</u> |
|----------------------|-------------------------|-------------------------------|---|----------------------------|
| Louisiana Generating | Electric Distribution   | \$ 1,639,240                  | 3.67%                                   | \$ 9,737                   |
| P.C. Health Care     | Nursing Facility        | 1,312,000                     | 2.94%                                   | 7,793                      |
| Regions Bank         | Financial               | 1,249,160                     | 2.79%                                   | 7,420                      |
| Peoples Bank         | Financial               | 1,169,230                     | 2.62%                                   | 6,945                      |
| Maggio Motors        | Auto Dealership         | 919,500                       | 2.06%                                   | 5,462                      |
|                      |                         | \$ 6,289,130                  | 14.08%                                  | \$ 37,357                  |

**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 note 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, 2013. Deposits are listed in terms of whether they are exposed to custodial credit risk.

**Bank Balances**

|                           | <u>Uninsured &amp;<br/>Uncollateralized</u> | <u>Uninsured &amp; Collateralized<br/>with Securities Held by<br/>Pledging Institution or It’s<br/>Trust Department/Agent But<br/>Not in the Entity’s Name</u> | <u>Total Bank<br/>Balances –<br/>All Deposits</u> | <u>Total<br/>Carrying<br/>Value – All<br/>Deposits</u> |
|---------------------------|---|--|---|--|
| Cash and Cash Equivalents | \$ -  | \$ -   | \$ 2,731,553                                      | \$ 2,350,061   |

Total bank balances do not include petty cash amounts on hand of \$1,024 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.

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, 2013. The various types of investments are listed and presented by whether they are exposed to custodial credit risk.

**Investments**

|                                 | Uninsured,<br>Unregistered,<br>And Held by<br>the<br>Counterparty | Uninsured, Unregistered<br>& Held by the<br>Counterparty's Trust<br>Department or Agent But<br>Not in the Entity's Name | All<br>Investments –<br>Reported<br>Amount | All<br>Investments –<br>Fair Value |
|---------------------------------|---|---|--|------------------------------------|
| Investments Not<br>Categorized: |   |   |  |                                    |
| LAMP                            | \$ -  | \$ -  | \$ 978,179                                 | \$ 978,179                         |
| Total                           | <u>\$ -</u>   | <u>\$ -</u>   | <u>\$ 978,179</u>                          | <u>\$ 978,179</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. Investments classified by maturity dates at December 31, 2013 are summarized below:

|       | Fair Value        | 0-1 Years Before<br>Maturity | 1-5 Years Before<br>Maturity | 6+ Years Before<br>Maturity |
|-------|-------------------|------------------------------|------------------------------|-----------------------------|
| LAMP  | \$ 978,179        | \$ 978,179                   | \$ -                         | \$ -                        |
| Total | <u>\$ 978,179</u> | <u>\$ 978,179</u>            | <u>\$ -</u>                  | <u>\$ -</u>                 |

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

**NOTE 5 - ACCOUNTS AND INTERGOVERNMENTAL RECEIVABLES**

The following is a summary of receivables at December 31, 2013.

| <u>Class of Receivable</u> | <u>General<br/>Fund</u> | <u>Special Rev.<br/>Fund</u> | <u>Enterprise<br/>Fund</u> |
|----------------------------|-------------------------|------------------------------|----------------------------|
| Intergovernmental          |                         |                              |                            |
| Ad valorem                 | \$ 265,527              | \$ -0-                       | \$ -0-                     |
| Federal                    | 31,862                  | -0-                          | 41,790                     |
| State                      | 22,068                  | -0-                          | -0-                        |
| Local                      | 8,327                   | 9,904                        | -0-                        |
| Accounts                   | 98,993                  | -0-                          | 751,017                    |
| <br>Total                  | <br><u>\$ 426,777</u>   | <br><u>\$ 9,904</u>          | <br><u>\$ 792,807</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 of approximately \$43,950 was recorded at December 31, 2013.

**NOTE 6 - CAPITAL ASSETS**

Capital assets and depreciation activity as of and for the year ended December 31, 2013 are as follows:

| <b>Governmental activities:</b>                | <u>Balance<br/>January 1, 2013</u> | <u>Additions</u>    | <u>Deletions</u>    | <u>Balance<br/>December 31, 2013</u> |
|--|------------------------------------|---------------------|---------------------|--------------------------------------|
| Capital assets not depreciated:                |                                    |                     |                     |                                      |
| Land   | \$ 705,832                         | \$ -0-              | \$ -0-              | \$ 705,832                           |
| Capital assets being depreciated:              |                                    |                     |                     |                                      |
| Land Improvements                              | 1,141,986                          | -0-                 | -0-                 | 1,141,986                            |
| Construction in Progress                       | 568,739                            | 888,219             | 1,429,643           | 27,315                               |
| Infrastructure                                 | 12,486,707                         | 1,494,667           | -0-                 | 13,981,374                           |
| Buildings                                      | 2,258,589                          | -0-                 | -0-                 | 2,258,589                            |
| Equipment                                      | 877,947                            | 29,556              | -0-                 | 907,503                              |
| Furniture & Fixtures                           | 395,490                            | -0-                 | -0-                 | 395,490                              |
| Transportation Equipment                       | 496,547                            | 51,204              | 47,325              | 500,426                              |
| Totals being depreciated                       | <u>18,931,837</u>                  | <u>2,463,646</u>    | <u>1,476,968</u>    | <u>19,918,515</u>                    |
| Less accumulated depreciation:                 |                                    |                     |                     |                                      |
| Land Improvements                              | 713,527                            | 53,089              | -0-                 | 766,616                              |
| Infrastructure                                 | 11,259,197                         | 72,113              | -0-                 | 11,331,310                           |
| Buildings                                      | 1,211,096                          | 56,480              | -0-                 | 1,267,576                            |
| Equipment                                      | 537,750                            | 65,921              | -0-                 | 603,671                              |
| Furniture & Fixtures                           | 358,731                            | 13,944              | -0-                 | 372,675                              |
| Transportation Equipment                       | 302,410                            | 58,970              | 36,515              | 324,865                              |
| Totals   | <u>\$ 14,382,711</u>               | <u>\$ 320,517</u>   | <u>\$ 36,515</u>    | <u>\$ 14,666,713</u>                 |
| Capital assets net of accumulated depreciation | <u>\$ 4,549,126</u>                | <u>\$ 2,143,129</u> | <u>\$ 1,440,453</u> | <u>\$ 5,251,802</u>                  |

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

Depreciation expense of \$320,517 for the year ended December 31, 2013, 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, 2013 was \$676,969.

| <b>Proprietary Activities:</b>   | Balance<br>January 1, 2013 | Additions           | Deletions           | Balance<br>December 31,<br>2013 |
|----------------------------------|----------------------------|---------------------|---------------------|---------------------------------|
| Land                             | \$ 65,895                  | \$ -0-              | \$ -0-              | \$ 65,895                       |
| Buildings                        | 73,293                     | -0-                 | -0-                 | 73,293                          |
| Improvements other than Building | 23,864,930                 | 2,251,926           | -0-                 | 26,116,856                      |
| Construction in Progress         | 1,933,019                  | 333,085             | 2,246,926           | 19,178                          |
| Furniture & Fixtures             | 53,869                     | -0-                 | -0-                 | 53,869                          |
| Transportation Equipment         | 395,933                    | -0-                 | -0-                 | 395,933                         |
| Distribution                     | 243,457                    | -0-                 | -0-                 | 243,457                         |
| Equipment                        | 204,851                    | -0-                 | -0-                 | 204,851                         |
| Totals                           | 26,835,247                 | 2,585,011           | 2,246,926           | 27,173,332                      |
| Less accumulated depreciation    | 14,507,274                 | 676,969             | -0-                 | 15,184,243                      |
| Net Fixed Assets                 | <u>\$ 12,327,973</u>       | <u>\$ 1,908,042</u> | <u>\$ 2,246,926</u> | <u>\$ 11,989,089</u>            |

Construction commitments for projects in progress are estimated to cost an additional \$182,988.

**NOTE 7 - COMPENSATED ABSENCES**

At December 31, 2013, employees of the City have accumulated and vested \$139,200 of employee leave benefits, which was computed in accordance with GASB Codification C60. Of this amount, \$126,621 is recorded as an obligation of the General Fund and \$12,579 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

*Plan Description.* The System is composed of two distinct plans. Plan A and Plan B, with separate assets and benefit provisions. All employees of the municipality are members of Plan A. All permanent employees working at least 35 hours per week who are not covered by another pension plan and are paid wholly or in part from municipal funds and all elected municipal officials are eligible to participate in the System.

