

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

**ANNUAL FINANCIAL REPORT
AS OF AND FOR THE YEAR ENDED
DECEMBER 31, 2020**

MAJOR, MORRISON & DAVID

Certified Public Accountants

P. O. Box 190

423 Major Parkway

New Roads, LA 70760

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ANNUAL FINANCIAL REPORT
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INDEPENDENT AUDITORS' REPORT

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

Report on the Financial Statements

We have audited the accompanying financial statements of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of the City of New Roads, Louisiana as of and for the year ended December 31, 2020, 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, 2020, and the respective changes in financial position, and, where applicable, cash flows thereof for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Other Matters

Required Supplementary Information

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

Other Information

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

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

Other Reporting Required by *Government Auditing Standards*

In accordance with *Government Auditing Standards*, we have also issued our report dated June 28, 2021 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 28, 2021

**MANAGEMENT'S DISCUSSION
AND ANALYSIS**

**CITY OF NEW ROADS, LOUISIANA
MANAGEMENT’S DISCUSSION AND ANALYSIS
December 31, 2020**

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, 2020. 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 \$8,781,886, a decrease of \$225,909 from last year. Of this amount, \$(2,553,360) is unrestricted net position and may be used to meet the government’s ongoing obligations to citizens and creditors. The majority of the City’s net position is invested in its capital assets.
- As of the close of the current fiscal year, the City’s governmental funds reported combined ending fund balances of \$810,203, an increase of \$26,491 in comparison with the prior year. The unassigned fund balance in the general fund, \$652,940, is available for spending at the government’s discretion. All other fund balances are non-spendable (prepaid expenses) or restricted for grants and other uses.
- At the end of the current fiscal year, unassigned fund balance for the general fund was 11.6 percent of the total general fund expenditures and transfers out.
- 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. Over time, increases or decreases in net position may serve as a useful indicator of whether the financial position of the City is improving or weakening.

CITY OF NEW ROADS, LOUISIANA
MANAGEMENT'S DISCUSSION AND ANALYSIS
December 31, 2020

- 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 \$8,781,886, a decrease of \$225,909 from last year. The following is a summary of the City's net position:

CITY OF NEW ROADS
Net Position

	<u>Governmental</u> <u>Activities</u>		<u>Business- type</u> <u>Activities</u>		<u>Total</u>	
	<u>2019</u>	<u>2020</u>	<u>2019</u>	<u>2020</u>	<u>2019</u>	<u>2020</u>
Current & Other Assets	1,461,872	1,403,067	4,083,262	3,599,746	5,545,134	5,002,813
Capital Assets	<u>5,374,606</u>	<u>5,491,314</u>	<u>8,921,184</u>	<u>8,624,303</u>	<u>14,295,790</u>	<u>14,115,617</u>
Total Assets	<u>6,836,478</u>	<u>6,894,381</u>	<u>13,004,446</u>	<u>12,224,049</u>	<u>19,840,924</u>	<u>19,118,430</u>
Deferred Outflows	<u>962,837</u>	<u>1,146,720</u>	<u>237,266</u>	<u>317,745</u>	<u>1,199,653</u>	<u>1,464,465</u>
Current Liabilities	678,160	592,864	846,520	815,429	1,524,680	1,408,293
Long-term Liabilities	<u>4,534,546</u>	<u>4,255,757</u>	<u>5,600,229</u>	<u>5,214,685</u>	<u>10,134,775</u>	<u>9,470,442</u>
Total liabilities	<u>5,212,706</u>	<u>4,848,621</u>	<u>6,446,749</u>	<u>6,030,114</u>	<u>11,659,455</u>	<u>10,878,735</u>
Deferred Inflows	<u>321,573</u>	<u>775,872</u>	<u>51,754</u>	<u>146,402</u>	<u>373,327</u>	<u>922,274</u>
Net Position:						
Invested in capital assets, Net of related debt	5,374,606	5,491,314	4,284,581	4,302,700	9,659,781	9,794,014
Restricted	195,278	157,263	1,074,458	1,383,969	1,269,736	1,541,232
Unrestricted	<u>(3,305,298)</u>	<u>(3,231,969)</u>	<u>1,384,170</u>	<u>678,609</u>	<u>(1,921,128)</u>	<u>(2,553,360)</u>
Total Net Position	<u>2,264,586</u>	<u>2,416,608</u>	<u>6,743,209</u>	<u>6,365,278</u>	<u>9,007,795</u>	<u>8,781,886</u>

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

**CITY OF NEW ROADS, LOUISIANA
MANAGEMENT'S DISCUSSION AND ANALYSIS
December 31, 2020**

An additional portion of the City's net position represents resources that are subject to external and internal restrictions on how they are used. The remaining balance of \$(2,553,360) in unrestricted net position may be used to meet the government's ongoing obligations to citizens and creditors. At the end of the current fiscal year, the City is able to report positive balances in two of the three categories of net position for the government as a whole, as well as all categories for its business-type activities. The governmental activities reported a deficit within its unrestricted net position balance and the City is working towards eliminating this in the coming years now that a majority of capital projects are essentially complete and costs are being monitored more closely.

The City's net position decreased by \$225,909 during the current fiscal year mainly due to much needed maintenance projects.

CHANGES IN NET POSITION

	<u>Governmental Activities</u>		<u>Business- type Activities</u>		<u>Total</u>	
	<u>2019</u>	<u>2020</u>	<u>2019</u>	<u>2020</u>	<u>2019</u>	<u>2020</u>
Revenues:						
Program revenues:						
Charges for services	1,226,799	1,049,674	7,594,896	7,315,732	8,821,695	8,365,406
Operating grants & Contributions	434,327	775,971	0	0	434,327	775,971
Capital grants & Contributions	2,500	143,369	0	0	2,500	143,369
General revenues:						
Sales taxes	1,552,616	1,688,263	0	0	1,552,616	1,688,263
Other taxes	386,318	379,552	0	0	386,318	379,552
Other general revenue	<u>521,340</u>	<u>548,289</u>	<u>31,184</u>	<u>10,287</u>	<u>552,524</u>	<u>558,576</u>
Total revenues	<u>4,123,900</u>	<u>4,585,118</u>	<u>7,626,080</u>	<u>7,326,019</u>	<u>11,749,980</u>	<u>11,911,137</u>
Expenses:						
General government	2,042,893	2,064,006	0	0	2,042,893	2,064,006
Public safety	1,354,561	1,503,091	0	0	1,354,561	1,503,091
Transportation	58,358	50,500	0	0	58,358	50,500
Streets & sanitation	1,173,307	1,233,602	0	0	1,173,307	1,233,602
Public works	276,502	318,097	0	0	276,502	318,097
Culture & recreation	488,337	396,742	0	0	488,337	396,742
Economic development	73,168	100,637	0	0	73,168	100,637
Educational	54,227	0	0	0	54,227	0
Welfare	275,543	249,087	0	0	275,543	249,087
Elect, Gas, W/Sewer	<u>0</u>	<u>0</u>	<u>5,830,688</u>	<u>6,221,284</u>	<u>5,830,688</u>	<u>6,221,284</u>
Total expenses	<u>5,796,896</u>	<u>5,915,762</u>	<u>5,830,688</u>	<u>6,221,284</u>	<u>11,627,584</u>	<u>12,137,046</u>
Increase (decrease) in net Position before transfers	(1,672,996)	(1,330,644)	1,795,392	1,104,735	122,396	(225,909)
Transfers	<u>1,875,000</u>	<u>1,482,666</u>	<u>(1,875,000)</u>	<u>(1,482,666)</u>	<u>0</u>	<u>0</u>
Increase (decrease) in Net position	202,004	152,022	(79,608)	(377,931)	122,396	(225,909)
Beginning net position	<u>2,062,582</u>	<u>2,264,586</u>	<u>6,822,817</u>	<u>6,743,209</u>	<u>8,885,399</u>	<u>9,007,795</u>
Ending net position 12/31	<u>2,264,586</u>	<u>2,416,608</u>	<u>6,743,209</u>	<u>6,365,278</u>	<u>9,007,795</u>	<u>8,781,886</u>

**CITY OF NEW ROADS, LOUISIANA
MANAGEMENT'S DISCUSSION AND ANALYSIS
December 31, 2020**

Governmental Activities

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

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

Governmental Activities Expenditures:

	2019 <u>Amount</u>	2019 <u>%</u>	2020 <u>Amount</u>	2020 <u>%</u>
General Government	\$2,042,893	35%	\$2,064,006	35%
Public Safety	1,354,561	24%	1,503,091	25%
Transportation	58,358	1%	50,500	1%
Public Works	276,502	5%	318,097	5%
Street & Sanitation	1,173,307	20%	1,233,602	21%
Recreation-Culture & Tourism	488,337	8%	396,742	7%
Economic Development/Educational	127,395	2%	100,637	2%
Welfare Programs	<u>275,395</u>	<u>5%</u>	<u>249,087</u>	<u>4%</u>
Total Governmental Activities	<u>\$5,796,896</u>	<u>100%</u>	<u>\$5,915,762</u>	<u>100%</u>

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

General Revenues:

	2019 <u>Amount</u>	2019 <u>%</u>	2020 <u>Amount</u>	2020 <u>%</u>
Taxes:				
Sales Taxes	\$1,552,616	36%	\$1,688,263	41%
Franchise Taxes	31,357	1%	21,344	1%
Property Taxes	354,961	8%	358,208	9%
Licenses & Permits	242,440	6%	262,538	6%
Intergovernmental Revenues	246,592	6%	230,127	6%
Investment Earnings	3,493	0%	2,805	0%
Miscellaneous	28,815	0%	52,819	1%
Transfers – Internal Activities	<u>1,875,000</u>	<u>43%</u>	<u>1,482,666</u>	<u>36%</u>
Total General Revenues & Transfers	<u>\$4,335,274</u>	<u>100%</u>	<u>\$4,098,770</u>	<u>100%</u>

Sales taxes surpassed transfers from the city's business-type activities and is the largest revenue source for the City comprising 41% of total governmental revenue. Sales tax revenues increased from fiscal year December 31, 2019 to December 31, 2020 by \$135,647 or 8.7%.

Transfers are the second largest revenue source for the City comprising 36% of total governmental revenue. The transfers decreased from fiscal year December 31, 2019 to December 31, 2020 by \$392,334 due in large part because of an increase in governmental revenues.

Expenditures for the governmental activities increased by \$118,866 or 2.1% due to small increases in a majority of departments and in various operating cost categories.

**CITY OF NEW ROADS, LOUISIANA
MANAGEMENT'S DISCUSSION AND ANALYSIS
December 31, 2020**

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>Fiscal year ended</u> <u>December 31, 2019</u>	<u>Operating Revenues</u> <u>Fiscal year ended</u> <u>December 31, 2020</u>	<u>Increase/ (Decrease)</u> <u>Between Years</u>	<u>%</u>
Electric	\$5,127,557	\$5,023,470	\$ (104,087)	(2.03)
Gas	\$1,107,543	\$ 953,105	\$ (154,438)	(13.94)
Water	\$ 825,738	\$ 779,879	\$ (45,859)	(5.56)
Sewer	<u>\$ 534,058</u>	<u>\$ 559,278</u>	\$ 25,220	4.72
	<u>\$7,594,896</u>	<u>\$7,315,732</u>		

Increase/(Decrease) Between Years.....\$ (279,164)

	<u>Fiscal year ended</u> <u>December 31, 2019</u>	<u>Operating Expenses</u> <u>Fiscal year ended</u> <u>December 31, 2020</u>	<u>Increase/ (Decrease)</u> <u>Between Years</u>	<u>%</u>
Electric	\$3,879,176	\$4,184,341	\$ 305,165	7.87
Gas	\$ 631,281	\$ 552,524	\$ (78,757)	(12.48)
Water	\$ 770,170	\$ 782,752	\$ 12,582	1.63
Sewer	<u>\$ 450,321</u>	<u>\$ 465,650</u>	\$ 15,329	3.40
	<u>\$5,730,948</u>	<u>\$5,985,267</u>		

Increase/(Decrease) Between Years.....\$ 254,319

2. FUND FINANCIAL STATEMENTS

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

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

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

**CITY OF NEW ROADS, LOUISIANA
MANAGEMENT'S DISCUSSION AND ANALYSIS
December 31, 2020**

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

Financial Analysis of the Governmental Funds

As of the end of the current fiscal year, the City's governmental funds reported combined ending fund balances of \$810,203, an increase of \$26,491 from the prior year ending December 31, 2019. In the General Fund, the unassigned fund balance is \$652,940.

The general fund balance also consists of a non-spendable balance of \$55,015 in the form of prepaid expenses.

The City's major fund, the General Fund, had an increase from the prior year of \$26,173, from \$681,782 in the year ending December 31, 2019 to \$707,955 in the year ending December 31, 2020. The restricted fund balances in the other governmental funds in the amount of \$102,248 indicates that these funds are not available for new spending because they have already been committed for grant programs. Individual fund data for each of the nonmajor governmental funds is provided in the form of combining statements in the Supplemental Information portion of this report, beginning on page 65.

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

3. NOTES TO THE FINANCIAL STATEMENTS

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

4. OTHER SUPPLEMENTARY INFORMATION

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

- a. Budgetary Comparison Schedule - The City adopts an annual appropriated budget for its general fund. A budgetary comparison statement has been provided for this fund to demonstrate compliance with its budget on page 56.
- b. Analysis of Significant Budget Variances in the General Fund:
 1. Revenues:
 - a. Increase in taxes for sales, property & franchise of \$109,315.
 - b. Decrease in licenses and permits of \$27,152.
 - c. Increase in intergovernmental revenue of \$413,959 due to increased grants.
 - d. Remaining revenues were close to estimated budget figures, but fell under budget.
 2. Expenditures:
 - a. Over budget for all departments except for transportation expenditures (mainly operating costs and overtime) in the amount of \$548,454.
 - b. Under budget in capital outlay costs due to completion of various projects- \$88,468.