Under Plan A, employees who retire at or after age 60 with at least 10 years of creditable service, at or after age 55 with at least 25 years of creditable service, or at any age with at least 30 years of creditable service are entitled to a retirement benefit, payable monthly for life, equal to 3 1/3 percent of their final-average salary for each year of creditable service. Final-average salary is the employee's average salary over the 36 consecutive or joined months that produce the highest

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

average. Employees who terminate with at least the amount of creditable service stated above, and do not withdraw their employee contributions, may retire at the ages specified above and receive the benefit accrued to their date of termination. The System also provides death and disability benefits. Benefits are established or amended by state statute. The System issues an annual publicly available financial report that includes financial statements and required supplementary information for the System. That report may be obtained by writing to the Municipal Employees Retirement System of Louisiana, 7937 Office Park Boulevard, Baton Rouge, Louisiana 70809, or by calling (225) 925-4810.

*Funding Policy.* Under Plan A, members are required by state statute to contribute 9.25% (9.50% as of July 1, 2013) of their annual covered salary and the City is required to contribute at an actuarially determined rate. The current rate is 17.00% (18.75% as of July 1, 2013) 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 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, 2013, 2012, and 2011, were \$166,695, \$158,244, and \$147,669, respectively, equal to the required contributions for each year.

B. Municipal Police Employees' Retirement System of Louisiana

*Plan Description.* All full-time police department employees engaged in law enforcement are required to participate in the System. Employees who retire at or after age 50 with at least 20 years of creditable service or at or after age 55 with at least 12 years of creditable service are entitled to a retirement benefit, payable monthly for life, equal to 3 1/3 percent of their final-average salary for each year of creditable service. Final-average salary is the employee's average salary over the 36 consecutive or joined months that produce the highest average. Employees who terminate with at least the amount of creditable service stated above, and do not withdraw their employee contributions, may retire at the ages specified above and receive the benefit accrued to their date of termination. The System also provides death and disability benefits. Benefits are established or amended by state statute. The System issues an annual publicly available financial report that includes financial statements and required supplementary information for the System. That report may be obtained 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.

*Funding Policy.* Plan members are required by state statute to contribute 10.0% (10.0% as of July, 1, 2013) of their annual covered salary and the City is required to contribute at an actuarially determined rate. The current rate is 31.0% (31.0% as of July 1, 2013) 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, 2013, 2012, and 2011, were \$178,658, \$171,680, and \$155,161, respectively, equal to the required contributions for each year.

**NOTE 9 - OTHER POSTEMPLOYMENT BENEFITS**

**Plan Description.** The City of New Roads' medical benefits are provided through a comprehensive medical plan and are made available to employees upon actual retirement.

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

The employees are covered by a retirement system 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. Complete plan provisions are included in the official plan documents.

**Contribution Rates.** Employees do not contribute to their post employment benefits costs until they become retirees and begin receiving those benefits. The plan provisions and contribution rates are contained in the official plan documents.

**Fund Policy.** Until 2009, the City of New Roads recognized the cost of providing post-employment medical benefits (the City of New Roads' portion of the retiree medical benefit premiums) as an expense when the benefit premiums were due and thus financed the cost of the post-employment benefits on a pay-as-you-go basis. In 2013, the City's portion of health care funding cost for retired employees totaled \$110,328.

Effective January 1, 2009, the City of New Roads implemented Governmental Accounting Standards Board Statement Number 45, *Accounting and Financial Reporting by Employers for Post employment Benefits Other than Pensions* (GASB 45). This amount was applied toward the net OPEB benefit obligation as shown in the following table.

**Annual Required Contribution.** The City of New Roads' Annual Required Contribution (ARC) is an amount actuarially determined in accordance with GASB 45. The ARC is the sum of the Normal Cost plus the contribution to amortize the Unfunded Actuarial Accrued Liability (UAAL). A level dollar, open amortization period of 30 years (the maximum amortization period allowed by GASB 43/45) has been used for the post-employment benefits. The actuarially computed ARC is as follows:

|                                    | Medical                    |                             |                   |
|------------------------------------|----------------------------|-----------------------------|-------------------|
|                                    | Governmental<br>Activities | Business Type<br>Activities | Total             |
| Normal Cost                        | \$ 69,957                  | \$ 12,643                   | \$ 82,600         |
| 30-year UAL amortization amount    | 124,361                    | 22,517                      | 146,878           |
| Annual required contribution (ARC) | <u>\$ 194,318</u>          | <u>\$ 35,160</u>            | <u>\$ 229,478</u> |

**Net Post-employment Benefit Obligation (Asset).** The table below shows the City of New Roads' Net Other Post-employment Benefit (OPEB) Obligation (Asset) for fiscal year ending December 31, 2013:

|   | Medical                    |                             |                  |
|---|----------------------------|-----------------------------|------------------|
|   | Governmental<br>Activities | Business Type<br>Activities | Total            |
| Beginning Net OPEB Obligation (Asset)   | \$ 416,801                 | \$ 86,155                   | \$ 502,956       |
| Annual required contribution            | 194,318                    | 35,160                      | 229,478          |
| Interest on Net OPEB Obligation (Asset) | 16,672                     | 3,447                       | 20,118           |
| ARC Adjustment                          | <u>(24,104)</u>            | <u>(4,981)</u>              | <u>(29,086)</u>  |
| OPEB Cost                               | 186,886                    | 33,626                      | 220,510          |
| Contribution                            | -0-                        | -0-                         | -0-              |
| Current year retiree premium            | <u>(93,424)</u>            | <u>(16,904)</u>             | <u>(110,328)</u> |
| Change in Net OPEB Obligation           | 93,462                     | 16,720                      | 110,182          |
| Ending Net OPEB Obligation (Asset)      | \$ 510,263                 | \$ 102,875                  | \$ 613,138       |



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

The following table shows the City of New Roads' annual post employment benefits (PEB) cost, percentage of the cost contributed, and the net unfunded post employment benefits (PEB) liability (asset) for last year and this year:

| <b>Fiscal Year Ended</b> | <b>Annual<br/>OPEB Cost</b> | <b>Percentage of<br/>Annual Cost<br/>Contributed</b> | <b>Net OPEB<br/>Liability (Asset)</b> |
|--------------------------|-----------------------------|--|---------------------------------------|
| December 31, 2012        | \$ 213,673                  | 47.81%   | \$ 502,956                            |
| December 31, 2013        | 220,510                     | 50.03%   | 613,138                               |

**Funded Status and Funding Progress.** In 2013, the City of New Roads made no contributions to its post employment benefits plan. The plan is not funded, has no assets, and hence has a funded ratio of zero. Based on the January 1, 2009 actuarial valuation, the most recent valuation, the Actuarial Accrued Liability (AAL) at the end of the year December 31, 2013, was \$2,641,366, which is defined as that portion, as determined by a particular actuarial cost method (the City of New Roads uses the Projected Unit Credit Cost Method), of the actuarial present value of post employment plan benefits and expenses which is not provided by normal cost.

|   | Medical                    |                             | Total        |
|---|----------------------------|-----------------------------|--------------|
|   | Governmental<br>Activities | Business Type<br>Activities |              |
| Actuarial Accrued Liability (AAL)       | \$ 2,236,445               | \$ 404,921                  | \$ 2,641,366 |
| Actuarial Value of Plan Assets          | -0-                        | -0-                         | -0-          |
| Unfunded Act. Accrued Liability(UAAL)   | 2,236,445                  | 404,921                     | 2,641,366    |
| Funded Ratio (Act. Val. Assets/AAL)     | 0%                         | 0%                          | 0%           |
| Covered Payroll (active plan members)   | 1,278,485                  | 231,334                     | 1,509,819    |
| UAAL as a percentage of covered payroll | 174.93%                    | 175.04%                     | 174.95%      |

**Actuarial Methods and Assumptions.** Actuarial valuations involve estimates of the value of reported amounts and assumptions about the probability of events far into the future. The actuarial valuation for post employment benefits includes estimates and assumptions regarding (1) turnover rate; (2) retirement rate; (3) health care cost trend rate; (4) mortality rate; (5) discount rate (investment return assumption); and (6) the period to which the costs apply (past, current, or future years of service by employees). Actuarially determined amounts are subject to continual revision as actual results are compared to past expectations and new estimates are made about the future.

The actuarial calculations are based on the types of benefits provided under the terms of the substantive plan (the plan as understood by the City of New Roads and its employee plan members) at the time of the valuation and on the pattern of sharing costs between the City of New Roads and its plan members to that point. The projection of benefits for financial reporting purposes does not explicitly incorporate the potential effects of legal or contractual funding limitations on the pattern of cost sharing between the City of New Roads and plan members in the future. Consistent with the long-term perspective of actuarial calculations, the actuarial methods and assumptions used include techniques that are designed to reduce short-term volatility in actuarial liabilities and the actuarial value of assets.

**Actuarial Cost Method.** The ARC is determined using the Projected Unit Credit Cost Method. The employer portion of the cost for retiree medical care in each future year is determined by projecting the current cost levels using the healthcare cost trend rate and discounting this projected amount to the valuation date using the other described pertinent actuarial assumptions, including the investment return assumption (discount rate), mortality, and turnover.

**City of New Roads, Louisiana**  
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**Actuarial Value of Plan Assets.** There are not any plan assets. It is anticipated that in future valuations, should funding take place, a smoothed market value consistent with Actuarial Standards Board ASOP 6, as provided in paragraph number 125 of GASB Statement 45 will be used.

**Turnover Rate.** An age-related turnover scale based on actual experience has been used. The rates, when applied to the active employee census, produce a composite average annual turnover of approximately 10%. It has also been assumed, based on past experience, that 5% of future eligible retirees will decline coverage.

**Post employment Benefit Plan Eligibility Requirements.** Based on past experience, it has been assumed that entitlement to benefits will commence three years after the earliest retirement (D.R.O.P. entry) eligibility, as described above under "plan Description". The three years consists of the three year D.R.O.P. period. Medical benefits are provided to employees upon actual retirement.

**Investment Return Assumption (Discount Rate).** GASB Statement 45 states that the investment return assumption should be the estimated long-term investment yield on the investments that are expected to be used to finance the payment of benefits (that is, for a plan which is funded). Based on the assumption that the ARC will not be funded, a 4% annual investment return has been used in this valuation.

**Health Care Cost Trend Rate.** The expected rate of increase in medical cost is based on a graded schedule beginning with 8% annually, down to an ultimate annual rate of 5.0% for ten years out and later.

**Mortality Rate.** The 1994 Group Annuity Reserving (94GAR) table, projected to 2002, based on a fixed blend of 50% of the unloaded male mortality rate and 50% of the unloaded female mortality rates, is used. This is a recently published mortality table which has been used in determining the value of accrued benefits in defined pension plans. Projected future mortality improvement has not been used since it is our opinion that this table contains sufficiently conservative margin for the population involved in this valuation.

**Method of Determining Value of Benefits.** The "value of benefits" has been assumed to be the portion of the premium after retirement date expected to be paid by the employer for each retiree and has been used as the basis for calculating the actuarial present value of OPEB benefits to be paid. The City pays 80% of the retiree premium (the blended active/retired rate) before Medicare eligibility, and also pays 80% of the unblended premium after the retiree's eligibility for Medicare (age 65), except for several "grandfathered" retirees over age 65 for whom the employer pays 100% of the unblended premium. The employer pays for the retiree only, not for dependents. Since GASB 45 mandates that "unblended" rates applicable to the coverage provided to retirees be used, we have estimated the "unblended" rates for retirees before Medicare eligibility. It has been assumed that the total retiree rate before Medicare eligibility is 130% of the blended active/retired rate.

**Inflation Rate.** Included in both the Investment Return Assumption and the Healthcare Cost Trend rates above is an implicit inflation assumption of 2.50% annually.

**Projected Salary Increases.** This assumption is not applicable since neither the benefit structure nor the valuation methodology involves salary.

**Post-retirement Benefit Increases.** The plan benefit provisions in effect for retirees as of the valuation date have been used and it has been assumed for valuation purposes that there will not be any changes in the future.

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

**Below is a summary of OPEB cost and contributions for the last three fiscal years.**

|  | OPEB Costs and Contributions |                |                |
|--|------------------------------|----------------|----------------|
|  | FY 2011                      | FY 2012        | FY 2013        |
| OPEB Cost                              | \$ 220,014                   | \$ 213,673     | \$ 220,510     |
| Contribution                           | -0-                          | -0-            | -0-            |
| Retiree premium                        | 83,297                       | 102,156        | 110,328        |
| Total contribution and premium         | 83,297                       | 102,156        | 110,328        |
| <br>Change in net OPEB obligation      | <br>\$ 136,717               | <br>\$ 111,517 | <br>\$ 110,182 |
| <br>% of contribution to cost          | <br>0.00%                    | <br>0.00%      | <br>0.00%      |
| % of contribution plus premium to cost | 37.86%                       | 47.81%         | 50.03%         |

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

The payables of \$940,902 at December 31, 2013, are as follows:

| <u>Class of Payable</u> | <u>General Fund</u> | <u>Special<br/>Revenue Fund</u> | <u>Proprietary Funds</u> |
|-------------------------|---------------------|---------------------------------|--------------------------|
| Salaries & Withholdings | \$ 78,678           | \$ 0                            | \$ 10,296                |
| Accounts                | 192,578             | 17,390                          | 502,760                  |
| Other                   | 126,621             | 0                               | 12,579                   |
| Total                   | \$ 397,877          | \$ 17,390                       | \$ 525,635               |

**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> |
|--------------------------|-------------------|
| 2014                     | \$ 30,105         |
| 2015                     | 30,105            |
| 2016                     | 30,105            |
| 2017                     | 30,105            |
| 2018                     | 30,105            |
| 2019-2051                | 974,922           |
|                          | \$ 1,125,447      |

**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, 2013:

|  | <u>Bonded Debt</u>  | <u>Capital Leases</u> | <u>Total</u>        |
|--|---------------------|-----------------------|---------------------|
| Long-term obligations payable at December 31, 2012 | \$ 6,611,308        | \$ -0-                | \$ 6,611,308        |
| Additions  | -0-                 | -0-                   | -0-                 |
| Deductions   | 315,000             | -0-                   | 315,000             |
| Long-term obligations payable at December 31, 2013 | 6,611,308           | -0-                   | 6,611,308           |
| Less current portion                               | 330,000             | -0-                   | 330,000             |
| Net long-term obligations                          | <u>\$ 6,281,308</u> | <u>\$ -0-</u>         | <u>\$ 6,281,308</u> |

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

**Revenue Bonds:**

Electric System Upgrade:

\$6,000,000 2011 Utility Revenue Refunding Bonds due in semi-annual interest and annual principal installments of amounts from \$210,000 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.

\$ 5,565,000

\$750,000 2007 Electric System Revenue Bonds due in semi-annual interest and annual principal installments of amounts from \$65,000 to \$90,000 with interest rates of 4.10% due through July 1, 2017. The Electric Utility System fund is used to retire these issues.

\$ 340,000

Water/Sewer System Upgrade:

\$1,000,000 2011 Utilities Revenue Bonds due in semi-annual interest and annual principal installments of amounts from \$35,000 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.

\$ 706,308

At December 31, 2013, the municipality has accumulated and restricted \$365,342 in the proprietary funds for future debt requirements. The annual requirements to amortize all bonds outstanding at December 31, 2013, including interest payments of \$2,297,531 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>        |
|--------------------------|-------------------------------|---------------------------------|---------------------|
| 2014                     | \$ 525,600                    | \$ 38,365                       | \$ 563,965          |
| 2015                     | 528,417                       | 38,267                          | 566,684             |
| 2016                     | 525,733                       | 38,109                          | 563,842             |
| 2017                     | 527,545                       | 37,952                          | 565,497             |
| 2018                     | 435,700                       | 37,794                          | 473,494             |
| Thereafter               | 5,623,400                     | 551,957                         | 6,175,357           |
|                          | <u>\$ 8,166,395</u>           | <u>\$ 742,444</u>               | <u>\$ 8,908,839</u> |

**City of New Roads, Louisiana**  
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Revenue Bonds:

On March 6, 2007, the City issued \$750,000 of Electric System Revenue Bonds (parity bonds), the proceeds of which were used for the purpose of constructing and acquiring improvements to the system. These bonds were issued in varying denominations from \$60,000 to \$90,000 bearing interest payable on January and July 1, of each year at a rate of 4.10%, and mature on July 1 of each year beginning July 1, 2008, with the final installment due July 1, 2017. These bonds are secured by and payable in principal and interest solely from the income and revenues earned from the electric system.

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, expand and construct City owned public improvements. These bonds were issued in denominations of \$100,000 or any integral multiple of \$5,000 in excess thereof. 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.

2007 Electric System Revenue Bond Sinking Fund -

This fund is to be used to pay the next required installment of interest and principal for the 2007 Electric System Revenue Bonds. The City is required to make monthly deposits by the 20th of each month, beginning July 1, 2007, equal to 1/6th of the next interest installment and 1/12th of the next principal installment.

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.

2007 Electric System Revenue Bond Debt Service Fund -

This fund is to be used solely for the purpose of paying the principal and interest on the 2007 bonds payable from 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 \$237,094 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.

2007 Electric 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 system. 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 the

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

balance is reduced below \$200,000, funding shall be resumed until the maximum is again accumulated.

**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, 2013.

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.