CITY OF NEW ROADS, LOUISIANA
MANAGEMENT'S DISCUSSION AND ANALYSIS
December 31, 2020

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

Supplemental Information

- A. Statements of the Non-Major Governmental Fund (Special Revenue: HUD Section 8) as well as a budgetary comparison schedule have been provided on pages 65-67.
- B. Schedule of Compensation, Benefits, and Other Payments to Agency Head is shown on page 68.
- C. Collecting/Disbursing Entity Schedule as required by Act 87 of 2020 Legislative Session on page 69.
- D. Other reports required by Government Auditing Standards follow, starting on page 71.

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, 2020 amounts to \$14,115,617 (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 decrease in the City's investment in capital assets for the current fiscal year was \$180,173 or 1.2%, less depreciation expense in the amount of \$988,506.

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

- 1. Various equipment, computers and equipment for the police, general administration, and public works departments for \$176,346. Also building improvements for City Hall in the amount of \$260,135.
- 2. Major Subdivision electrical feeder upgrades of \$252,402 and Main Street lighting project in progress costs to date of \$56,923.
- 3. Completion of Major Parkway lift station & replacement of pumps for the sewer department of \$58,141.

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

B. Long-Term Debt

At the end of the current fiscal year, the City had total bonded debt outstanding of \$4,321,603. Of this amount, \$3,860,000 is payable from the income and revenues earned from the electric system, and \$461,603 is payable from the income and revenues earned from the water and sewer system.

The City's total debt decreased \$315,000 (6.79%) during the current fiscal year. During the current year the City refinanced its electrical bonds to obtain additional savings from the reduction in its interest rates. Additional information on the City's long-term debt can be found in Note 12 on pages 46-49.

Economic Factors and Next Year's Budget

The following factors were considered in preparing the City's budget for the 2021 fiscal year:

Budgeted sales tax amounts were kept steady with estimated final 2020 figures with hopes of increases due to anticipation of an improving economy and new businesses in the city. Revenues from grants are estimated to be higher due to anticipated awards from the American Rescue Plan Act of 2021, although nothing was budgeted until more information is provided to the City. Occupational licenses, intergovernmental revenues, and other revenues were budgeted flat to take a conservative approach until more concrete data during the year indicates an upswing in revenues.

Transfers from the utility funds were budgeted to increase to \$1,940,000 pending amounts to be received from the American Rescue Plan Act with a determination that they could be less with a decrease in projects.

**CITY OF NEW ROADS, LOUISIANA
MANAGEMENT'S DISCUSSION AND ANALYSIS
December 31, 2020**

Within expenditures, all departmental expenses are estimated to remain steady with decreases in costs to be implemented where possible. Expenditures within all departments will be examined for cost saving measures in order to obtain efficiencies and lower costs where they can be implemented. Overall capital outlay within the governmental funds is budgeted to increase to \$525,000 with most of the costs to be covered by expected grant funding.

The proprietary fund budgets have been prepared conservatively and will be monitored closely to take into account amounts to be transferred to the general government so that each fund remains profitable. Revenues are expected to be on the same level as 2020. Additional cuts in expenditures where possible are expected to be made for a more efficient operation.

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

Contacting the City's Financial Management

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

BASIC FINANCIAL STATEMENTS

CITY OF NEW ROADS, LOUISIANA
STATEMENT OF NET POSITION
December 31, 2020

	Governmental Activities	Business-Type Activities	Total
ASSETS			
Cash and cash equivalents	\$ 122,426	\$ 226,084	\$ 348,510
Investments	136,006	585,729	721,735
Account receivables, net	303,152	1,105,130	1,408,282
Inventory	-	97,701	97,701
Internal balances	266,824	(266,824)	-
Due from other governmental units	355,646	-	355,646
Prepaid expenses	55,015	10,379	65,394
Restricted cash & cash equivalents	116,572	888,553	1,005,125
Restricted investments	47,426	952,994	1,000,420
Capital assets, net of depreciation	5,491,314	8,624,303	14,115,617
Total assets	<u>6,894,381</u>	<u>12,224,049</u>	<u>19,118,430</u>
DEFERRED OUTFLOWS OF RESOURCES			
Deferred outflows related to post employment benefits	346,793	67,445	414,238
Deferred outflows related to pensions	799,927	117,539	917,466
Deferred bond refunding cost	-	132,761	132,761
Total deferred outflows of resources	<u>1,146,720</u>	<u>317,745</u>	<u>1,464,465</u>
LIABILITIES			
Accounts payable and accrued expenses	561,791	499,988	1,061,779
Internal balances	11,236	(11,236)	-
Due to other governmental units	19,837	41,677	61,514
Current portion of long-term obligations	-	285,000	285,000
Utility deposits	-	401,690	401,690
Net pension liability	3,476,870	630,530	4,107,400
Other post employment benefits payable	778,887	145,862	924,749
Non-current portion of long-term obligations	-	4,036,603	4,036,603
Total liabilities	<u>4,848,621</u>	<u>6,030,114</u>	<u>10,878,735</u>
DEFERRED INFLOWS OF RESOURCES			
Deferred inflows related to post employment benefits	496,591	111,488	608,079
Deferred inflows related to pensions	279,281	34,914	314,195
Total deferred inflows of resources	<u>775,872</u>	<u>146,402</u>	<u>922,274</u>
NET POSITION			
Invested in capital assets, net of related debt	5,491,314	4,302,700	9,794,014
Restricted for:			
Prepaid expenses	55,015	-	55,015
Capital additions	-	1,196,699	1,196,699
Debt service	-	187,270	187,270
HUD grant	102,248	-	102,248
Unrestricted (deficit)	<u>(3,231,969)</u>	<u>678,609</u>	<u>(2,553,360)</u>
Total net position	<u>\$ 2,416,608</u>	<u>\$ 6,365,278</u>	<u>\$ 8,781,886</u>

The accompanying notes are an integral part of this statement.

CITY OF NEW ROADS, LOUISIANA
STATEMENT OF ACTIVITIES
For the Year Ended December 31, 2020

FUNCTIONS/PROGRAMS	Expenses	Program Revenues			Net (Expense) Revenue and Changes in Net Position		Total
		Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions	Governmental Activities	Business-Type Activities	
Governmental activities:							
General government	\$ 2,064,006	\$ 473,128	\$ 168,174	\$ 143,369	\$ (1,279,335)	-	\$ (1,279,335)
Public safety	1,503,091	41,225	357,392	-	(1,104,474)	-	(1,104,474)
Transportation	50,500	-	-	-	(50,500)	-	(50,500)
Streets & sanitation	1,233,602	475,806	-	-	(757,796)	-	(757,796)
Public works	318,097	125	-	-	(317,972)	-	(317,972)
Culture and recreation	396,742	59,085	-	-	(337,657)	-	(337,657)
Economic development	100,637	305	1,000	-	(99,332)	-	(99,332)
Welfare	249,087	-	249,405	-	318	-	318
Total governmental activities	5,915,762	1,049,674	775,971	143,369	(3,946,748)	-	(3,946,748)
Business-type activities:							
Electric	4,415,709	5,023,470	-	-	-	607,761	607,761
Natural gas	552,524	953,105	-	-	-	400,581	400,581
Water and sewer	1,253,051	1,339,157	-	-	-	86,106	86,106
Total business-type activities	6,221,284	7,315,732	-	-	-	1,094,448	1,094,448
Total primary government	\$ 12,137,046	\$ 8,365,406	\$ 775,971	\$ 143,369	(3,946,748)	1,094,448	(2,852,300)
General revenues:							
Taxes:							
Sales taxes					1,688,263	-	1,688,263
Property taxes					358,208	-	358,208
Franchise taxes					21,344	-	21,344
Occupational licenses					262,538	-	262,538
Video poker revenue					230,127	-	230,127
Gain(loss) on sale of fixed assets					19,882	100	19,982
Investment earnings					2,805	10,187	12,992
Miscellaneous					32,937	-	32,937
Transfers - internal activities					1,482,666	(1,482,666)	-
Total general revenues and transfers					4,098,770	(1,472,379)	2,626,391
Change in net position					152,022	(377,931)	(225,909)
Net position - beginning of the year					2,264,586	6,743,209	9,007,795
Net position - end of the year					\$ 2,416,608	\$ 6,365,278	\$ 8,781,886

The accompanying notes are an integral part of this statement.

**CITY OF NEW ROADS, LOUISIANA
BALANCE SHEET
GOVERNMENTAL FUNDS
December 31, 2020**

	General Fund	Other Governmental Funds	Total Governmental Funds
<u>ASSETS</u>			
Current Assets			
Cash	\$ 122,426	\$ -	\$ 122,426
Investments	136,006	-	136,006
Accounts receivable, net	303,152	-	303,152
Due from other funds	266,824	-	266,824
Due from other governmental units	355,646	-	355,646
Prepaid expenses	55,015	-	55,015
Restricted Assets			
Cash	-	116,572	116,572
Investments	47,426	-	47,426
TOTAL ASSETS	\$ 1,286,495	\$ 116,572	\$ 1,403,067
<u>LIABILITIES & FUND BALANCE</u>			
LIABILITIES:			
Accounts payable	\$ 339,316	\$ -	\$ 339,316
Accrued liabilities	72,975	14,324	87,299
Compensated absences	135,176	-	135,176
Due to other funds	11,236	-	11,236
Due to other governmental units	19,837	-	19,837
TOTAL LIABILITIES	578,540	14,324	592,864
FUND BALANCE			
Nonspendable:			
Prepaid expenses	55,015	-	55,015
Restricted for:			
Federal grants	-	102,248	102,248
Unassigned	652,940	-	652,940
TOTAL FUND BALANCE	707,955	102,248	810,203
TOTAL LIABILITIES & FUND BALANCE	\$ 1,286,495	\$ 116,572	\$ 1,403,067

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, 2020

Total fund balance - governmental funds	\$	810,203
Amounts reported for governmental activities in the statement of net position are different because:		
Capital assets used in governmental activities are not current financial resources and, therefore, are not reported in the Balance sheet - governmental funds.		5,491,314
Long-term liabilities are not due and payable in the current period and therefore are not reported in the Balance Sheet - governmental funds.		
Net pension liability		(3,476,870)
Other post employment benefits		(778,887)
Deferred outflows of resources related to pensions do not require the use of current financial resources and, therefore, are not reported in the Balance Sheet - governmental funds.		799,927
Deferred outflows of resources related to post employment benefits do not require the use of current financial resources and, therefore, are not reported in the Balance Sheet - governmental funds.		346,793
Deferred inflows of resources related to pensions do not require the use of current financial resources and, therefore, are not reported in the Balance Sheet - governmental funds.		(279,281)
Deferred inflows of resources related to post employment benefits do not require the use of current financial resources and, therefore, are not reported in the Balance Sheet - governmental funds.		(496,591)
		<hr/>
Total net position of governmental activities	\$	<u><u>2,416,608</u></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, 2020

	General Fund	Other Governmental Funds	Total Governmental Funds
REVENUES			
Taxes	\$ 2,067,815	\$ -	\$ 2,067,815
Licenses and permits	276,348	-	276,348
Intergovernmental revenue	820,353	248,971	1,069,324
Charges for services	881,280	-	881,280
Fines and forfeitures	37,208	-	37,208
Miscellaneous	41,278	434	41,712
Total revenues	4,124,282	249,405	4,373,687
EXPENDITURES			
General government	1,798,465	-	1,798,465
Public safety	1,374,021	-	1,374,021
Streets and sanitation	1,233,602	-	1,233,602
Transportation	50,500	-	50,500
Culture and recreation	297,162	-	297,162
Economic development and assistance	100,637	-	100,637
Capital outlay	436,481	-	436,481
Welfare	-	249,087	249,087
Public works	318,097	-	318,097
Total expenditures	5,608,965	249,087	5,858,052
EXCESS (DEFICIENCY) OF REVENUES OVER EXPENDITURES	(1,484,683)	318	(1,484,365)
OTHER FINANCING SOURCES (USES)			
Transfers in	1,482,666	-	1,482,666
Sale of fixed assets	28,190	-	28,190
Transfers out	-	-	-
Total other financing sources (uses)	1,510,856	-	1,510,856
EXCESS (DEFICIENCY) OF REVENUES AND OTHER SOURCES OVER EXPENDITURES AND OTHER USES	26,173	318	26,491
FUND BALANCES AT BEGINNING OF YEAR	681,782	101,930	783,712
FUND BALANCES AT END OF YEAR	\$ 707,955	\$ 102,248	\$ 810,203

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, 2020

Net change in fund balances - total governmental funds \$ 26,491

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	436,481
Depreciation expense	(311,465)

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	19,882
Proceeds from the sale of capital assets	(28,190)

Governmental funds report current year pension contributions as expenditures. However, in the statement of activities it is an actuarially calculated expense. This represents the difference between pension contributions and actuarially calculated expense. (102,007)

The City's proportionate share of non-employer contributions to the pension plans do not provide current financial resources and, therefore, are not reported as revenue in the governmental funds. 65,945

Governmental funds report current year post employment benefit contributions as expenditures. However, in the statement of activities it is an actuarially calculated expense. This represents the difference between post employment benefit contributions and the actuarially calculated expense. 44,885

Change in net position of governmental activities	\$ 152,022
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The accompanying notes are an integral part of this statement.