**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,

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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 - INTERFUND RECEIVABLES/PAYABLES**

The following is a summary of inter-fund receivable and payable balances at December 31, 2013:

|                               | Due From<br>Other Funds | Due To<br>Other Funds |
|-------------------------------|-------------------------|-----------------------|
| Enterprise Funds –            |                         |                       |
| Electric Utility System:      |                         |                       |
| General Fund                  | \$ 1,516,210            | \$ 15,301             |
| Gas Utility System            | -0-                     | 242,858               |
| Water/Sewer Utility System    | -0-                     | 27,704                |
| Gas Utility System:           |                         |                       |
| General Fund                  | -0-                     | 142,052               |
| Electric Utility System       | 242,858                 | -0-                   |
| Water/Sewer Utility System    | 207,409                 | -0-                   |
| Water/Sewer Utility System:   |                         |                       |
| General Fund                  | -0-                     | 105,316               |
| Electric Utility System       | 27,704                  | -0-                   |
| Gas Utility System            | -0-                     | 207,409               |
| Civic Center Commission Fund- |                         |                       |
| General Fund                  | -0-                     | 18,666                |
| General Fund –                |                         |                       |
| Civic Center Commission       | 18,666                  | -0-                   |
| Electric Utility System       | 15,301                  | 1,516,210             |
| Gas Utility System            | 142,052                 | -0-                   |
| Water/Sewer Utility System    | 105,316                 | -0-                   |
| Totals                        | \$ 2,275,516            | \$ 2,275,516          |

**NOTE 14 - INTERGOVERNMENTAL PAYABLE**

The following is a summary of the intergovernmental payable due other governments at December 31, 2013:

| <u>Payable to:</u>                   | General<br>Fund | Proprietary<br>Funds |
|--------------------------------------|-----------------|----------------------|
| Pointe Coupee Police Jury            | \$ 3,408        | \$ -0-               |
| Pointe Coupee Sewer District #1      | -0-             | 8,385                |
| La. Department of Revenue            | -0-             | 1,432                |
| La. Department of Health & Hospitals | -0-             | 2,883                |
| Totals                               | \$ 3,408        | \$ 12,700            |

**City of New Roads, Louisiana**  
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**NOTE 15 - INTERFUND TRANSFERS**

The following is a summary of interfund transfers which occurred during the year ended December 31, 2013. The transfers were made from the proprietary fund in order to help fund additional governmental activities and provide excess funds from the bond proceeds to finance capital infrastructure improvements.

|                             | Transfer In<br>From | Transfer Out<br>To |
|-----------------------------|---------------------|--------------------|
| General Fund –              |                     |                    |
| Electric Utility System     | \$ 1,065,000        | \$ -0-             |
| Gas Utility System          | 420,000             | -0-                |
| Water/Sewer Utility System  | 304,940             | -0-                |
| Enterprise Funds –          |                     |                    |
| Electric Utility System:    |                     |                    |
| General Fund                | -0-                 | \$ 1,065,000       |
| Water/Sewer Utility System  | -0-                 | -0-                |
| Gas Utility System:         |                     |                    |
| General Fund                | -0-                 | 420,000            |
| Water/Sewer Utility System: |                     |                    |
| General Fund                | -0-                 | 304,940            |
| Totals                      | \$ 1,789,940        | \$ 1,789,940       |

**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 and reserve accounts in accordance with the bond agreements for the \$6,000,000 utility revenue refunding bonds issued in 2011, \$750,000 electric revenue bonds issued in 2007, 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 \$6,000,000 utility revenue refunding bonds issued in 2011, \$750,000 electric revenue bonds issued in 2007, and 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 year.

**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.



**City of New Roads, Louisiana  
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Nonspendable for prepaid expenses – This restriction was created to segregate a portion of the fund balance account 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.

Restricted for Center operations – Funds restricted internally through a cooperative endeavor agreement between the city and Pointe Coupee Parish Police Jury for use in operating the William H. Scott Civic Center Commission (see note 20).

**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:

|   | <u>Electric</u> | <u>Natural Gas</u> | <u>Water/Sewer</u> | <u>Total</u> |
|---|-----------------|--------------------|--------------------|--------------|
| Operating Revenues                          | \$ 4,046,787    | \$ 1,050,233       | \$ 1,068,033       | \$ 6,165,053 |
| Depreciation                                | 241,651         | 17,297             | 418,021            | 676,969      |
| Operating Income                            | 583,912         | 401,468            | 67,088             | 1,052,468    |
| Change in Net Position                      | (702,767)       | (6,159)            | (175,534)          | (884,460)    |
| Property, Plant, and<br>Equipment Additions | 131,915         | 62,394             | 143,776            | 338,085      |
| Total Assets                                | 7,464,348       | 1,504,784          | 8,015,044          | 16,984,176   |
| Fund Equity                                 | 607,106         | 1,263,521          | 6,928,882          | 8,799,509    |
| Net Working Capital                         | 1,302,164       | 373,655            | (53,844)           | 1,621,975    |

**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, 2013, \$86,801 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.

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

**NOTE 19 - JOINT VENTURES**

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

|   | False River Air<br>Park Commission<br>(Unaudited) |
|---|---|
| Balance Sheet Date                      | 12/31/13  |
| Total Assets (not including GFA)        | \$ 389,433  |
| Total General Fixed Assets (GFA)        | 6,610,195   |
| Total Liabilities                       | 399,663   |
| Total Net Position                      | 6,599,965   |
| Total Revenues                          | 1,173,340   |
| Total Expenditures                      | 740,194   |
| Total Other Financing Sources (Uses)    | -0-   |
| Net Increase (Decrease) in Net Position | 433,147   |

False River Air Park Commission

The False River Air Park Commission is 50% owned by the City. For the year covered by the financial statement above, the City contributed \$39,785 as an operating grant to cover expenses of the facility. The False River Air Park Commission is a component unit of the Pointe Coupee Parish Police Jury because the Pointe Coupee Parish Police Jury is the governing authority for Pointe Coupee Parish.

**NOTE 20 – COOPERATIVE ENDEAVOR AGREEMENT**

During the prior year, the city and the Pointe Coupee Parish Police Jury entered into a cooperative endeavor agreement setting up a commission to jointly manage and maintain the Scott Civic Center of which they are co-owners. This commission named “The William H. Scott Civic Center Commission” will consist of two members of the City, two members of the Police Jury, and a chair of the commission designated as the mayor of the City of New Roads in order to make management decisions. The funding of the commission for operations of the center consists of 8% of the 14% dedicated sales tax to the property, and equal contributions by the city and police jury to fund the remaining revenues and expenses of the management of the center. An operating account was opened by the city for the operations of the center and because of the restricted nature of the funds to be used set up a separate special revenue fund named The William H. Scott Civic Center Commission Fund. Financial information for current year operations are reflected on the statements of non-major governmental funds on pages 56-57 and 59.

**NOTE 21 - LITIGATION AND CLAIMS**

The City is a defendant in nine 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. Claims and litigation costs of \$210,316 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

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**Notes to the Financial Statements**

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.

In a previous year, 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 \$100,000 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 \$1,963 held for purposes of funding future claims. As a result, \$1,963 of the general fund balance is restricted for payment of future vehicle liability claims.

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<br>Compensation | Vehicle<br>Liability | Totals   |
|--|------------------------------|----------------------|----------|
| Beginning of Fiscal Year Liability         | \$ -0-                       | \$ -0-               | \$ -0-   |
| Current Year Claims & Changes in Estimates | 485                          | 37,065               | 37,550   |
| Claim Payments                             | (485)                        | (37,065)             | (37,550) |
| End of Fiscal Year Liability               | \$ -0-                       | \$ -0-               | \$ -0-   |

**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 28, 1989, the City entered into a capacity purchase and operating agreement with LEPA, effective January 1, 1990. LEPA assumed full responsibility for the operation, maintenance, and control of the City's generating facilities. LEPA also provides labor, materials, insurance, supplies and maintenance costs. In turn, the City pays LEPA for the purchased capacity on a monthly basis as specified in the agreement. This agreement was signed for renewal in December 2005.

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

**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 who are also customers on the City's utility system. This billing agreement went into effect for the month of November 1980.

Solid Waste Disposal

An Agreement between the Solid Waste Disposal System of the Parish of Pointe Coupee and the City provides for the billing of customers on the City's system. This billing agreement went into effect for the month of October 1985. Under the terms of the agreement, the City retains \$1.50 per customer as a billing fee. On December 1, 2000, the City entered into its own solid waste disposal contract and will collect fees from residents within the city limits. Effective February 1, 2009, the contract was combined with the Parish whereby the city remits collection fees for city residents to the parish without retaining a billing fee. At the end of the current fiscal year, the City was exploring its options regarding entering its own solid waste disposal contract to serve the citizens of the city in expectation of decreasing its waste disposal costs.

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 processes. 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.

**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, 2013 is as follows:

|                     |                   |
|---------------------|-------------------|
| Mayor – Robert Myer | \$ 62,000         |
| Council:            |                   |
| Anthony Daisy       | 15,600            |
| Vernell Davis       | 14,400            |
| Kurt Kellerman      | 14,400            |
| Bernadine St. Cyr   | 14,400            |
| Kirk White          | 14,400            |
|                     | <hr/>             |
| Total Compensation  | <u>\$ 135,200</u> |

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

**NOTE 26 – FEDERAL FINANCIAL ASSISTANCE PROGRAMS**

| Federal Grantor/<br>Pass-Through Grantor<br>Federal Grants/<br><u>Program Title</u>             | <u>Federal<br/>CFDA<br/>Number</u> | <u>Pass-Through<br/>Grantor<br/>Number</u> | <u>Expenditures</u> |
|---|------------------------------------|--|---------------------|
| <b>United States Department of Housing<br/>And Urban Development</b>                            |                                    |  |                     |
| Direct:   |                                    |  |                     |
| Section 8 Housing Choice Vouchers   | 14.871                             | Proj #LA205                                | \$ 271,359          |
| <b>United States Department of Homeland Security</b>  |                                    |  |                     |
| Passed through the La. Governor’s Office of<br>Homeland Security & Emergency Preparedness:      |                                    |  |                     |
| Hazard Mitigation Grant Program   | 97.039                             | FEMA1786-<br>0036                          | 4,298               |
| <b>United States Department of Transportation</b>   |                                    |  |                     |
| Passed through La. Dept. of Public Safety – La.<br>Highway Safety Commission                    |                                    |  |                     |
| Highway Planning & Construction Grant   |                                    |  |                     |
| 2013- Special enforcement Waves   | 20.205                             | Proj#<br>2013307014                        | 2,500               |
| Minimum Penalties for Repeat Offenders<br>For Driving while intoxicated                         | 20.608                             | 2013307014                                 | 2,224               |
| <b>United Sates Department of Justice</b>   |                                    |  |                     |
| Direct:   |                                    |  |                     |
| BulletProof Vest Partnership Program<br>(Criminal Records Improvement)                          | 16.607                             | N/A  | 4,621               |
| <b>United States Department of the Interior- National<br/>Park Service</b>                      |                                    |  |                     |
| Passed through the La. Dept. of Culture, Recreation<br>& Tourism-Office of Cultural Development |                                    |  |                     |
| Historic Preservation Fund Grant  | 15.904                             | 22-12-41925                                | <u>1,176</u>        |
| Total (All Federal)   |                                    |  | <u>\$ 286,178</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 17, 2014, 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 17, 2014.

**REQUIRED SUPPLEMENTAL INFORMATION**

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

**BUDGETARY COMPARISON SCHEDULE  
For the Year Ended December 31, 2013**

|   | <b>BUDGETED AMOUNTS</b> |                    | <b>ACTUAL</b>      | <b>VARIANCE WITH<br/>FINAL BUDGET<br/>FAVORABLE<br/>(UNFAVORABLE)</b> |
|---|-------------------------|--------------------|--------------------|---|
|   | <b>ORIGINAL</b>         | <b>FINAL</b>       |                    |   |
| <b>REVENUES</b>   |                         |                    |                    |   |
| Taxes   | \$ 1,502,000            | \$ 1,578,000       | \$ 1,616,370       | \$ 38,370   |
| Licenses & permits  | 330,000                 | 276,000            | 270,495            | (5,505)   |
| Intergovernmental revenue   | 314,520                 | 300,035            | 317,293            | 17,258  |
| Charges for services  | 1,404,150               | 1,206,050          | 1,164,130          | (41,920)  |
| Fines and forfeitures   | 75,060                  | 47,970             | 43,127             | (4,843)   |
| Miscellaneous   | 374,400                 | 433,085            | 427,857            | (5,228)   |
| <b>Total revenues</b>   | <b>4,000,130</b>        | <b>3,841,140</b>   | <b>3,839,272</b>   | <b>(1,868)</b>  |
| <b>EXPENDITURES</b>   |                         |                    |                    |   |
| General government  | 1,546,953               | 1,691,573          | 1,785,600          | (94,027)  |
| Public safety   | 1,213,814               | 1,205,314          | 1,230,134          | (24,820)  |
| Streets and sanitation  | 825,805                 | 797,205            | 887,610            | (90,405)  |
| Transportation  | 39,800                  | 39,800             | 39,785             | 15  |
| Culture and recreation  | 140,220                 | 145,420            | 165,645            | (20,225)  |
| Economic development and assistance   | 227,720                 | 298,545            | 345,339            | (46,794)  |
| Capital outlay  | 1,283,000               | 1,150,500          | 989,752            | 160,748   |
| Public works  | 306,684                 | 269,544            | 266,516            | 3,028   |
| <b>Total expenditures</b>   | <b>5,583,996</b>        | <b>5,597,901</b>   | <b>5,710,381</b>   | <b>(112,480)</b>  |
| <b>EXCESS (DEFICIENCY) OF REVENUES<br/>OVER EXPENDITURES</b>                                      | <b>(1,583,866)</b>      | <b>(1,756,761)</b> | <b>(1,871,109)</b> | <b>(114,348)</b>  |
| <b>OTHER FINANCING SOURCES (USES)</b>   |                         |                    |                    |   |
| Transfers in  | 1,605,000               | 1,790,000          | 1,789,940          | (60)  |
| Sale of fixed assets  | 10,000                  | 27,800             | 17,555             | (10,245)  |
| Transfers out   | -                       | -                  | -                  | -   |
| <b>Total other financing sources (uses)</b>   | <b>1,615,000</b>        | <b>1,817,800</b>   | <b>1,807,495</b>   | <b>(10,305)</b>   |
| <b>EXCESS (DEFICIENCY) OF REVENUES AND<br/>OTHER SOURCES OVER EXPENDITURES<br/>AND OTHER USES</b> | <b>31,134</b>           | <b>61,039</b>      | <b>(63,614)</b>    | <b>(124,653)</b>  |
| <b>FUND BALANCES AT BEGINNING OF YEAR</b>   | <b>307,356</b>          | <b>98,125</b>      | <b>98,125</b>      | <b>0</b>  |
| <b>FUND BALANCES AT END OF YEAR</b>   | <b>\$ 338,490</b>       | <b>\$ 159,164</b>  | <b>\$ 34,511</b>   | <b>\$ (124,653)</b>   |

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

**EMPLOYEE HEALTH CARE PLAN  
DECEMBER 31, 2013**

**Schedule of Funding Progress**

| Actuarial Valuation<br>Date | Actuarial<br>Value of<br>Assets | Actuarial<br>Accrued<br>Liability<br>(AAL) | Unfunded<br>Actuarial<br>Accrued<br>Liability<br>(UAAL) | Funded<br>Ratio | Covered<br>Payroll | UAAL as a<br>Percentage<br>of Covered<br>Payroll |
|-----------------------------|---------------------------------|--|---|-----------------|--------------------|--|
| January 1, 2009             | \$-0-                           | \$2,409,474                                | \$2,409,474   | 0%              | \$1,827,042        | 131.88%  |
| January 1, 2010             | \$-0-                           | \$2,606,087                                | \$2,606,087   | 0%              | \$1,944,936        | 133.99%  |
| January 1, 2011             | \$-0-                           | \$2,710,331                                | \$2,710,331   | 0%              | \$1,592,960        | 170.15%  |
| January 1, 2012             | \$-0-                           | \$2,539,775                                | \$2,539,775   | 0%              | \$1,506,698        | 168.56%  |
| January 1, 2013             | \$-0-                           | \$2,641,366                                | \$2,641,366   | 0%              | \$1,509,819        | 174.95%  |



**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.

William H. Scott Civic Center Commission Fund

The William H. Scott Civic Center Commission Fund is used to account for funds which are designated for the joint operation of the Scott Civic Center between the City and Pointe Coupee Parish Police Jury through a cooperative endeavor agreement.