CITY OF NEW ROADS, LOUISIANA
STATEMENT OF NET POSITION
PROPRIETARY FUNDS
December 31, 2020

	Business-Type Activities - Enterprise Funds			
	Electric	Natural Gas	Water/Sewer	Total
ASSETS				
Current Assets:				
Cash and cash equivalents	\$ 149,177	\$ 8,850	\$ 68,057	\$ 226,084
Investments	585,729	-	-	585,729
Account receivables, net	956,594	86,058	62,478	1,105,130
Inventory	97,701	-	-	97,701
Due from other funds	224,681	228,695	3,000	456,376
Prepaid expenses	5,309	826	4,244	10,379
Total current assets	<u>2,019,191</u>	<u>324,429</u>	<u>137,779</u>	<u>2,481,399</u>
Non-current Assets:				
Restricted Assets:				
Cash & cash equivalents	728,046	-	160,507	888,553
Investments	-	331,841	621,153	952,994
Capital assets, net of depreciation	3,046,042	313,889	5,264,372	8,624,303
Total noncurrent assets	<u>3,774,088</u>	<u>645,730</u>	<u>6,046,032</u>	<u>10,465,850</u>
Total assets	<u>5,793,279</u>	<u>970,159</u>	<u>6,183,811</u>	<u>12,947,249</u>
DEFERRED OUTFLOWS OF RESOURCES				
Deferred outflows related to post employment benefits	48,445	-	19,000	67,445
Deferred outflows related to pensions	63,407	-	54,132	117,539
Deferred bond refunding costs	132,761	-	-	132,761
Total deferred outflows of resources	<u>244,613</u>	<u>-</u>	<u>73,132</u>	<u>317,745</u>
LIABILITIES				
Current Liabilities:				
Accounts payable and accrued expenses	428,479	55,377	16,132	499,988
Due to other funds	406,552	22,997	282,415	711,964
Due to other governmental units	41,221	-	456	41,677
Current portion of long-term obligations	235,000	-	50,000	285,000
Utility deposits	401,690	-	-	401,690
Total current liabilities	<u>1,512,942</u>	<u>78,374</u>	<u>349,003</u>	<u>1,940,319</u>
Noncurrent Liabilities:				
Net pension liability	402,450	-	228,080	630,530
Other post employment benefits payable	69,941	-	75,921	145,862
Non-current portion of long-term obligations	3,625,000	-	411,603	4,036,603
Total noncurrent liabilities	<u>4,097,391</u>	<u>-</u>	<u>715,604</u>	<u>4,812,995</u>
Total liabilities	<u>5,610,333</u>	<u>78,374</u>	<u>1,064,607</u>	<u>6,753,314</u>
DEFERRED INFLOWS OF RESOURCES				
Deferred inflows related to post employment benefits	78,739	-	32,749	111,488
Deferred inflows related to pensions	25,355	-	9,559	34,914
Total deferred inflows of resources	<u>104,094</u>	<u>-</u>	<u>42,308</u>	<u>146,402</u>
NET POSITION				
Invested in capital assets, net of related debt	(813,958)	313,889	4,802,769	4,302,700
Restricted for:				
Capital additions	651,282	331,841	213,576	1,196,699
Debt service	76,763	-	110,507	187,270
Unrestricted (deficit)	409,378	246,055	23,176	678,609
Total net position	<u>\$ 323,465</u>	<u>\$ 891,785</u>	<u>\$ 5,150,028</u>	<u>\$ 6,365,278</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, 2020

	Electric Utility System	Natural Gas Utility System	Water & Sewer Utility Systems	Total Memo Only
OPERATING REVENUES				
Charges for services	\$ 5,023,470	\$ 953,105	\$ 1,339,157	\$ 7,315,732
Total operating revenues	<u>5,023,470</u>	<u>953,105</u>	<u>1,339,157</u>	<u>7,315,732</u>
OPERATING EXPENSES				
Personal services	326,238	-	117,874	444,112
Contracted services	39,461	49,972	117,700	207,133
Operating costs	3,125,497	393,598	133,366	3,652,461
Maintenance and supplies	422,902	71,864	324,799	819,565
Insurance	41,290	2,837	37,318	81,445
Utilities	5,106	1,205	97,199	103,510
Depreciation	223,847	33,048	420,146	677,041
Total operating expenses	<u>4,184,341</u>	<u>552,524</u>	<u>1,248,402</u>	<u>5,985,267</u>
Operating income (loss)	<u>839,129</u>	<u>400,581</u>	<u>90,755</u>	<u>1,330,465</u>
NONOPERATING REVENUES (EXPENSES)				
Investment earnings	4,610	1,881	3,696	10,187
Interest and fiscal charges	(231,368)	-	(4,649)	(236,017)
Gain (loss) on sale of fixed assets	100	-	-	100
Total nonoperating revenues (expenses)	<u>(226,658)</u>	<u>1,881</u>	<u>(953)</u>	<u>(225,730)</u>
Income before operating transfers	<u>612,471</u>	<u>402,462</u>	<u>89,802</u>	<u>1,104,735</u>
OPERATING TRANSFERS				
Transfers in	-	-	-	-
Transfers out	(545,000)	(450,550)	(487,116)	(1,482,666)
Total operating transfers	<u>(545,000)</u>	<u>(450,550)</u>	<u>(487,116)</u>	<u>(1,482,666)</u>
CHANGE IN NET POSITION	<u>67,471</u>	<u>(48,088)</u>	<u>(397,314)</u>	<u>(377,931)</u>
NET POSITION AT BEGINNING OF YEAR	<u>255,994</u>	<u>939,873</u>	<u>5,547,342</u>	<u>6,743,209</u>
NET POSITION AT END OF YEAR	<u>\$ 323,465</u>	<u>\$ 891,785</u>	<u>\$ 5,150,028</u>	<u>\$ 6,365,278</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, 2020

	BUSINESS-TYPE ACTIVITIES - ENTERPRISE FUNDS			
	ELECTRIC FUND	NATURAL GAS FUND	WATER/SEWER FUND	TOTAL
Cash flows from operating activities:				
Receipts from customers	\$ 5,054,524	\$ 944,155	\$ 1,423,098	\$ 7,421,777
Payments to employees for services	(246,372)	-	(82,028)	(328,400)
Payments to suppliers of goods & services	(3,466,588)	(414,346)	(621,387)	(4,502,321)
Payments for quasi-external transactions	(140,000)	(120,000)	(80,000)	(340,000)
Payments for payroll taxes	(3,638)	-	(1,211)	(4,849)
Payments for employee benefits	(71,366)	-	(31,986)	(103,352)
Net cash provided (used) by operating activities	1,126,560	409,809	606,486	2,142,855
Cash flows from noncapital financing activities:				
Transfers to other funds	(545,000)	(450,550)	(487,116)	(1,482,666)
Net cash provided (used) by noncapital financing activities	(545,000)	(450,550)	(487,116)	(1,482,666)
Cash flows from capital and related financing activities:				
Proceeds of borrowings for capital purposes	3,860,000	-	-	3,860,000
Principal repayments related to capital purposes	(4,125,000)	-	(50,000)	(4,175,000)
Interest repayments related to capital purposes	(231,368)	-	(4,649)	(236,017)
Payments related to the acquisition of capital asset	(309,325)	(2,100)	(68,734)	(380,159)
Issuance cost refunding bonds	(68,828)	-	-	(68,828)
Net cash provided (used) by capital and related financing activities	(874,521)	(2,100)	(123,383)	(1,000,004)
Cash flows from investing activities:				
Proceeds from the sale of investments	94,433	-	-	94,433
Investment earnings	4,610	1,881	3,696	10,187
Purchase of investments	(69,076)	(56,481)	(68,696)	(194,253)
Net cash provided (used) by investing activities	29,967	(54,600)	(65,000)	(89,633)
Net increase (decrease) in cash and cash equivalents	(262,994)	(97,441)	(69,013)	(429,448)
Cash and cash equivalents at beginning of year				
Unrestricted cash	388,826	106,291	137,070	632,187
Restricted cash	751,391	-	160,507	911,898
TOTAL BEGINNING CASH	1,140,217	106,291	297,577	1,544,085
Cash and cash equivalents at end of year				
Unrestricted cash	149,177	8,850	68,057	226,084
Restricted cash	728,046	-	160,507	888,553
TOTAL ENDING CASH	\$ 877,223	\$ 8,850	\$ 228,564	\$ 1,114,637

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, 2020

	BUSINESS-TYPE ACTIVITIES - ENTERPRISE FUNDS			
	ELECTRIC FUND	NATURAL GAS FUND	WATER/SEWER FUND	TOTAL
Operating income	\$ 839,129	\$ 400,581	\$ 90,755	\$ 1,330,465
Adjustments to reconcile operating income to net cash provided (used) by operating activities:				
Depreciation	223,847	33,048	420,146	677,041
Pension & OPEB expense	(21,603)	-	(9,390)	(30,993)
(Gain)loss on disposal of property	100	-	-	100
Bad debt expense	75,340	8,576	62,109	146,025
(Increase) decrease in accounts receivable	(31,662)	29,562	(30,887)	(32,987)
(Increase) decrease in due from other funds	(66,460)	(55,663)	-	(122,123)
(Increase) decrease in prepaid items	16,686	(469)	(937)	15,280
Increase (decrease) in accounts payable	(6,118)	6,450	4,788	5,120
Increase (decrease) in due to other funds	92,440	(12,276)	67,552	147,716
Increase (decrease) in accrued payables	4,861	-	2,350	7,211
Total adjustments	287,431	9,228	515,731	812,390
Net cash provided (used) by operating activities	1,126,560	409,809	606,486	2,142,855

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, 2020

INTRODUCTION

The City of New Roads, Louisiana (City) was incorporated by a special act of the Louisiana Legislature in 1875 (Act No. 34). The City operates under an elected Mayor-Council form of government, serving approximately 4,831 residents, consisting of the mayor and 5 council members (see Note 25) each representing a separate district with one at-large member. All are elected to four-year terms. The City of New Roads is located approximately 30 miles northwest of Baton Rouge, Louisiana and provides the following services as authorized by its charter: public safety (police), highways and streets, sanitation and drainage, culture and recreation, public improvements, planning and zoning, and general administrative services. The City also provides electrical, gas, water, and sewer utility services to its residents and to portions of areas outside the City limits. The City employs approximately 44 workers.

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

A. BASIS OF PRESENTATION

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

B. REPORTING ENTITY

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

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

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

City of New Roads, Louisiana
Notes to the Financial Statements

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

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

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

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

C. FUND ACCOUNTING

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

GOVERNMENTAL FUNDS

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

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

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

PROPRIETARY FUNDS

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

ENTERPRISE FUNDS - account for operations (a) where the intent of the governing body is that the costs (expenses, including depreciation) of providing goods or services to the general public on a continuing basis be financed or recovered primarily through user charges; or (b) where the governing body has decided the periodic determination of revenues earned, expenses incurred, and/or net income is appropriate for capital maintenance, public policy, management control, accountability, or other purposes.

City of New Roads, Louisiana
Notes to the Financial Statements

D. MEASUREMENT FOCUS/BASIS OF ACCOUNTING

Government-Wide Financial Statements (GWFS)

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

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

Fund Financial Statements (FFS)

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

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

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

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

Utility and franchise taxes, licenses and permits, fines and forfeitures, charges for services and miscellaneous revenue (except investment earnings) are recorded as revenue when cash is received because they generally are not measurable until actually received. Investment earnings are recorded as earned when they are measurable and available. Where grant revenue is dependent upon expenditures by the City, revenue is recognized when the related expenditures are incurred and if not expended are recognized as deferred revenues.

City of New Roads, Louisiana
Notes to the Financial Statements

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

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

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

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

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

E. CASH AND CASH EQUIVALENTS

Cash includes amounts in demand deposits, interest-bearing demand deposits, and time deposits. Under state law, the municipality may deposit funds in demand deposits, interest-bearing demand deposits, or time deposits with state banks organized under Louisiana law or any other state of the United States, or under the laws of the United States.

F. INVESTMENTS

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

G. RECEIVABLES/PAYABLES

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

H. INVENTORIES

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

City of New Roads, Louisiana
Notes to the Financial Statements

I. PREPAID ITEMS

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

J. RESTRICTED NET POSITION

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

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

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

K. CAPITAL ASSETS

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

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

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

L. DEFERRED OUTFLOWS/INFLOWS OF RESOURCES

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

M. OTHER POSTEMPLOYMENT BENEFITS

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

City of New Roads, Louisiana
Notes to the Financial Statements

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

N. COMPENSATED ABSENCES

Employees earn vacation in varying amounts according to years of service and vacation days are non-cumulative. Only with the Mayor’s approval can vacation time be carried over to the next year. At December 31, 2020, no vacation time was approved by the Mayor to be carried over. Vacation time off is paid at the employee’s base pay rate.

Vacation Earning Schedule
(Based on 8 hour days)

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

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

O. PENSIONS

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

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

P. LONG-TERM OBLIGATIONS

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

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

City of New Roads, Louisiana
Notes to the Financial Statements

Q. FUND EQUITY

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

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

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

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

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

Unassigned – the residual fund balance in the general fund.

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

R. INTERFUND TRANSACTIONS

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

S. SALES TAXES & HOTEL/MOTEL TAX

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

T. USE OF ESTIMATES

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

City of New Roads, Louisiana
Notes to the Financial Statements

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

NOTE 2 - STEWARDSHIP, COMPLIANCE, AND ACCOUNTABILITY

A. BUDGETARY INFORMATION

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

1. The proposed budget for fiscal year December 31, 2020 was made available for public inspection in accordance with RS 39:1306 beginning on November 28, 2019. The proposed budget was published in the official journal in accordance with RS 39:1306 on November 28th and December 5th and 12th, 2019. The public hearing was held in accordance with RS 39:1306 on December 17, 2019. 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, 2020 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, 2020, no funds of the City had a deficit fund net position.

D. EXCESS OF EXPENDITURES OVER APPROPRIATIONS

The following funds had actual expenditures over budgeted appropriations for the year ended December 31, 2020.

<u>Fund</u>	<u>Original Budget</u>	<u>Final Budget</u>	<u>Actual</u>	<u>Unfavorable Variance</u>
General Fund	\$ 5,332,929	\$ 5,170,979	\$ 5,608,965	\$ 437,986

E. COMPLIANCE WITH BOND AND CERTIFICATE OF INDEBTEDNESS COVENANTS

1. Compliance with Electric and Water/Sewer Revenue Bonds

As of December 31, 2020, the City was in compliance with all revenue bond covenants. See Note 12 for a further discussion of these covenants.