CITY OF NEW ROADS, LOUISIANA  
 COMBINING BALANCE SHEET  
 NON-MAJOR GOVERNMENTAL FUNDS  
 December 31, 2013

|  | HUD - SECTION 8<br>SPECIAL REVENUE<br>FUND | WILLIAM H. SCOTT<br>CIVIC CENTER<br>COMMISSION<br>FUND | TOTAL NON-MAJOR<br>GOVERNMENTAL<br>FUNDS |
|--|--|--|--|
| <b><u>ASSETS</u></b>                         |  |  |  |
| Current Assets                               |  |  |  |
| Accounts receivable                          | -  | \$ 9,904   | 9,904                                    |
| Due from other funds                         | -  | -  | -  |
| Due from other governmental units            | -  | -  | -  |
| Prepaid expenses                             | -  | -  | -  |
| Restricted Assets                            |  |  |  |
| Cash   | \$ 52,932                                  | 58,613   | \$ 111,545                               |
| <br>TOTAL ASSETS                             | <br>\$ 52,932                              | <br>\$ 68,517  | <br>\$ 121,449                           |
| <b><u>LIABILITIES &amp; FUND BALANCE</u></b> |  |  |  |
| <b>LIABILITIES:</b>                          |  |  |  |
| Accounts payable                             | \$ -                                       | \$ 17,390  | \$ 17,390                                |
| Due to other funds                           | -  | 18,666   | 18,666                                   |
| TOTAL LIABILITIES                            | -  | 36,056   | 36,056                                   |
| <b>FUND BALANCE</b>                          |  |  |  |
| Restricted for:                              |  |  |  |
| Civic center operations                      | -  | 32,461   | 32,461                                   |
| Federal grant                                | 52,932                                     | -  | 52,932                                   |
| TOTAL FUND BALANCE                           | 52,932                                     | 32,461   | 85,393                                   |
| <br>TOTAL LIABILITIES & FUND BALANCE         | <br>\$ 52,932                              | <br>\$ 68,517  | <br>\$ 121,449                           |

CITY OF NEW ROADS, LOUISIANA  
**STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES**  
**NON-MAJOR GOVERNMENTAL FUNDS**  
For the Year Ended December 31, 2013

|   | HUD<br>SECTION 8<br>SPECIAL REVENUE<br>FUND | WILLIAM H. SCOTT<br>CIVIC CENTER<br>COMMISSION<br>FUND | TOTAL<br>NONMAJOR<br>GOVERNMENTAL<br>FUNDS |
|---|---|--|--|
| <b>REVENUES</b>   |   |  |  |
| Intergovernmental revenue   | \$ 271,359                                  | \$ 136,408   | \$ 407,767                                 |
| Charges for services  | -   | 49,821   | 49,821                                     |
| Miscellaneous   | 18,949                                      | -  | 18,949                                     |
| Total revenues  | <u>290,308</u>                              | <u>186,229</u>   | <u>476,537</u>                             |
| <b>EXPENDITURES</b>   |   |  |  |
| Culture & recreation  | -   | 132,266  | 132,266                                    |
| Capital outlay  | -   | 44,251   | 44,251                                     |
| Welfare   | 342,935                                     | -  | 342,935                                    |
| Total expenditures  | <u>342,935</u>                              | <u>176,517</u>   | <u>519,452</u>                             |
| <b>EXCESS (DEFICIENCY) OF REVENUES<br/>OVER EXPENDITURES</b>                                      | <u>(52,627)</u>                             | <u>9,712</u>   | <u>(42,915)</u>                            |
| <b>OTHER FINANCING SOURCES (USES)</b>   |   |  |  |
| Transfers in  | -   | -  | -  |
| Transfers out   | -   | -  | -  |
| Total other financing sources (uses)  | <u>-</u>                                    | <u>-</u>   | <u>-</u>                                   |
| <b>EXCESS (DEFICIENCY) OF REVENUES AND<br/>OTHER SOURCES OVER EXPENDITURES<br/>AND OTHER USES</b> | <u>(52,627)</u>                             | <u>9,712</u>   | <u>(42,915)</u>                            |
| <b>FUND BALANCES AT BEGINNING OF YEAR</b>   | <u>105,559</u>                              | <u>22,749</u>  | <u>128,308</u>                             |
| <b>FUND BALANCES AT END OF YEAR</b>   | <u>\$ 52,932</u>                            | <u>\$ 32,461</u>                                       | <u>\$ 85,393</u>                           |

**CITY OF NEW ROADS, LOUISIANA  
NON-MAJOR GOVERNMENTAL FUNDS  
HUD SECTION 8  
BUDGETARY COMPARISON SCHEDULE  
For the Year Ended December 31, 2013**

|   | BUDGETED AMOUNTS |            | ACTUAL    | VARIANCE WITH<br>FINAL BUDGET<br>FAVORABLE<br>(UNFAVORABLE) |
|---|------------------|------------|-----------|---|
|   | ORIGINAL         | FINAL      |           |   |
| <b>REVENUES</b>   |                  |            |           |   |
| Intergovernmental revenue   | 265,000          | 281,000    | 271,359   | (9,641)   |
| Miscellaneous   | 20,000           | 20,000     | 18,949    | (1,051)   |
|   |                  |            |           |   |
| Total revenues  | 285,000          | 301,000    | 290,308   | (10,692)  |
|   |                  |            |           |   |
| <b>EXPENDITURES</b>   |                  |            |           |   |
| Welfare   | 279,460          | 300,740    | 342,935   | (42,195)  |
|   |                  |            |           |   |
| Total expenditures  | 279,460          | 300,740    | 342,935   | (42,195)  |
|   |                  |            |           |   |
| <b>EXCESS (DEFICIENCY) OF REVENUES<br/>OVER EXPENDITURES</b>                                      | 5,540            | 260        | (52,627)  | (52,887)  |
|   |                  |            |           |   |
| <b>OTHER FINANCING SOURCES (USES)</b>   |                  |            |           |   |
| Transfers in  | -                | -          | -         | -   |
| Transfers out   | -                | -          | -         | -   |
|   |                  |            |           |   |
| Total other financing sources (uses)  | -                | -          | -         | -   |
|   |                  |            |           |   |
| <b>EXCESS (DEFICIENCY) OF REVENUES AND<br/>OTHER SOURCES OVER EXPENDITURES<br/>AND OTHER USES</b> | 5,540            | 260        | (52,627)  | (52,887)  |
|   |                  |            |           |   |
| <b>FUND BALANCES AT BEGINNING OF YEAR</b>   | 130,317          | 105,559    | 105,559   | -   |
|   |                  |            |           |   |
| <b>FUND BALANCES AT END OF YEAR</b>   | \$ 135,857       | \$ 105,819 | \$ 52,932 | \$ (52,887)   |
|   |                  |            |           |   |

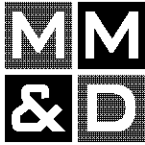
**CITY OF NEW ROADS, LOUISIANA  
NON-MAJOR GOVERNMENTAL FUNDS  
WILLIAM H. SCOTT CIVIC CENTER COMMISSION  
BUDGETARY COMPARISON SCHEDULE  
For the Year Ended December 31, 2013**

|   | <b>BUDGETED AMOUNTS</b> |                 | <b>ACTUAL</b>    | <b>VARIANCE WITH<br/>FINAL BUDGET<br/>FAVORABLE<br/>(UNFAVORABLE)</b> |
|---|-------------------------|-----------------|------------------|---|
|   | <b>ORIGINAL</b>         | <b>FINAL</b>    |                  |   |
| <b>REVENUES</b>   |                         |                 |                  |   |
| Intergovernmental revenue   | 142,000                 | 142,000         | 136,408          | (5,592)   |
| Charges for services  | 53,110                  | 53,110          | 49,821           | (3,289)   |
| <b>Total revenues</b>   | <b>195,110</b>          | <b>195,110</b>  | <b>186,229</b>   | <b>(8,881)</b>  |
| <b>EXPENDITURES</b>   |                         |                 |                  |   |
| Culture & recreation  | 150,275                 | 150,275         | 132,266          | 18,009  |
| Capital outlay  | 44,250                  | 44,250          | 44,251           | (1)   |
| <b>Total expenditures</b>   | <b>194,525</b>          | <b>194,525</b>  | <b>176,517</b>   | <b>18,008</b>   |
| <b>EXCESS (DEFICIENCY) OF REVENUES<br/>OVER EXPENDITURES</b>                                      | <b>585</b>              | <b>585</b>      | <b>9,712</b>     | <b>9,127</b>  |
| <b>OTHER FINANCING SOURCES (USES)</b>   |                         |                 |                  |   |
| Transfers in  | -                       | -               | -                | -   |
| Transfers out   | -                       | -               | -                | -   |
| <b>Total other financing sources (uses)</b>   | <b>-</b>                | <b>-</b>        | <b>-</b>         | <b>-</b>  |
| <b>EXCESS (DEFICIENCY) OF REVENUES AND<br/>OTHER SOURCES OVER EXPENDITURES<br/>AND OTHER USES</b> | <b>585</b>              | <b>585</b>      | <b>9,712</b>     | <b>9,127</b>  |
| <b>FUND BALANCES AT BEGINNING OF YEAR</b>   | <b>9,045</b>            | <b>9,045</b>    | <b>22,749</b>    | <b>13,704</b>   |
| <b>FUND BALANCES AT END OF YEAR</b>   | <b>\$ 9,630</b>         | <b>\$ 9,630</b> | <b>\$ 32,461</b> | <b>\$ 22,831</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.



# 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)

## 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 Robert A. Myer  
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, 2013, 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 17, 2014.

### **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 deficiency described in the accompanying schedule of findings and responses as item 13-1 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 deficiency described in the accompanying schedule of findings and responses as item 13-1 to be a 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



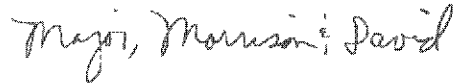
effect on the determination of financial statement amounts. However, providing an opinion on compliance with those provisions was not an objective of our audit and, accordingly, we do not express such an opinion. The results of our tests disclosed instances of noncompliance or other matters that are required to be reported under *Government Auditing Standards*, and which are described in the accompanying schedule of findings and responses as item 13-2 and 13-3.

**City of New Roads, Louisiana’s Response to Findings**

The City of New Roads, Louisiana’s response to the findings identified in our audit is 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.



Major, Morrison & David  
New Roads, Louisiana  
June 17, 2014

**CITY OF NEW ROADS**  
**New Roads, Louisiana**  
**Schedule of Findings and Responses**  
**For the Year Ended December 31, 2013**

**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?                     | <u>  X  </u> yes <u>    </u> no            |
| Significant deficiency(ies) identified?               | <u>  X  </u> yes <u>    </u> none reported |
| Noncompliance material to financial statements noted? | <u>  X  </u> yes <u>    </u> no            |

**SECTION II - FINANCIAL STATEMENT FINDINGS**

**Finding 13-1:**

Criteria: In order to maintain adequate internal controls and prevent the possibility of material misstatements, general ledger accounts should be reviewed and analyzed on a monthly basis after all transactions have been posted for the period.

Condition: Based on the number and dollar amounts of audit and reclassification entries proposed upon completion of our examination, material misstatements were not detected in a timely manner.

Effect: By not timely reviewing and analyzing general ledger accounts, material misstatements can occur resulting in misclassification of assets, liabilities, revenues, or expenditures. This can cause over or under reporting of net position or changes in net position as well as providing financial statements that are misleading as to the condition of the entity's operations.

Cause: Departure from the formal review procedures set by the city and untimely analysis of the general ledger accounts resulted in incorrect postings between expenses which should have been detected.

Recommendation: We recommend that management of the City perform consistent monthly reviews of the general ledger accounts after all transactions have been posted for the period, and analyze the expenses posted to verify the correct recording of expenditures to the proper accounts. By performing a monthly review, obvious errors in recording can be detected and corrected on a timely basis and result in a more accurate picture of the city's financial status from an actual and budgetary perspective.

Management's Response: Management agrees with the auditor's recommendation and will perform monthly reviews of the general ledger accounts in order to reduce the number of incorrect postings of its expenditures. Due to the numerous construction projects implemented in the current year and reorganization of personnel within the business office, time constraints prevented a consistent review of general ledger accounts and incorrect postings were not caught. The city hired an additional accountant at the end of 2013 to assist in this review process and expects the finding to be cleared up going into the new fiscal year.

**CITY OF NEW ROADS**  
**New Roads, Louisiana**  
**Schedule of Findings and Responses**  
**For the Year Ended December 31, 2013**

**Finding 13-2:**

Criteria: The City of New Roads' \$6,000,000 Utility Revenue Refunding Bonds, Series 2011 and \$750,000 Electric Utility Revenue Bonds, Series 2007, require the maintenance of a separate "electric sinking fund" account sufficient in amount to pay promptly and fully the principal and interest on the electric revenue bonds as they become due and payable, by transferring from the revenue fund to the fiscal agent of the issuer, monthly in advance on or before the 20<sup>th</sup> day of each month of each year, a sum equal to 1/6<sup>th</sup> of the interest falling due on the next interest payment date and a sum equal to 1/12<sup>th</sup> of the principal falling due on the next principal payment date, together with such additional proportionate sum as may be required to pay said principal and interest as the same become due.

Condition: As of December 31, 2013, the City's electric sinking fund account was \$141,861 less than the required funds to pay the next scheduled bond interest and principal payments.

Effect: Due to the shortage of funds in the electric sinking fund account, the City is out of compliance with their sinking fund bond covenant.

Cause: The normal practice of the City was to maintain and not reduce funds in the sinking fund account to meet the highest future bond covenant payment amounts. Bond payments would then be paid out of the excess electric operating funds, thereby avoiding ever violating their sinking fund bond covenants. Instead of following normal bond payment practices, funds were used from the sinking fund account to pay regularly scheduled bond payments without replenishing the sinking fund in accordance with the bond covenants. This resulted in the sinking fund falling below the required fund balances at the end of the current period under audit.

Recommendations: We recommend that the City either (1) revert back to its normal course of action by fully funding its sinking fund account to the highest future bond covenant payment amounts, not reducing this account, and continue paying the regularly scheduled bond payments out of the excess electric operating funds or (2) if payment of the next scheduled bond payments will be made by using the funds in the sinking fund account, to regularly remit monthly the required sums from the operating account to the sinking fund account in order to meet the next scheduled bond payments and monitor the balances in the account to ensure that the funded amounts meet the bond covenant as required.

Management's Response: Management has acknowledged the compliance violation of this bond covenant and has corrected the violation by fully funding the sinking fund account as of May 2014. It will also take further steps to verify the correct amount of funds required be transferred to the sinking fund account on a consistent basis in accordance with the bond covenants.

**Finding 13-3:**

Criteria: Actual expenditures and other uses for the remainder of the year, within a fund, shall not fall below the total budgeted expenditures and other uses by 5% or more.

Condition: The City's actual expenditures within the HUD Section 8 Special Revenue Fund failed to meet budgeted expenditures by 5% or more.

Context: Total actual expenditures totaled \$342,935 and budgeted expenditures totaled \$300,470 which is a difference of \$42,195 and represents 14% more than budgeted expenditures.

Effect: It results in the City to be in violation of LSA-RS 39:1311(a)(2) regarding budgetary authority and control.

**CITY OF NEW ROADS**  
**New Roads, Louisiana**  
**Schedule of Findings and Responses**  
**For the Year Ended December 31, 2013**

Cause: Upon preparation of the amended budgets, management underestimated expenditures expected to be paid prior to the end of the current fiscal year.

Recommendation: Management should monitor more closely actual expenditures and compare to budgeted amounts more frequently including closer to the fiscal year end and amend the budget if necessary.

Management's Response: Management has indicated this was an isolated event resulting from underestimating the amount of expenditures that would be paid in the last month of the fiscal year. Although an amendment was done earlier, the estimation of the expenditures was lower than what was actually paid toward the end of the fiscal year. Management will take steps to monitor the special revenue budgets closer due to their smaller revenue and expenditure amounts, which when considering the 5% threshold variance, can be violated more easily.

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

**Summary Schedule of Prior Audit Findings**  
**For the Year Ended December 31, 2013**

| <u>Ref. No.</u>   | <u>Fiscal Year Finding Initially Occurred</u> | <u>Description of Finding</u>   | <u>Corrective Action Taken</u> | <u>Planned Corrective Action/Partial Corrective Action Taken</u> |
|---|---|---|--------------------------------|--|
| Section I – Internal Control and Compliance Material to the Financial Statements: |   |   |                                |  |
| 12-1  | 2012  | Ineffective monitoring of capital project expenditures resulting in a budget violation.   | Yes                            | 7/13   |
| 12-2  | 2012  | Violation of LSA-RS 39:1310(a)(2) regarding budgetary control within the general fund.  | Yes                            | 7/13   |
| Section II – Internal Control and Compliance Material to Federal Awards           |   |   |                                |  |
| 12-3  | 2012  | Violation of 2010 LCDBG Grantee Handbook regarding provisions of Sec. 504, notification within 90 days of executed contract.  | Yes                            | 7/12   |
| 12-4  | 2012  | Violation of 2010 LCDBG Grantee Handbook regarding submission of preliminary change orders to the state prior to execution by grantee.  | Yes                            | 7/12   |
| 12-5  | 2012  | Violation of 2010 LCDBG Grantee Handbook requiring expensing of funds within 3 working days of deposit receipt and required notification upon violation to local government representative. | Yes                            | 7/12   |

Section III – Management Letter:

Discussion of the above referenced findings.