City of New Roads, Louisiana
Notes to the Financial Statements

NOTE 3 - LEVIED TAXES

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

	Authorized Millage	Levied Millage
Citywide taxes:		
General Alimony – General Fund	5.94	5.94

The following are the principal taxpayers for the city:

Taxpayer	Type of Business	Assessed Valuation	Percentage of Total Assessed	Amount Assessed
Wal-Mart RE, Store	Real Estate	\$ 2,292,540	3.78%	\$ 13,618
Peoples Bank	Financial	2,291,270	3.78%	13,610
Maggio Motors, Inc.	Automobiles	1,973,690	3.26%	11,724
Regions Bank	Financial	1,530,540	2.53%	9,091
Louisiana Generating	Power Supplier	1,399,380	2.31%	8,312
		\$ 9,487,420	15.66%	\$ 56,355

NOTE 4 - DEPOSITS AND INVESTMENTS

A. Cash and Cash Equivalents

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

Custodial Credit Risk – Deposits

Custodial credit risk is the risk that in the event of a bank failure the City’s deposits may not be returned. Deposits are exposed to custodial credit risk if they are either (a) uninsured and uncollateralized, or (b) uninsured and collateralized with securities held by the pledging financial institution or it’s 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, 2020. Deposits are listed in terms of whether they are exposed to custodial credit risk.

Bank Balances

	Uninsured & Uncollateralized	Uninsured & Collateralized with Securities Held by Pledging Institution or It’s Trust Department/Agent But Not in the Entity’s Name	Total Bank Balances – All Deposits	Total Carrying Value – All Deposits
Cash and Cash Equivalents	\$ 401,282	\$ -	\$ 1,753,013	\$ 1,352,585

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

B. Investments

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

City of New Roads, Louisiana
Notes to the Financial Statements

Credit Risk - Investments

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

Custodial Credit Risk - Investments

Custodial credit risk for investments is the risk that in the event of the failure of the counterparty to a transaction, the City will not be able to recover the value of the investment. Investments are exposed to custodial risk if the securities are (a) uninsured and unregistered and held by the counterparty or (b) uninsured, unregistered and held by the counterparty's trust department or agent but not in the name of the City. The following chart presents the investment position of the City as of December 31, 2020. The various types of investments are listed and presented by whether they are exposed to custodial credit risk.

Investments

	Uninsured, Unregistered, and Held by the Counterparty	Uninsured, Unregistered & Held by the Counterparty's Trust Department or Agent but Not in the Entity's Name	All Investments – Reported Amount	All Investments – Fair Value
Investments Not Categorized:				
LAMP	\$ -	\$ -	\$ 1,722,155	\$ 1,722,155
Total	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 1,722,155</u>	<u>\$ 1,722,155</u>

Interest Rate Risk - Investments

Interest rate risk is defined as the risk that changes in interest rates will adversely affect the fair value of investments. Investments can be highly sensitive to changes in interest rates due to their terms or characteristics. The City's investment policy with regards to interest rate risk is to match cash flow requirements with cash flows from investments. This matching allows for securities to be held to maturity thereby avoiding realizing losses due to liquidation of securities prior to maturity, especially in a rising interest rate environment. Investing in longer term maturities that contain a "step up" in coupon interest rates will also contribute to the reduction of interest rate risk. LAMP is designed to be highly liquid to give its participants immediate access to their account balances. LAMP prepares its own interest rate risk disclosure using the weighted average maturity (WAM) method. The WAM of LAMP assets is restricted to not more than 60 days and consists of no securities with a maturity in excess of 397 days. The WAM for LAMP's total investments is 88 as of December 31, 2020. Investments classified by maturity dates at December 31, 2020 are summarized below:

	Fair Value	0-1 Years Before Maturity	1-5 Years Before Maturity	6+ Years Before Maturity
LAMP	\$ 1,722,155	\$ 1,722,155	\$ -	\$ -
Total	<u>\$ 1,722,155</u>	<u>\$ 1,722,155</u>	<u>\$ -</u>	<u>\$ -</u>

City of New Roads, Louisiana
Notes to the Financial Statements

NOTE 5 - CAPITAL ASSETS

Capital assets and depreciation activity as of and for the year ended December 31, 2020 are as follows:

Governmental activities:	Balance January 1, 2020	Additions	Deletions	Balance December 31, 2020
Capital assets not depreciated:				
Land	\$ 632,142	\$ -0-	\$ -0-	\$ 632,142
Capital assets being depreciated:				
Land Improvements	1,517,158	-0-	-0-	1,517,158
Construction in Progress	10,580	260,135	-0-	270,714
Infrastructure	15,025,338	-0-	-0-	15,025,338
Buildings	2,449,971	-0-	-0-	2,449,971
Equipment	986,690	76,066	2,600	1,060,156
Furniture & Fixtures	371,974	68,288	-0-	440,263
Transportation Equipment	318,727	31,992	69,234	281,485
Total assets	21,312,580	436,481	71,834	21,677,227
Less accumulated depreciation:				
Land Improvements	1,208,602	35,391	-0-	1,243,993
Infrastructure	11,887,980	97,337	-0-	11,985,317
Buildings	1,615,962	55,157	-0-	1,671,119
Equipment	689,883	62,967	2,569	750,281
Furniture & Fixtures	298,308	23,049	-0-	321,357
Transportation Equipment	237,239	37,564	60,957	213,846
Totals	\$ 15,937,974	\$ 311,465	\$ 63,526	\$ 16,185,913
Capital assets net of accumulated depreciation	\$ 5,374,606	\$ 125,016	\$ 8,308	\$ 5,491,314

Depreciation expense of \$311,465 for the year ended December 31, 2020, 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, 2020 was \$677,041.

Proprietary Activities:	Balance January 1, 2020	Additions	Deletions	Balance December 31, 2020
Land	\$ 113,586	\$ -0-	\$ -0-	\$ 113,586
Buildings	84,627	-0-	-0-	84,627
Improvements other than Building	27,176,929	372,940	2,039	27,547,830
Furniture & Fixtures	11,455	-0-	-0-	11,455
Transportation Equipment	306,284	-0-	-0-	306,284
Distribution	243,457	-0-	-0-	243,457
Equipment	173,737	7,219	-0-	180,956
Totals	28,110,075	380,159	2,039	28,488,195

City of New Roads, Louisiana
Notes to the Financial Statements

Less accumulated depreciation	19,188,890	677,041	2,039	19,863,892
Net Fixed Assets	\$ 8,921,185	\$ (296,882)	\$ -0-	\$ 8,624,303

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

NOTE 6 - ACCOUNTS AND INTERGOVERNMENTAL RECEIVABLES

The following is a summary of receivables at December 31, 2020.

<u>Class of Receivable</u>	<u>General Fund</u>	<u>Special Rev. Fund</u>	<u>Enterprise Fund</u>
Intergovernmental			
Ad valorem	\$ 353,546	\$ -0-	\$ -0-
Federal	198,109	-0-	41,790
State	24,006	-0-	-0-
Local	8,119	-0-	-0-
Accounts	75,018	-0-	1,063,340
Total	\$ 658,798	\$ -0-	\$ 1,105,130

The City uses the allowance method whereby uncollectible amounts due from customers' utility receivables are recognized as bad debts through the use of an allowance account or are charged off at the time information becomes available which indicates the particular receivable is not collectible. An allowance for doubtful accounts charge (net of recoveries) of approximately \$129,456 was recorded at December 31, 2020.

NOTE 7 - COMPENSATED ABSENCES

At December 31, 2020, employees of the City have accumulated and vested \$148,615 of employee leave benefits, which was computed in accordance with GASB Codification C60. Of this amount, \$135,176 is recorded as an obligation of the General Fund and \$13,439 is an obligation of the proprietary funds.

NOTE 8 - PENSION PLAN

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

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

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

City of New Roads, Louisiana
Notes to the Financial Statements

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

Eligibility Requirements

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

Retirement Benefits

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

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

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

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

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

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

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

City of New Roads, Louisiana
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marshal shall receive an additional regular benefit computed on supplemental marshal's earnings. See Plan booklet for further details.

Survivor Benefits

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

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

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

DROP Benefits

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

Disability Benefits

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

City of New Roads, Louisiana
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Cost of Living Increases

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

Deferred Benefits

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

Funding Policy. Under Plan A, members are required by state statute to contribute 10.0% (9.50% before July 1, 2020) of their annual covered salary and the City is required to contribute at an actuarially determined rate. The current rate is 29.50% (27.75% before July 1, 2020) of annual covered payroll. Contributions to the System also include one-fourth of one percent (except Orleans and East Baton Rouge Parishes) of the taxes shown to be collectible by the tax rolls of each parish. These tax dollars are divided between Plan A and Plan B based proportionately on the salaries of the active members of each plan. The System also receives revenue sharing funds each year as appropriated by the legislature. These additional sources of income are used as additional employer contributions and considered support from non-employer contributing entities. The contribution requirements of plan members and the City are established and may be amended by state statute. As provided by Louisiana Revised Statute 11:103, the employer contributions are determined by actuarial valuation and are subject to change each year based on the results of the valuation for the prior fiscal year. The City’s contributions to the System under Plan A for the years ending December 31, 2020, 2019, and 2018, were \$320,712, \$304,558, and \$306,124, respectively, equal to the required contributions for each year. The amount of non-employer contributions recognized as revenue in the government-wide statement of activities was \$29,159 and non-employer contributions recognized in the business-type activities was \$10,816 for the year ended December 31, 2020.

Pension Liabilities, Pension Expense, and Deferred Outflows of Resources and Deferred Inflows of Resources Related to Pensions. At December 31, 2020, the City reported a liability of \$1,917,079 for its proportionate share of net pension liability within the governmental activities and \$630,530 for its proportionate share of net pension liability within its business-type activities. The net pension liability was measured as of June 30, 2020 and the total pension liability used to calculate the net pension liability was determined by an actuarial valuation as of that date. The City’s proportion of the net pension liability was based on a projection of the City’s long-term share of contributions to the pension plan relative to the projected contributions of all participating municipalities, actuarially determined. At June 30, 2020, the City’s proportion was 0.589259%, which was a decrease of 0.038147% from its proportion measured as of June 30, 2019.

For the year ended December 31, 2020, the City recognized pension expense of \$357,806. At December 31, 2020, the City recognized deferred outflows of resources and deferred inflows of resources related to pensions from the following:

	Deferred Outflows of Resources	Deferred Inflows of Resources
Differences between expected and actual experience	\$ 1,181	\$ 14,442
Changes in assumptions	42,859	-
Net difference between projected and actual earnings on pension plan investments	254,223	-
Changes in proportion and differences between City’s contributions and proportionate share of contributions	(700)	131,109
City contributions subsequent to the measurement date	160,587	-
Total	\$ 458,150	\$ 145,551

City of New Roads, Louisiana
Notes to the Financial Statements

The \$160,587 reported as deferred outflows of resources relating to pensions resulting from the City contributions subsequent to the measurement date will be recognized as a reduction of the net pension liability in the year ended December 31, 2021. Other amounts reported as deferred outflows and deferred inflows of resources related to pensions will be recognized in pension expense as follows:

Year ended December 31,					
	2021	\$		23,707	
	2022			33,280	
	2023			57,765	
	2024			37,260	
	2025			-0-	
	Thereafter			-0-	
				<hr/>	
	Total			\$ 152,012	
				<hr/>	

Actuarial assumptions. The total pension liability in the June 30, 2020 actuarial valuation was determined based on the results of an experience study for the period July 2013 through June 30, 2018 using the following actuarial assumptions, applied to all periods included in the measurement:

Actuarial Cost Method:	Entry Age Normal Cost.
Investment Rate of Return:	6.95%
Expected Remaining Service Lives:	3 years
Inflation rate	2.5%
Projected Salary increases:	6.4% 4years service, 4.5% more than 4 years (including inflation & merit increases).
Annuitant & beneficiary mortality:	PubG-2010(B) Healthy Retiree Table set equal to 120% for males & females, each adjusted using their respective male & female MP2018 scales.
Employee mortality:	PubG-2010(B) Employee Table set equal to 120% for males & females, each adjusted using their respective male & female MP2018 scales.
Disabled lives mortality:	PubNS-2010(B) Disabled Retiree Table set equal to 120% for males & females with the full generational MP2018 scale.

Discount Rate. The long term expected rate of return on pension plan investments was determined using a building-block method in which best-estimate ranges of expected future real rates of return (expected returns, net of pension plan investment expenses and inflation) are developed for each major asset class. These ranges are combined to produce the long-term expected rate of return by weighting the expected future real rates of return by the target asset allocation percentage and by adding expected inflation and an adjustment for the effect of rebalancing/diversification.

Best estimates of arithmetic real rates of return for each major asset class included in the System’s target asset allocation as of June 30, 2020 are summarized in the following table:

<u>Asset Class</u>	<u>Target Asset Allocation</u>	<u>Long-term Expected Portfolio Real Rate of Return</u>
Public Equity	53%	2.33%
Public Fixed Income	38%	1.67%
Alternatives	9%	0.40%
Totals	<hr/> <u>100%</u>	<hr/> <u>4.40%</u>
Inflation		<hr/> <u>2.60%</u>
Expected Arithmetic Nominal Return		<hr/> <u>7.00%</u>

City of New Roads, Louisiana
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The discount rate used to measure the total pension liability was 6.95% for the year ended June 30, 2020. The projection of cash flows used to determine the discount rate assumed that contributions from plan members will be made at the current contribution rates and that contributions from participating employers will be made at the actuarially determined rates, which are calculated in accordance with relevant statutes and approved by the Board of Trustees and the Public Retirement Systems' Actuarial Committee. Based on those assumptions, the System's fiduciary net position was projected to be available to make all projected future benefit payments of current plan members. Therefore, the long-term expected rate of return on pension plan investments was applied to all periods of projected benefit payments to determine the total pension liability.

The effects of certain other changes in the net pension liability are required to be included in pension expense over the current and future periods. The effects on the total pension liability of (1) changes of economic and demographic assumptions or of other inputs and (2) differences between expected and actual experience are required to be included in pension expense in a systematic and rational manner over a closed period equal to the average of the expected remaining service lives of all employees that are provided with benefits through the pension plan (active employees and inactive employees), determined as of the beginning of the measurement period. The effect on net pension liability of differences between the projected earnings on pension plan investments and actual experience with regard to those earnings is required to be included in pension expense in a systematic and rational manner over a closed period of five years, beginning with the current period.