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

**Corrective Action Plan for Current Year Audit Findings**  
**For the Year Ended December 31, 2013**

| <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: |  |   |                               |                              |
| 13-1  | Inconsistent review of general ledger accounts after period closing resulted in material incorrect expense postings and the need to improve internal controls over the review process. | Management will improve steps to more timely examine ledger accounts on a consistent basis after month closing. An additional accountant was hired to assist in analyzing account postings and is expected to greatly reduce any future errors.   | R. Myer<br>C. Rockforte       | 06/14                        |
| 13-2  | Compliance violation regarding the electric sinking fund bond covenant.  | Management has already corrected the sinking fund bond covenant by transferring in May 2014 funds needed to meet full funding of the bond covenant. Management will also test the covenant requirements after interim payments to make sure funds are allocated to the restricted accounts as required. | R. Myer<br>C. Rockforte       | 05/14                        |
| 13-3  | Violation of LSA-RS 39:1311(a)(2) regarding budgetary authority & control on the HUD Section 8 Fund.   | Additional steps will be taken to more closely monitor special revenue fund budgets & compare to budget amounts on a more frequent basis.   | R. Myer<br>C. Rockforte       | 6/14                         |

Section II – Internal Control and Compliance Material to Federal Awards

There were no current year findings.

Section III – Management Letter:

Discussion of the above referenced findings as well as the need to decrease general fund expenditures.

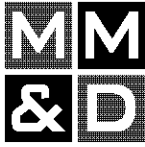
**CITY OF NEW ROADS**  
**New Roads, Louisiana**  
**Schedule of Insurance**  
**Unaudited**  
**As of and For the Year Ended December 31, 2013**

| <u>Insurance Company</u>                                 | <u>Policy Term</u>      | <u>Policy Description</u>                        | <u>Policy Limits</u>   |
|--|-------------------------|--|--|
| Hartford Steam Boiler Ind. Co.                           | 6/1/13 to<br>6/1/14     | Boiler and Machinery                             | \$3,960,500 limit;<br>\$5,000 deductible; transformers<br>\$25,000 deductible (to cash value of equipment depending on age of equipment) |
| Allstate Insurance Co.                                   | 1/3/13 to<br>1/3/14     | Fire Standard Blanket Policy on Bldg. & Prop.    | \$3,816,500 gas warehouse, substation & equipment  |
| One Beacon Insurance                                     | 4/9/13 to<br>4/9/14     | General Liability Auto, Police, Public Officials | \$2,000,000 general aggregate;<br>\$1,000,000 each occurrence<br>\$75,000 self-insured retention auto                                    |
| Endurance American Speciality Co.                        | 6/21/13 to<br>6/21/14   | Pollution  | \$3,000,000 aggregate<br>\$25,000 deductible   |
| Fidelity & Deposit Co. of Maryland                       | 11/11/13 to<br>11/11/14 | Public Officials Liability                       |  |
| Western Surety Company                                   | 7/1/13 –<br>7/1/14      | Employees Bond Coverage                          | \$75,000 limits  |
| LWCC   | 11/1/13 to<br>11/1/14   | Worker's Compensation                            | Statutory Limits   |
| First Financial Insurance Co. & Scottsdale Insurance Co. | 10/18/13-<br>12/1/13    | Special Events Coverage                          |  |

**CITY OF NEW ROADS**  
**New Roads, Louisiana**  
**Schedule of Electric, Water, & Gas Customers**  
**Unaudited**  
**As of and For the Year Ended December 31, 2013**

|  |              |
|--|--------------|
| Number of metered electric customers     | 2,447        |
| Number of non-metered electric customers | <u>-0-</u>   |
| Total electric customers                 | <u>2,447</u> |
|  |              |
| Number of metered water customers        | 3,400        |
| Number of non-metered water customers    | <u>-0-</u>   |
| Total water customers                    | <u>3,400</u> |
|  |              |
| Number of metered gas customers          | 2,375        |
| Number of non-metered gas customers      | <u>-0-</u>   |
| Total gas customers                      | <u>2,375</u> |





# 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 Robert A. Myer  
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, 2013, 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 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. 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 consider the following deficiencies in internal control to be material weaknesses:

Item 13-1: Inconsistent review of general ledger accounts on a monthly basis analyzing account postings resulting in misclassification of assets, liabilities, revenues or expenditures and could result in misleading or inaccurate financial statements.

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 deficiency referenced above as item 13-1 to be a significant deficiency.

In addition to the deficiencies as identified above, we wish to communicate the following comments and recommendations to management and the council:

- 1) As commented in our prior engagements, analysis of the City's operations has indicated the expenditure of funds cannot continue at its current pace without an increase in revenues, and we wish to recommend that management take continued steps to cut costs and obtain efficiencies where appropriate within the operations of the City. Numerous improvements were completed during the current fiscal year, specifically the Memorial Boulevard project, which is expected to increase economic development resulting in an increase of tax, license, and utility revenues. If the increases in revenues do not materialize, further cost reductions will need to be implemented. Because general government operations derive the majority of its funding through transfers from the utility operations,

consideration, regarding the possibility of increasing utility rates if historical transfer amounts continue, should be discussed.

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 cursive script that reads "Major, Morrison & David".

Major, Morrison & David  
New Roads, Louisiana  
June 17, 2014



# CITY OF NEW ROADS LOUISIANA

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

## ADMINISTRATION

Mayor  
Robert A. Myer

Secretary-Treasurer  
Lynette H. Nelson

Chief of Police  
Kevin McDonald

City Attorney  
John W. Jewell

Finance Director  
Cherie Rockforte

Public Works Director  
Salvador "Sal" Rinaudo, Jr.

## COUNCIL MEMBERS

Anthony Daisy, Mayor Pro Tem  
1112 St. Mary 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

Bernadine St. Cyr  
601 Carver Drive  
New Roads, LA 70760

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

June 24, 2014

Mr. Daryl G. Purpera, CPA, CFE  
Legislative Auditor  
State of Louisiana  
P.O. Box 94397  
Baton Rouge, La. 70804-9397

Dear Mr. Purpera:

The City of New Roads respectfully submits the following actions and responses that have been or will be taken relative to the findings and management letter comments provided to us in regards to the audit for the year ended December 31, 2013:

### **Finding 13-1: Reviewing Ledger accounts on a timely basis**

This finding came about from the number and amount of audit and reclassification adjustments that our auditors proposed upon completion of their examination. We accept the fact that improvement is needed in this area and have taken steps to improve our oversight of the process. At the end of 2013 we hired an additional accountant for this specific task to eliminate misclassifications that have been occurring in our processes and to inform other office personnel of the problems that are occurring through training and better communication. We feel that if we can catch possible errors before they occur, we can avoid future misclassified items. Unfortunately we were not able to detect all of the items that needed correction in 2013, which resulted in this finding. With the new personnel we have hired and their understanding of the problems, we feel that this finding can and will be eliminated upon our next examination.

### **Finding 13-2: Bond Covenant Violation**

This finding occurred due to our not transferring the correct amount of monies to the sinking fund account for the next scheduled payment of the bond interest, which left us underfunded in the sinking account at the end of the fiscal year. We corrected this underfunding in May 2014. We understand the need to fully fund our sinking fund account according to the bond covenants and will implement better procedures to verify that the correct amounts are transferred to the account to eliminate the finding from occurring again. We have added the testing to our bank reconciliation processes to be performed on a monthly basis to make sure the correct amounts are on hand before and after required bond payments are due or paid. By adding this procedure we will know at all times that the funding requirement is met according to the covenants.

### **Finding 13-3: Special Revenue Fund Budget Violation**

We feel that we were much improved in our budget processes in determining the need to adopt budget amendments especially within our general fund budget. We did amend our budget for the special revenue fund in November, but incorrectly estimated on our

June 24, 2014  
Page 2

expenditure amounts. With smaller operations in a special revenue fund, there is little to no room for errors to occur in the estimation as the 5% variance can be exceeded without the proper calculation. We will double our efforts to provide accounting personnel with assistance in order to better estimate the amounts of expenditures and revenues that will be incurred prior to the end of the fiscal year. With this extra effort, we feel that the budget finding will not occur again.

**Recommendations:**

Regarding expenditure reductions, we are continuing our efforts to cut costs. We have reduced personnel in most departments and have analyzed additional areas where reductions could occur. We have incurred some additional one time capital costs which we feel should increase revenues from an economic development standpoint through greater tax, license, and utility revenues. Pressures from increasing health costs, retirement costs and electric infrastructure costs continue to make it harder on current operations, however we will strive in analyzing all areas in which costs can be reduced and will take an aggressive approach to reducing them. Due to the capital projects that we completed, we estimate sales tax revenues to increase 24%, and utility revenues from new businesses to increase 8%. If the increases in revenues do not produce the results we expect, we would have to consider the possibility of adjusting some of our utility rates due to the costs incurred on the capital projects to replenish the savings used in prior year's operations.

Sincerely,

A handwritten signature in blue ink, appearing to read 'R. Myer', with a long horizontal flourish extending to the right.

Robert A. Myer, Mayor  
City of New Roads