Sensitivity to Changes in Discount Rate. The following presents the City's proportionate share of the net pension liability using the discount rate of 6.95%, as well as what the City's net pension liability would be if it was calculated using a discount rate that is one percentage lower (5.95%), or one percentage point higher (7.95%) than the current rate as of June 30, 2020.

	1% Decrease (5.95%)	Current Discount Rate (6.95%)	1% Increase (7.95%)
City's proportionate share of the net pension liability	\$ 3,314,158	\$ 2,547,609	\$ 1,899,457

The Municipal Employees' Retirement System has issued a stand-alone audit report on their financial statements for the year ended June 30, 2020. Access to the report can be found on their website, www.mersla.com, or by writing to the Municipal Employees Retirement System of Louisiana, 7937 Office Park Boulevard, Baton Rouge, Louisiana 70809, or by calling (225) 925-4810.

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

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

Membership Prior to January 1, 2013

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

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

Membership Commencing January 1, 2013

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

Cost-of-Living Adjustments

The Board of Trustees is authorized to provide annual cost-of-living adjustments computed on the amount of the current regular retirement, disability, beneficiary or survivor's benefit, not to exceed 3% in any given year. The Board is authorized to provide an additional 2% COLA, computed on the member's original benefit, to all regular retirees, disability, survivors and beneficiaries who are 65 years of age or older on the cut-off date which determines eligibility. No regular retiree, survivor or beneficiary shall be eligible to receive cost-of-living adjustment until benefits have been received at least one full fiscal year and the payment of such COLA, when authorized, shall not be effective until the lapse of at least one-half of the fiscal year. Members who elect early retirement are not eligible for a cost-of-living adjustment until they reach regular retirement age. A COLA may only be granted if funds are available from interest earnings in excess of normal requirements, as determined by the actuary.

Deferred Retirement Option Plan

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

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

Initial Benefit Option Plan

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

Funding Policy. Plan members are required by state statute to contribute 10.0% (10.0% as of July, 1, 2020) of their annual covered salary and the City is required to contribute at an actuarially determined rate. The current rate is 33.75% (32.50% before July 1, 2019) of annual covered payroll. The contribution requirements of plan members and the City are established and may be amended by state statute. As provided by Louisiana Revised Statute 11:103, the employer contributions are determined by actuarial valuation and are subject to change each year based on the results of the valuation for the prior fiscal year. The City's contributions to the System for the years ending December 31, 2020, 2019, and 2018, were \$173,980, \$164,664, and \$158,417, respectively, equal to the required contributions for each year. The System also receives insurance premium tax monies as additional employer contributions. The tax is considered support from a non-contributing entity and appropriated by the legislature each year based on an actuarial study. The amount of non-employer contributions recognized as revenue in the government-wide statement of activities was \$36,786 for the year ended December 31, 2020.

Pension Liabilities, Pension Expense, and Deferred Outflows of Resources and Deferred Inflows of Resources Related to Pensions. At December 31, 2020, the City reported a liability of \$1,559,791 for its proportionate share of net pension liability within the governmental activities. The net pension liability was measured as of June 30, 2020 and the total pension liability used to calculate the net pension liability was determined by an actuarial valuation as of that date. The City's proportion of the net pension liability was based on a projection of the City's long-term share of contributions to the pension plan relative to the projected contributions of all participating municipal police departments, actuarially determined. At June 30, 2020, the City's proportion was 0.168766%, which was an increase of 0.018049% from its proportion measured as of June 30, 2019.

For the year ended December 31, 2020, the City recognized pension expense of \$306,576. At December 31, 2020, the City recognized deferred outflows of resources and deferred inflows of resources related to pensions from the following:

	Deferred Outflows of Resources	Deferred Inflows of Resources
Differences between expected and actual experience	\$ -	\$ 61,439
Changes in assumptions	37,064	38,493
Net difference between projected and actual earnings on pension plan investments	187,128	-
Changes in proportion and differences between City's contributions and proportionate share of contributions	143,305	68,712
City contributions subsequent to the measurement date	91,819	-
Total	<u>\$ 459,316</u>	<u>\$ 168,644</u>

The \$91,819 reported as deferred outflows of resources relating to pensions resulting from the City contributions subsequent to the measurement date will be recognized as a reduction of the net pension liability in the year ended December 31, 2021. Other amounts reported as deferred outflows and deferred inflows of resources related to pensions will be recognized in pension expense as follows:

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Year ended December 31,		
2021	\$	40,564
2022		51,494
2023		71,260
2024		35,535
2025		-0-
Thereafter		-0-
		<hr/>
Total	\$	<u>198,853</u>

Actuarial assumptions. The total pension liability in the June 30, 2020 actuarial valuation was determined based on the results of an actuarial experience study for the period of July 1, 2014 through June 30, 2019 using the following actuarial assumptions, applied to all periods included in the measurement:

Actuarial Cost Method:	Entry Age Normal Cost.
Investment Rate of Return:	6.95%, net of investment expense.
Expected Remaining Service lives:	4 years
Inflation Rate:	2.50%
Salary increases, including inflation and merit:	Years of service 1-2; salary growth rate 12.30% Years of service above 2; salary growth rate 4.70%
Mortality	Pub-2010 Public Retirement Plan Mortality Table multiplied by 115% for males and 125% for females each with full generational projection using MP2019 sale used for healthy retirees. Pub-2010 multiplied by 105% for males & 115% for females for Safety Disable Retirees. Pub-2010 multiplied by 115% for males and 125% for females for Safety Below-Median Employees.
Cost-of-Living Adjustments	The present value of future retirement benefits is based on benefits currently being paid by the System and includes previously granted cost-of-living increases. The present values do not include provisions for potential future increases not yet authorized by the Board of Trustees.

The mortality rate assumption used was set based upon an experience study performed by the prior actuary on plan data for the period July 1, 2014 through June 30, 2019 and review of similar law enforcement mortality. A change was made full generational mortality which combines the use of a base mortality table with appropriate mortality improvement scales. In order to set the base mortality table, actual plan mortality experience was assigned a credibility weighting and combined with a standard table to produce current levels of mortality.

Best estimates of arithmetic nominal rates of return for each major asset class included in the System's target asset allocation as of June 30, 2020 are summarized in the following table:

<u>Asset Class</u>	<u>Target Asset Allocation</u>	<u>Long-term Expected Portfolio Real Rate of Return</u>
Equity	48.50%	3.08%
Fixed Income	33.50%	.54%
Alternatives	18.00%	1.02%
Other	<u>0.00%</u>	<u>0.00%</u>
Totals	<u>100%</u>	4.64%
Inflation		<u>2.55%</u>
Expected Nominal Return		<u>7.19%</u>

City of New Roads, Louisiana
Notes to the Financial Statements

Discount Rate. The discount rate used to measure the total pension liability was 6.95%. The projection of cash flows used to determine the discount rate assumed that contributions from plan members will be made at the current contribution rates and that contributions from participating employers will be made at the actuarially determined rates approved by the Public Retirement Systems’ Actuarial Committee taking into consideration the recommendation of the System’s actuary. Based on those assumptions, the System’s fiduciary net position was projected to be available to make all projected future benefit payments of current plan members. Therefore, the long-term expected rate of return on pension plan investments was applied to all periods of projected benefit payments to determine the total pension liability.

Sensitivity to Changes in Discount Rate. The following presents the City’s proportionate share of the net pension liability using the discount rate of 6.95%, as well as what the City’s net pension liability would be if it were calculated using a discount rate that is one percentage lower (5.95%), or one percentage point higher (7.95%) than the current rate as of June 30, 2020.

	1% Decrease (5.95%)	Current Discount Rate (6.95%)	1% Increase (7.95%)
City’s proportionate share of the net pension liability	\$ 2,191,340	\$ 1,559,791	\$ 1,031,842

The Municipal Police Employees’ Retirement System has issued a stand-alone audit report on their financial statements for the year ended June 30, 2020. Access to the report can be found on their website, www.lampers.org, or by writing to the Municipal Police Employees Retirement System of Louisiana, 8401 United Plaza Boulevard, Baton Rouge, Louisiana 70809-2250, or by calling (225) 929-7411.

NOTE 9 – POSTEMPLOYMENT HEALTH CARE AND LIFE INSURANCE BENEFITS

General Information about the OPEB Plan

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

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

Life insurance coverage is not provided to retirees.

Employees covered by benefit terms – At December 31, 2020, the following employees were covered by the benefit terms:

Inactive employees or beneficiaries currently receiving benefit payments	8
Inactive employees entitled to but not yet receiving benefit payments	-
Active employees	<u>38</u>
	<u>46</u>

Total OPEB Liability

The City’s total OPEB liability of \$924,749 was measured as of December 31, 2020, and was determined by an actuarial valuation as of that date

City of New Roads, Louisiana
Notes to the Financial Statements

Actuarial Assumptions and other inputs – The total OPEB liability in the December 31, 2020, actuarial valuation was determined using the following actuarial assumptions and other inputs, applied to all periods included in the measurement, unless otherwise specified:

Inflation	2.0%
Salary increases	3.0%, including inflation
Discount rate	2.74%, annually (beginning of year to determine ADC)
	2.12%, annually (as of end of year measurement date)
Healthcare cost trend rates	5.5% annually until year 2030, then 4.5%
Mortality	SOA RP-2014 Table

The discount rate was based on the average of the Bond Buyers' 20 Year General Obligation municipal bond index as of December 31, 2020, the end of the applicable measurement period.

The actuarial assumptions used in the December 31, 2020 valuation were based on the results of ongoing evaluations of the assumptions from July 1, 2009 to December 31, 2020.

Changes in the Total OPEB Liability

Balance at December 31, 2019	\$ 1,434,448
Changes for the year:	
Service cost	27,309
Interest	39,678
Differences between expected and actual experience	(634,719)
Changes in assumptions	138,024
Benefit payments and net transfers	<u>(79,991)</u>
Net changes	<u>(509,699)</u>
Balance at December 31, 2020	<u>\$ 924,749</u>

Sensitivity of the total OPEB liability to changes in the discount rate – The following presents the total OPEB liability of the City, as well as what the City's total OPEB liability would be if it were calculated using a discount rate that is one percentage point lower (1.12%) or one percentage point higher (3.12%) than the current discount rate:

	1.0% Decrease (1.12%)	Current Discount (2.12%)	1.0% Increase (3.12%)
Total OPEB Liability	<u>\$ 1,006,675</u>	<u>\$ 924,749</u>	<u>\$ 852,330</u>

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

	1.0% Decrease (4.5%)	Current Discount (5.5%)	1.0% Increase (6.5%)
Total OPEB Liability	<u>\$ 851,275</u>	<u>\$ 924,749</u>	<u>\$ 1,008,022</u>

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

For the year ended December 31, 2020 the City recognized OPEB expense of \$24,964. At December 31, 2020, the City reported deferred outflows of resources and deferred inflows of resources related to OPEB from the following sources:

City of New Roads, Louisiana
Notes to the Financial Statements

	Deferred Outflows of Resources	Deferred Inflows of Resources
Differences between expected and actual experience	\$ 173,857	\$ (555,379)
Changes in assumptions	240,381	(52,700)
Total	<u>\$ 414,238</u>	<u>\$ (608,079)</u>

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

<u>Years ending December 31:</u>	
2021	(42,023)
2022	(42,023)
2023	(42,023)
2024	(42,023)
2025	(42,023)
Thereafter	16,274

NOTE 10 - ACCOUNTS, SALARIES AND OTHER PAYABLES

The payables of \$1,061,779 at December 31, 2020, are as follows:

<u>Class of Payable</u>	<u>General Fund</u>	<u>Special Revenue Fund</u>	<u>Proprietary Funds</u>
Salaries & Withholdings	\$ 72,975	\$ 0	\$ 12,244
Accounts	339,316	0	474,306
Other	135,176	14,324	13,438
Total	<u>\$ 547,467</u>	<u>\$ 14,324</u>	<u>\$ 499,988</u>

NOTE 11 - LEASES

The City has an operating lease of the following nature:

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

<u>Year Ending 12/31</u>	<u>St. Mary's</u>
2021	\$ 30,105
2022	30,105
2023	30,105
2024	30,105
2025	30,105
2026-2051	764,186
	<u>\$ 914,711</u>

The City also has cancellable operating leases of vehicles for the administration, police department, public works, and utility departments and incurred rental expense of \$157,289 for the year ended December 31, 2020.

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, 2020:

City of New Roads, Louisiana
Notes to the Financial Statements

	<u>Bonded Debt</u>	<u>Capital Leases</u>	<u>Total</u>
Long-term obligations payable at December 31, 2019	\$ 4,636,603	\$ -0-	\$ 4,636,603
Additions	-0-	-0-	-0-
Deductions	(315,000)	-0-	(315,000)
Long-term obligations payable at December 31, 2020	4,321,603	0	4,321,603
Less current portion	(285,000)	0	(285,000)
Net long-term obligations	<u>\$ 4,036,603</u>	<u>\$ -0-</u>	<u>\$ 4,036,603</u>

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

Revenue Bonds:

Electric System Upgrade:

\$3,860,000 2020 Excess Revenue Refunding Bonds due in semi-annual interest and annual principal installments of amounts from \$235,000 to \$405,000 with interest rates of 2.32% due through July 1, 2031. The Electric Utility System fund is used to retire these issues.

\$ 3,860,000

Water/Sewer System Upgrade:

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

\$ 461,603

At December 31, 2020, the City has accumulated and restricted \$187,270 in the proprietary funds for future debt requirements. The annual requirements to amortize all bonds outstanding at December 31, 2020, including interest payments of \$532,882 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>
2021	\$ 321,826	\$ 51,965	\$ 373,791
2022	405,330	51,740	457,070
2023	407,674	51,515	459,189
2024	404,844	51,290	456,134
2025	406,840	51,065	457,905
Thereafter	2,436,878	213,518	2,650,396
	<u>\$ 4,383,392</u>	<u>\$ 471,093</u>	<u>\$ 4,854,485</u>

Revenue Bonds:

On October 1, 2020, the City issued \$3,860,000 of Excess Revenue Refunding Bonds, Series 2020 to refund its Series 2011 Utility Revenue Refunding Bonds (\$3,778,750), and provide for cost reduction interest savings. These bonds were issued in one denomination of \$3,860,000 for private placement with a financial institution. They bear interest payable on January and July 1, of each year at rates of 2.32% and mature on July 31, of each year beginning July 31, 2021, with the final installment due on July 31, 2031. These bonds are secured by and payable in principal and interest from all excess revenues of the City above statutory, contractual, necessary, and usual charges and all other expenses in each of the fiscal years during which the bonds are outstanding. The bond resolutions require that the City will budget annually a sum of money sufficient to pay the principal of and interest on the bonds, including any principal and/or

City of New Roads, Louisiana
Notes to the Financial Statements

interest theretofore matured and then unpaid, and to levy and collect each year taxes and to collect other revenues, within the limits prescribed by law, sufficient to pay the principal of and the interest on the bonds after payment in such years of all the said statutory, contractual, necessary and usual charges of the City for the then current fiscal year. The bond resolution required the establishment of the following account:

City of New Roads Excess Revenue Refunding Bonds Sinking Fund (2020 Sinking Fund)-

Said Sinking Fund shall be maintained with the regularly designated fiscal agent bank of the City. The City is required to deposit in the Sinking Fund at least 3 days in advance of each Interest Payment Date funds fully sufficient to promptly pay the maturing principal and interest so falling due on such date. Said fiscal agent bank shall make available from said Sinking Fund to the Paying Agent for the bonds at least one day in advance of the date on which each payment of principal and interest falls due, funds fully sufficient to pay promptly the principal and interest falling due on such date.

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,

City of New Roads, Louisiana
Notes to the Financial Statements

renewals, and replacements necessary to properly operate the systems. They may also be used to pay principal and interest on the bonds if there are insufficient funds in the Sinking or Reserve funds, however, the fund may not be depleted for the above uses to less than \$5,000. If this balance is reduced below \$200,000, funding shall be resumed until the maximum is again accumulated.

NOTE 13 - INTERGOVERNMENTAL PAYABLE

The following is a summary of the intergovernmental payable due other governments at December 31, 2020:

<u>Payable to:</u>	<u>General Fund</u>	<u>Proprietary Funds</u>
Pointe Coupee Parish Council	\$ 19,837	\$ -0-
Pointe Coupee Sewer Districts	-0-	33,571
La. Department of Revenue	-0-	3,510
Other La. Departments	-0-	4,596
	<u>\$ 19,837</u>	<u>\$ 41,677</u>
Totals	<u>\$ 19,837</u>	<u>\$ 41,677</u>

NOTE 14 - INTERFUND RECEIVABLES/PAYABLES

The following is a summary of interfund receivable and payable balances at December 31, 2020:

	<u>Due From Other Funds</u>	<u>Due To Other Funds</u>
Enterprise Funds –		
Electric Utility System:		
General Fund	\$ 5,236	\$ 187,257
Gas Utility System	-0-	219,295
Water/Sewer System	219,445	-0-
Gas Utility System:		
General Fund	3,000	22,997
Electric Utility System	219,295	-0-
Water/Sewer System	6,400	-0-
Water/Sewer Utility System:		
General Fund	3,000	56,570
Electric Utility System	-0-	219,445
Gas Utility System	-0-	6,400
General Fund –		
Electric Utility System	187,257	5,236
Gas Utility System	22,997	3,000
Water/Sewer System	56,570	3,000
	<u>\$ 723,200</u>	<u>\$ 723,200</u>
Totals	<u>\$ 723,200</u>	<u>\$ 723,200</u>

NOTE 15 - INTERFUND TRANSFERS

The following is a summary of interfund transfers which occurred during the year ended December 31, 2020. The transfers were made from the proprietary funds in order to help fund additional governmental activities.

City of New Roads, Louisiana
Notes to the Financial Statements

	Transfer In From	Transfer Out To
General Fund –		
Electric Utility System	\$ 545,000	\$ -0-
Gas Utility System	450,550	-0-
Water/Sewer Utility System	487,116	-0-
Enterprise Funds –		
Electric Utility System:		
General Fund	-0-	\$ 545,000
Gas Utility System:		
General Fund	-0-	450,550
Water/Sewer Utility System:		
General Fund	-0-	487,116
	\$ 1,482,666	\$ 1,482,666
Totals		

NOTE 16 - RESTRICTED AND NONSPENDABLE NET POSITION/FUND BALANCES

Proprietary Funds:

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

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

Restricted for Bond Indentures - This represents the amounts required to be held in the sinking, reserve, and excess revenue accounts in accordance with the bond agreements for the \$3,860,000 excess revenue refunding bonds issued in 2020, and the \$1,000,000 utility revenue bonds issued in 2011.

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

Governmental Funds:

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

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

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

City of New Roads, Louisiana
Notes to the Financial Statements

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	\$ 5,023,470	\$ 953,105	\$ 1,339,157	\$ 7,315,732
Depreciation	223,847	33,048	420,146	677,041
Operating Income	839,129	400,581	90,755	1,330,465
Change in Net Position Property, Plant, and Equipment Additions	67,471	(48,088)	(397,314)	(377,931)
Total Assets	309,325	2,100	68,734	380,159
Fund Equity	5,793,279	970,159	6,183,811	12,947,249
Net Working Capital	323,465	891,785	5,150,028	6,365,278
	506,249	246,055	(211,224)	541,080

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, 2020, \$66,067 was received from the state and is included in revenues under intergovernmental revenue and in expenses under public safety on the combined statement of revenue, expenditures, and changes in fund balance.

NOTE 19 - OTHER EMPLOYMENT BENEFITS

The City provides certain health care benefits for its active employees. Substantially all employees may participate while working for the City. These benefits are provided through an insurance company whose monthly premiums are paid 80% by the city and 20% by the employee. The cost of employee's benefits totaled \$351,080 for the year ended December 31, 2020.

NOTE 20 - JOINT VENTURES

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

<u>False River Air Park Commission</u>	<u>(Unaudited)</u>
Balance Sheet Date	12/31/19
Total Assets (not including GFA)	\$ 13,047
Total General Fixed Assets (GFA)	9,263,117
Total Liabilities	7,942
Total Net Position	9,268,222
Total Revenues	197,153
Total Expenditures	558,420
Total Other Financing Sources (Uses)	1,072,512
Net Increase (Decrease) in Net Position	711,245

False River Air Park Commission

The False River Air Park Commission is 50% owned by the City. For the year ended December 31, 2020, the City contributed \$44,000 as an operating grant and \$6,500 for insurance to cover expenses of the facility. The False River Air Park Commission is a component unit of the Pointe Coupee Parish Council because the Pointe Coupee Parish Council is the governing authority for Pointe Coupee Parish.

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

NOTE 21 - LITIGATION AND CLAIMS

The City is a defendant in 8 pending lawsuits. It is in the City counsels' opinion that the City is fully insured against the risk involved in the respective actions and that they are being actively defended by counsel of the City and their insurers. The ultimate resolution of these lawsuits cannot be presently determined and no provision for any liability that may result from such claims has been made in the financial statements. Litigation costs of \$129,506 were incurred in the current year and recorded as current-year expenditure in the General Fund.

NOTE 22 - RISK MANAGEMENT

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

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

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

	Unemployment Compensation	Vehicle Liability	Totals
Beginning of Fiscal Year Liability	\$ -0-	\$ -0-	\$ -0-
Current Year Claims & Changes in Estimates	10	126,178	126,188
Claim Payments	10	(126,178)	(126,188)
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.

City of New Roads, Louisiana
Notes to the Financial Statements

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

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

NOTE 24 - UTILITY SERVICE AGREEMENTS

Pointe Coupee Parish Sewerage District No. 1 & 3A

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

Pointe Coupee Parish Sewage District No. 4

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

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, 2020 is as follows:

Mayor – Cornell Dukes	\$ 62,000
Council:	
Theron Smith	15,600
Vernell Davis	14,400
Kurt Kellerman	14,400
Joy Nelson	14,400
Kirk White	<u>14,400</u>
 Total Compensation	 <u>\$ 135,200</u>

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

NOTE 26 – FEDERAL FINANCIAL ASSISTANCE PROGRAMS

The City participated in the following federal financial assistance programs during the year ending December 31, 2020.

Federal Grantor/ Pass-Through Grantor Federal Grants/ <u>Program Title</u>	<u>Federal CFDA Number</u>	<u>Pass-Through Grantor Number</u>	<u>Expenditures</u>
United States Department of Housing And Urban Development			
Direct:			
Section 8 Housing Choice Vouchers	14.871	Proj #LA205	\$ 248,971
Section 8 Housing Cares Act AF	14.871		-0-
United States Department of Homeland Security			
Passed through the La. Governor’s Office of Homeland Security & Emergency Preparedness			
Hazard Mitigation Grant Program-Wind Retrofit	97.039	1786-182-LA	143,369
Public Assistance – Hurricane Barry	97.036	DR4458LA	25,155
United States Department of Treasury			
Passed through La. Division of Administration Office of Community Development			
Coronavirus Relief Fund	21.019	COVID-19 CRF-8763	291,325
United States Department of Interior			
Passed through La. Dept. of Culture, Recreation & Tourism			
Historic Preservation Educational Training & Scholarships	15.923	P19AF00215 P18AF00113	38,286
Total (All Federal)			<u>\$ 747,106</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 28, 2021, and has concluded that the following significant subsequent event requires recognition or disclosure through the date and time these financial statements were available to be issued on June 28, 2021.

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

REQUIRED SUPPLEMENTAL INFORMATION

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

**BUDGETARY COMPARISON SCHEDULE
For the Year Ended December 31, 2020**

	BUDGETED AMOUNTS		ACTUAL	VARIANCE WITH FINAL BUDGET FAVORABLE (UNFAVORABLE)
	ORIGINAL	FINAL		
REVENUES				
Taxes	\$ 1,918,500	\$ 1,958,500	\$ 2,067,815	\$ 109,315
Licenses & permits	303,500	303,500	276,348	(27,152)
Intergovernmental revenue	524,610	406,394	820,353	413,959
Charges for services	1,076,700	863,075	881,280	18,205
Fines and forfeitures	55,110	55,050	37,208	(17,842)
Miscellaneous	76,200	65,800	41,278	(24,522)
Total revenues	3,954,620	3,652,319	4,124,282	471,963
EXPENDITURES				
General government	1,527,850	1,726,450	1,798,465	(72,015)
Public safety	1,274,900	1,291,700	1,374,021	(82,321)
Streets and sanitation	1,070,880	1,029,630	1,233,602	(203,972)
Transportation	56,500	56,500	50,500	6,000
Culture and recreation	236,700	160,200	297,162	(136,962)
Economic development and assistance	81,050	84,850	100,637	(15,787)
Educational	70,000	-	-	-
Capital outlay	746,399	524,949	436,481	88,468
Debt service	16,000	16,000	-	16,000
Public works	252,650	280,700	318,097	(37,397)
Total expenditures	5,332,929	5,170,979	5,608,965	(437,986)
EXCESS (DEFICIENCY) OF REVENUES OVER EXPENDITURES	(1,378,309)	(1,518,660)	(1,484,683)	33,977
OTHER FINANCING SOURCES (USES)				
Transfers in	1,385,000	1,940,000	1,482,666	(457,334)
Sale of fixed assets	5,500	14,500	28,190	13,690
Transfers out	-	-	-	-
Total other financing sources (uses)	1,390,500	1,954,500	1,510,856	(443,644)
EXCESS (DEFICIENCY) OF REVENUES AND OTHER SOURCES OVER EXPENDITURES AND OTHER USES	12,191	435,840	26,173	(409,667)
FUND BALANCES AT BEGINNING OF YEAR	292,746	681,782	681,782	-
FUND BALANCES AT END OF YEAR	\$ 304,937	\$ 1,117,622	\$ 707,955	\$ (409,667)

CITY OF NEW ROADS
New Roads, Louisiana

SCHEDULE OF CHANGES IN TOTAL OPEB LIABILITY
FOR THE YEAR ENDED DECEMBER 31, 2020

	2018	2019	2020
Service cost	\$ 13,419	\$ 11,653	\$ 23,309
Interest	43,396	47,090	39,678
Changes of benefit terms	-	-	-
Differences between expected & actual experience	334	202,522	(634,719)
Changes of assumptions	(65,875)	139,545	138,024
Benefit payments	(103,382)	(109,068)	(79,991)
Net change in total OPEB liability	(112,108)	291,742	(509,699)
Total OPEB liability – beginning	1,254,813	1,142,705	1,434,447
Total OPEB liability – ending	\$ 1,142,705	\$ 1,434,447	\$ 924,749
Net OPEB liability	\$ 1,142,705	\$ 1,434,447	\$ 924,749
Covered employee payroll	\$ 1,689,050	\$ 1,642,517	\$ 1,646,248
Net OPEB liability as a percentage of covered employee payroll	67.65%	87.33%	56.17%
Fiduciary Net Position	\$ -0-	\$ -0-	\$ -0-
Funded Ratio	0%	0%	0%

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

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

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

December 31, 2020

<u>Fiscal Year Ended June 30:</u>	<u>2020</u>	<u>2019</u>	<u>2018</u>	<u>2017</u>	<u>2016</u>	<u>2015</u>	<u>2014</u>	<u>2013</u>	<u>2012</u>	<u>2011</u>
City's proportion of the net pension liability (asset)	0.168766%	0.150717%	0.168134%	0.152208%	0.142943%	0.208971%	0.216869%	0.252845%	Unavailable	Unavailable
City's proportionate share of the net pension liability (asset)	\$ 1,559,791	\$ 1,368,763	\$ 1,421,415	\$ 1,328,840	\$ 1,339,779	\$ 1,637,069	\$ 1,356,750	\$ 2,019,835	Unavailable	Unavailable
City's covered-employee payroll	\$ 510,957	\$ 496,829	\$ 491,309	\$ 455,370	\$ 400,797	\$ 548,073	\$ 573,973	\$ 550,630	\$ 586,171	\$ 595,592
City's proportionate share of the net pension liability (asset) as a percentage of its covered employee payroll	305.27%	275.50%	289.31%	291.82%	334.28%	298.70%	236.38%	366.82%	Unavailable	Unavailable
Plan fiduciary net position as a percentage of the total pension liability	70.94%	71.01%	71.89%	70.08%	66.04%	70.73%	75.10%	66.71%	Unavailable	Unavailable

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

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

December 31, 2020

<u>Fiscal Year Ended June 30:</u>	<u>2020</u>	<u>2019</u>	<u>2018</u>	<u>2017</u>	<u>2016</u>	<u>2015</u>	<u>2014</u>	<u>2013</u>	<u>2012</u>	<u>2011</u>
City's proportion of the net pension liability (asset)	0.589259%	0.627406%	0.657564%	0.689479%	0.680331%	0.576683%	0.575858%	0.558063%	Unavailable	Unavailable
City's proportionate share of the net pension liability (asset)	\$ 2,547,608	\$ 2,621,717	\$ 2,722,761	\$ 2,884,381	\$ 2,788,480	\$ 2,060,002	\$ 1,477,908	\$ 1,729,665	Unavailable	Unavailable
City's covered-employee payroll	\$ 1,133,351	\$ 1,182,813	\$ 1,202,780	\$ 1,252,138	\$ 1,225,969	\$ 998,475	\$ 941,903	\$ 972,943	\$ 949,098	\$ 1,082,808
City's proportionate share of the net pension liability (asset) as a percentage of its covered employee payroll	224.79%	221.65%	226.37%	230.36%	227.45%	206.31%	156.91%	177.78%	Unavailable	Unavailable
Plan fiduciary net position as a percentage of the total pension liability	64.52%	64.68%	63.94%	62.49%	62.11%	66.18%	73.99%	67.97%	Unavailable	Unavailable

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

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

December 31, 2020

<u>Fiscal Year Ended June 30:</u>	<u>2020</u>	<u>2019</u>	<u>2018</u>	<u>2017</u>	<u>2016</u>	<u>2015</u>	<u>2014</u>	<u>2013</u>	<u>2012</u>	<u>2011</u>
Contractually required contribution	\$ 166,061	\$ 160,227	\$ 151,078	\$ 144,580	\$ 118,235	\$ 172,643	\$ 177,932	\$ 170,695	\$ 155,335	\$ 148,898
Contributions in relation to the contractually required contribution	\$ 166,061	\$ 160,227	\$ 151,078	\$ 144,580	\$ 118,235	\$ 172,643	\$ 177,932	\$ 170,695	\$ 155,335	\$ 148,898
Contribution deficiency (excess)	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
City's covered-employee payroll	\$ 510,957	\$ 496,829	\$ 491,309	\$ 455,370	\$ 400,797	\$ 548,073	\$ 573,973	\$ 550,630	\$ 586,171	\$ 595,592
Contribution as a percentage of covered-employee payroll	32.50%	32.25%	30.75%	31.75%	29.50%	31.50%	31.00%	31.00%	26.50%	25.00%

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

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

December 31, 2020

<u>Fiscal Year Ended June 30:</u>	<u>2020</u>	<u>2019</u>	<u>2018</u>	<u>2017</u>	<u>2016</u>	<u>2015</u>	<u>2014</u>	<u>2013</u>	<u>2012</u>	<u>2011</u>
Contractually required contribution	\$ 314,505	\$ 307,531	\$ 297,688	\$ 284,861	\$ 242,129	\$ 197,199	\$ 176,607	\$ 165,400	\$ 158,974	\$ 154,300
Contributions in relation to the contractually required contribution	<u>\$ 314,505</u>	<u>\$ 307,531</u>	<u>\$ 297,688</u>	<u>\$ 284,861</u>	<u>\$ 242,129</u>	<u>\$ 197,199</u>	<u>\$ 176,607</u>	<u>\$ 165,400</u>	<u>\$ 158,974</u>	<u>\$ 154,300</u>
Contribution deficiency (excess)	<u>\$ -</u>									
City's covered-employee payroll	\$ 1,133,351	\$ 1,182,813	\$ 1,202,780	\$ 1,252,138	\$ 1,225,969	\$ 998,475	\$ 941,903	\$ 972,943	\$ 949,098	\$ 1,082,808
Contribution as a percentage of covered-employee payroll	27.75%	26.00%	24.75%	22.75%	19.75%	19.75%	18.75%	17.00%	16.75%	14.25%

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

**Notes to Required Supplementary Information
For the Year Ended December 31, 2020
Other Postemployment Benefit Plan
&
Municipal Police Employees' Retirement System
Municipal Employees' Retirement System**

OPEB Plan

Changes in Benefit Terms – There were no changes of benefit terms for the year ended December 31, 2020.

Changes of Assumptions – The discount rate as of December 31, 2019 was 2.74% and it changed to 2.12% as of December 31, 2020. The mortality table was changed from RP-2000 to RP-2014 and the healthcare trend rate changed from 5.5% to variable.

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

Retirement System Plans

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

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

OTHER SUPPLEMENTAL INFORMATION

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

NON-MAJOR GOVERNMENTAL FUNDS

HUD-Section 8 Program Fund

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

**CITY OF NEW ROADS, LOUISIANA
 COMBINING BALANCE SHEET
 NON-MAJOR GOVERNMENTAL FUNDS
 December 31, 2020**

	HUD - SECTION 8 SPECIAL REVENUE FUND	TOTAL NON-MAJOR GOVERNMENTAL FUNDS
<u>ASSETS</u>		
Current Assets		
Accounts receivable	-	-
Due from other funds	-	-
Due from other governmental units	-	-
Restricted Assets		
Cash	\$ 116,572	\$ 116,572
TOTAL ASSETS	\$ 116,572	\$ 116,572
<u>LIABILITIES & FUND BALANCE</u>		
<u>LIABILITIES:</u>		
Accounts payable	\$ -	\$ -
Accrued liabilities- deferred revenues	14,324	14,324
Due to other funds	-	-
TOTAL LIABILITIES	14,324	14,324
<u>FUND BALANCE</u>		
Restricted for:		
Federal grant	102,248	102,248
TOTAL FUND BALANCE	102,248	102,248
TOTAL LIABILITIES & FUND BALANCE	\$ 116,572	\$ 116,572

CITY OF NEW ROADS, LOUISIANA
STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES
NON-MAJOR GOVERNMENTAL FUNDS
For the Year Ended December 31, 2020

	HUD SECTION 8 SPECIAL REVENUE FUND	TOTAL NONMAJOR GOVERNMENTAL FUNDS
REVENUES		
Intergovernmental revenue	\$ 248,971	\$ 248,971
Miscellaneous	434	434
Total revenues	<u>249,405</u>	<u>249,405</u>
EXPENDITURES		
Welfare	<u>249,087</u>	<u>249,087</u>
Total expenditures	<u>249,087</u>	<u>249,087</u>
EXCESS (DEFICIENCY) OF REVENUES OVER EXPENDITURES	<u>318</u>	<u>318</u>
OTHER FINANCING SOURCES (USES)		
Transfers in	-	-
Transfers out	-	-
Total other financing sources (uses)	<u>-</u>	<u>-</u>
EXCESS (DEFICIENCY) OF REVENUES AND OTHER SOURCES OVER EXPENDITURES AND OTHER USES	<u>318</u>	<u>318</u>
FUND BALANCES AT BEGINNING OF YEAR	<u>101,930</u>	<u>101,930</u>
FUND BALANCES AT END OF YEAR	<u><u>\$ 102,248</u></u>	<u><u>\$ 102,248</u></u>

**CITY OF NEW ROADS, LOUISIANA
NON-MAJOR GOVERNMENTAL FUNDS
HUD SECTION 8
BUDGETARY COMPARISON SCHEDULE
For the Year Ended December 31, 2020**

	BUDGETED AMOUNTS		ACTUAL	VARIANCE WITH FINAL BUDGET FAVORABLE (UNFAVORABLE)
	ORIGINAL	FINAL		
REVENUES				
Intergovernmental revenue	272,000	270,000	248,971	(21,029)
Miscellaneous	20,000	5,000	434	(4,566)
Total revenues	292,000	275,000	249,405	(25,595)
EXPENDITURES				
Welfare	291,500	264,000	249,087	14,913
Total expenditures	291,500	264,000	249,087	14,913
EXCESS (DEFICIENCY) OF REVENUES OVER EXPENDITURES	500	11,000	318	(10,682)
OTHER FINANCING SOURCES (USES)				
Transfers in	-	-	-	-
Transfers out	-	-	-	-
Total other financing sources (uses)	-	-	-	-
EXCESS (DEFICIENCY) OF REVENUES AND OTHER SOURCES OVER EXPENDITURES AND OTHER USES	500	11,000	318	(10,682)
FUND BALANCES AT BEGINNING OF YEAR	87,302	101,930	101,930	-
FUND BALANCES AT END OF YEAR	\$ 87,802	\$ 112,930	\$ 102,248	\$ (10,682)

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

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

For the Year Ended December 31, 2020

AGENCY HEAD NAME: Cornell Dukes

<u>PURPOSE</u>	<u>AMOUNT</u>
Salary	\$ 62,000
Benefits - Retirement	17,748
Benefits - Insurance	4,873
Conference Travel	3,623
Registration Fees	740
Vehicle expenses	6,954
Dues & memberships	1,250
TOTAL	<u>\$ 97,188</u>

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

**Collecting/Disbursing Entity Schedule
As required by Act 87 of 2020 Legislative Session**

Cash Basis Presentation	First Six Month Period Ended 6/30/2020	Second Six Month Period Ended 12/31/2020
Beginning Balance of Amounts Collected (cash on hand)	\$ -	\$ -
Add: Collections		
Criminal fines - other	25,426	11,782
Total Collections	25,426	11,782
Less: Disbursements to Governments & Nonprofits		
Louisiana Traumatic Head and Spinal Cord Injury Trust Fund - Criminal Fines - other	1,040	780
Louisiana Commission on Law Enforcement Crime Victims Reparation Fund - Criminal Fines - other	416	312
Louisiana Supreme Court - Louisiana Judicial College - Criminal Fines - other	118	78
Treasurer, State of Louisiana - trial Court Case Management Information System- Criminal Fines - other	624	468
Less: Amounts Retained by Collecting Agency		
Amounts self-disbursed - Criminal fines - other	23,228	10,144
Total Disbursements/Retainage	25,426	11,782
Ending Balance of Amounts Collected but not disbursed	\$ -	\$ -
Other Information:		
Ending balance of total amounts assessed but no yet collected (receivable)	0	0
Total Waivers during the Fiscal Period	0	0

OTHER REPORTS REQUIRED BY *GOVERNMENT AUDITING STANDARDS*

Independent Auditors' Report on Internal Control Over Financial Reporting and on Compliance and Other Matters Based on an Audit of Financial Statements Performed in Accordance with *Government Auditing Standards*

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

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

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

We have audited, in accordance with the auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States, the financial statements of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of City of New Roads, Louisiana, as of and for the year ended December 31, 2020, 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 28, 2021.

Internal Control Over Financial Reporting

In planning and performing our audit of the financial statements, we considered City of New Roads, Louisiana's internal control over financial reporting (internal control) to determine the audit procedures that are appropriate in the circumstances for the purpose of expressing our opinions on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of City of New Roads, Louisiana's internal control. Accordingly, we do not express an opinion on the effectiveness of City of New Roads, Louisiana's internal control.

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

A *deficiency in internal control* exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct, misstatements on a timely basis. A *material weakness* is a deficiency, or a combination of deficiencies, in internal control such that there is a reasonable possibility that a material misstatement of the entity's financial statements will not be prevented, or detected and corrected on a timely basis. We consider the deficiencies described in the accompanying schedule of findings and responses as items 20-2 and 20-3 to be material weaknesses.

A *significant deficiency* is a deficiency, or a combination of deficiencies, in internal control that is less severe than a material weakness, yet important enough to merit attention by those charged with governance. We consider the deficiencies described in the accompanying schedule of findings and responses as item 20-1 to be significant deficiency.

Compliance and Other Matters

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

effect on the determination of financial statement amounts. However, providing an opinion on compliance with those provisions was not an objective of our audit and, accordingly, we do not express such an opinion. The results of our tests disclosed instances of noncompliance or other matters that are required to be reported under *Government Auditing Standards*, and which are described on the accompanying schedule of findings and responses as item 20-4 and 20-5.

City of New Roads, Louisiana’s Response to Findings

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

Purpose of this Report

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



Major, Morrison & David
New Roads, Louisiana
June 28, 2021

CITY OF NEW ROADS
New Roads, Louisiana
Schedule of Findings and Responses
For the Year Ended December 31, 2020

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 20-1

Criteria: In order to maintain adequate internal controls and prevent the possibility of fraud, misappropriation, or material misstatements, all employees, including the Mayor, should document the use and business purpose of City vehicles when traveling outside of the local area of the City.

Condition: The City's vehicle policy provides that City vehicles are to be used for official City business only and provides certain employees, as named by the Mayor, be required to complete daily vehicle logs. The policy allows for exceptions to regulations in special cases approved in advance by the Mayor. The policy is silent with regards to the vehicle used by the Mayor. Nor are any vehicle logs on his use or others available. While the Mayor is considered on the job 24/7 in working and promoting the City, documentation regarding his use and business purpose outside of the local area should be required in order to maintain adequate controls and transparency should the use be brought under scrutiny.

Context: Proper documentation of the use of City vehicles when traveling outside of the local area should be maintained by all employees, including the mayor, to prevent improper use of City vehicles and provide transparency to the public. Documentation can be through mileage logs with corresponding business purpose providing explanations for their use. GPS tracking equipment can also provide an additional documentation trail of the use of City assets for proper purposes.

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

Cause: No formal documentation process on the use of City vehicles outside of the local area is maintained. Due to the fact there is no documentation of use outside of the City, information is not available other than verbal acknowledgement of the proper and/or improper use from various parties.

Recommendation: Management should require vehicle use logs for all travel outside of the local area of the City detailing dates, travel miles, and business purpose. GPS equipment that can be monitored could be considered as an alternative, along with use of personal vehicles and reimbursement requests which detail the City business purpose for the travel prior to reimbursement of funds.

Management's Response: Management will review this matter for implementation based on auditor's recommendation. At this time, all City vehicles are used for business purposes only. However, the City will consider enhancing current documentation practices to include the use of vehicle logs to depict the use of city owned vehicles while traveling outside of the city limits.

CITY OF NEW ROADS
New Roads, Louisiana
Schedule of Findings and Responses
For the Year Ended December 31, 2020

Finding 20-2

Criteria: In order to maintain adequate internal controls and prevent the possibility of fraud, misappropriation, or material misstatements, all employees request for overtime pay should detail the business purpose and reason for working overtime on the required overtime report submitted with timesheets. Submitted reports should also be approved by the proper supervisory personnel.

Condition: Timesheets/overtime reports examined for personnel providing security details for the Mayor claiming overtime pay did not reflect additional information as to what City business purpose the extra detail was needed for. All reports examined reflected “Mayor’s Details” without any further explanation of events attended or reasons for the security detail. Some, but not all, overtime reports did not have formal supervisory approval of the overtime worked.

Context: Timesheets and corresponding overtime reports submitted for the payment of overtime for “Mayor’s Details” do not provide additional information as to the reasons or needs for providing security services for the Mayor. The City’s policy on providing security for the Mayor is predicated on whether it is “deemed necessary”, although there is no formal guidance regarding the expenditure of funds relating to security details. Whether the determination of the necessity is by the Mayor or by the Council is not determinable.

Effect: This could result in misappropriation of City funds for non-City business purposes without being detected on a timely basis.

Cause: Lack of additional documentation details on the overtime reports of the reason for and necessity of providing security for the Mayor leads to questions if the time spent was all for City business purposes.

Questioned Costs: \$20,516.08

Recommendation: Requests for overtime to work Mayor security details should provide documentation of the City business purpose or event attended where it is deemed necessary that the Mayor have security. The Council has recently passed a resolution regarding security details for the Mayor limiting the annual allowance of overtime that can be used without formal approval of the Council. Although a resolution is not binding on the Mayor, if additional conflict regarding security remains, the Council might consider passing an ordinance regarding security details.

Management’s Response: Management of the City will review current documentation practices for overtime and timesheets. Documentation enhancements will include purpose of overtime and approval by employee supervisors, where applicable.

Finding 20-3

Criteria: In order to maintain adequate internal controls and prevent the possibility of fraud, misappropriation, or material misstatements, all employee’s timesheets and/or leave/overtime requests should be signed by the employee and approved by the appropriate supervisor.

Condition: Previous agreed upon procedures engagement test work determined not all timesheets and/or leave slips were signed by employees and/or supervisors. Management was informed on the need to improve upon this aspect of their internal controls. Test work for the current fiscal year on all timesheets indicated that on average 27% of the city’s timesheets for employees were either not signed by the employee or lacked the approval of their supervisor.

Context: Timesheets and corresponding leave/overtime slips should be signed by employees and supervisors in order to document that the employees earned and verified the time that they are being paid for. The information also factors into not only payment for services that they render to the City but all time off earned

CITY OF NEW ROADS
New Roads, Louisiana
Schedule of Findings and Responses
For the Year Ended December 31, 2020

and retirement benefits. Documentation is necessary and an important part of substantiation of these benefits to be paid and earned by each employee.

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

Cause: Failure to follow up the needed signatures and or supervisory approval on the timesheets submitted.

Recommendation: We recommend that improvements on timesheet approvals be implemented with the employee's signature and subsequent supervisory signatures prior to being submitted to the payroll department for payment. If timesheets and/or leave/overtime sheets are not signed or approved, payment should be withheld from employees until obtained. This will place a higher degree of responsibility on the employees and supervisory personnel to obtain the proper documentation.

Management's Response: Management of the City will review current documentation practices for overtime and timesheets. Documentation enhancements will include purpose of overtime and approval by employee supervisors, where applicable.

Finding 20-4

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

Condition: The City's actual expenditures and other uses within the General Fund exceeded budgeted expenditures and other uses by 5% or more.

Context: Actual expenditures and transfers out within the General Fund totaled \$5,608,965 and budgeted expenditures and transfers out totaled \$5,170,979 which is a difference of \$437,986 and represents 8.4% more than budgeted expenditures and transfers out.

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

Cause: Within the General Fund, actual expenditures were more than expected due to an increase in revenues which resulted in additional spending within the General Fund higher than estimated through the end of the year.

Recommendation: Management should monitor more closely actual revenues and expenditures and compare to budgeted amounts more frequently including closer to the fiscal year end and amend the budget if necessary. Due to the fact that special revenue funds incur smaller income and expenditure amounts, closer scrutiny should be provided because of the greater potential to exceed the required 5% variance amount.

Management's Response: This matter is considered an isolated incident. The General Fund budget was approximately 8% over the final amended budget for 2020. However, budgeted revenues were positively over budget by approximately 13%. Additionally, inter-fund transfers from the City's utilities funds were 24% under budgeted amounts. Finally, the General fund experienced a surplus of approximately \$26,000 for 2020. The primary expenditure variances for the General fund were as follows:

- Intergovernmental funding received was in excess of the budget resulting in excess revenues over amounts anticipated. As a result, there are corresponding expenses associated with the revenue excess.
- Certain capital outlay that was moved from the 2020 budget to 2021 was incurred prior to year-end.
- Amounts budgeted for garbage collection costs were below actual expenses.

CITY OF NEW ROADS
New Roads, Louisiana
Schedule of Findings and Responses
For the Year Ended December 31, 2020

- Claims expense in the administration department was over anticipated amounts budgeted.

Finding 20-5

Criteria: The amount of security shall at all times be equal to one hundred percent of the amount of collected funds on deposit to the credit of each depositing authority except that portion of the deposits insured by any governmental agency insuring bank deposits which is organized under the laws of the United States.

Condition: The City's Electric Fund Capital Additions & Contingency bank account with B1 Bank was not collateralized at the end current fiscal year for the funds in excess of FDIC insurance coverage of \$250,000.

Context: The City's Electric Fund Capital Additions & Contingency account with B1 Bank was not collateralized for the excess over \$250,000 of FDIC insurance in the amount of \$401,282.

Effect: It results in the City to be in violation of LSA-RS 39:1225 regarding collateralization of bank deposits and puts public funds at risk of loss should a bank failure occur.

Cause: The City refinanced their Electric Fund bonds in October 2020 which reduced their bond covenants no longer requiring a reserve account under the old bonds, thereby freeing up excess funds. These funds were then transferred into an additions and contingency fund with another bank. The security agreement for the collateralization of public funds with B1 Bank was prepared on December 22, 2020 and forwarded to B1 Bank at a point in time after this date and did not get implemented until after the current fiscal year end.

Recommendation: Management should timely monitor the collateralization of its bank deposits at various times of the year to verify that the security agreements with each bank is being performed according to La. Revised Statutes.

Management's Response: This matter has been resolved. The City's electric fund capital contingency account was over FDIC limits. This is a non-operating account with a small amount of activity. When the balance exceeded FDIC insurance limits, no security was pledged by the City's bank. Upon notification, the City corrected this matter immediately.

CITY OF NEW ROADS
New Roads, Louisiana

Summary Schedule of Prior Audit Findings
For the Year Ended December 31, 2020

Ref. No.	Fiscal Year Finding Initially Occurred	Description of Finding	Corrective Action Taken	Planned Corrective Action/Corrective Action Taken
Section I – Internal Control and Compliance Material to the Financial Statements:				
19-1	2017	Non-integrated accounting program for police department ticket software and City Hall centralized accounting department.	Yes	Software was not cost effective therefore new reconciliation processes were implemented to between City Hall and police department to tighten reporting of fines and citations.
19-2	2019	Internal controls & segregation of duties involving the use of police informant funds.	Yes	New line of approvals and segregation over informant funds implemented with improved documentation.
19-3	2019	Violation of LSA RS 24:523 informing LLA & DA in writing of misappropriation of funds/assets.	Yes	All personnel were informed of this requirement.

Section II – Internal Control and Compliance Material to Federal Awards

There were no prior year findings.

Section III – Management Letter:

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

CITY OF NEW ROADS
New Roads, Louisiana

Corrective Action Plan for Current Year Audit Findings
For the Year Ended December 31, 2020

<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:				
20-1	Internal controls regarding the use of City vehicles outside of the local area providing the business purpose and location of use.	Management will review this matter for implementation based on the recommendations, enhancing current documentation practices to include the use of vehicle logs to depict the use of city vehicles outside of the city limits.	C. Dukes	9/2021
20-2	Internal controls regarding overtime documentation details for Mayor’s security use.	Management will review current documentation practices for overtime and timesheets. Document enhancements will include purpose of overtime and approval by employee supervisors, where applicable.	C. Dukes	9/2021
20-3	Internal Controls regarding timesheet sign off approvals & documentation.	Management will review current documentation practices for overtime and timesheets. Document enhancements will include purpose of overtime and approval by employee supervisors, where applicable.	C. Dukes	9/2021
20-4	Violation of LSA-RS 39:1311(A)(2) regarding budgetary control for General Fund.	Additional analysis will be implemented to monitor the budgets of funds at timely intervals & year end budget amendments.	C. Dukes	9/2021
20-5	Violation of LSA RS 39:1225 regarding bank deposit collateralization.	Management will timely monitor its bank collateralization agreements to verify the proper coverage.	C. Dukes	3/2021

Section II – Internal Control and Compliance Material to Federal Awards

There were no current year findings.

Section III – Management Letter:

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

CITY OF NEW ROADS
New Roads, Louisiana
Fraud/Misappropriation Exhibit
For the Year Ended December 31, 2020

#	ELEMENT OF FINDING	RESPONSE
1	A general statement describing the fraud or misappropriation that occurred.	Theft of gasoline. An electric department employee was caught pumping gas in a non-city vehicle.
2	A description of the funds or assets that were the subject of the fraud or misappropriation (ex., utility receipts, petty cash, computer equipment).	Gasoline at the pump.
3	The amount of funds or approximate value of assets involved.	Approximate amount of gasoline involved was \$43.
4	The department or office in which the fraud or misappropriation occurred.	The misappropriation occurred by an operator in the electric department.
5	The period of time over which the fraud or misappropriation occurred.	The misappropriation occurred on January 27, 2021. No other instances were found.
6	The title/agency affiliation of the person who committed or is believed to have committed the act of fraud or misappropriation.	The employee was an operator with the electric department.
7	The name of the person who committed or is believed to have committed the act of fraud or misappropriation, if formal charges have been brought against the person and/or the matter has been adjudicated.	No formal charges were filed and is not part of the public record.
8	Is the person who committed or is believed to have committed the act of fraud still employed by the agency?	The employee was terminated on the spot. He appealed through the grievance policy. He was allowed to provide his side of the event in meetings with the mayor, supervisors and City attorney. A second chance was granted based on the hearing after thoughtful consideration.
9	If the person who committed or is believed to have committed the act of fraud is still employed by the agency, do they have access to assets that may be subject to fraud or misappropriation?	After rehire, the employee's authority has and will continue to be denied in the purchase of any items for the City. No fuel, parts, supplies, etc. His supervisor has provided strict oversight over his activities to prevent any possible future misappropriation.
10	Has the agency notified the appropriate law enforcement body about the fraud or misappropriation?	Yes, the District Attorney for the 18 th Judicial District Attorney's Office was notified once the misappropriation was discovered and confirmed.
11	What is the status of the investigation at the date of the auditor's/accountant's report?	The investigation was completed by the City via video evidence on the date of occurrence.
12	If the investigation is complete and the person believed to have committed the act of fraud or misappropriation has been identified, has the agency filed charges against that person?	No charges were filed after the act was committed and additional research done to verify no other instances had occurred. Controls over gasoline purchases, although already in place, were further tightened.
13	What is the status of any related adjudication at the date of the auditor's/accountant's report?	The instance has been resolved.
14	Has restitution been made or has an insurance claim been filed?	Restitution was made immediately after admission of guilt.
15	Has the agency notified the Louisiana Legislative Auditor and the District Attorney in writing, as required by Louisiana Revised Statute 24:523	The City did notify the District Attorney of the 18 th Judicial District and Legislative Auditor in writing on February 1, 2021.

CITY OF NEW ROADS
New Roads, Louisiana
Fraud/Misappropriation Exhibit
For the Year Ended December 31, 2020

	(Applicable to local governments only)	
16	Did the agency's internal controls allow the detection of the fraud or misappropriation in a timely manner?	Yes, the agency's internal controls did allow for the detection of the fraud or misappropriation in a timely manner based on the City's locations of fuel stations and assistance from a helpful business owner.
17	If the answer to the last question is "no," describe the control deficiency/significant deficiency/material weakness that allowed the fraud or misappropriation to occur and not be detected in a timely manner.	
18	Management's plan to ensure that the fraud or misappropriation does not occur in the future	By limiting that employee's purchasing rights, additional controls over the allowable purchasers, and working with the city's fuel vendor's through paper trails and video camera controls at business locations, will help strengthen oversight of fuel purchases. Both locations are instrumental in working with the City and have agreed to remain vigilant.

CITY OF NEW ROADS
New Roads, Louisiana
Schedule of Insurance
For the Year Ended December 31, 2020

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

CITY OF NEW ROADS
New Roads, Louisiana
Schedule of Electric, Water, & Gas Customers
For the Year Ended December 31, 2020

Number of metered electric customers	2,554
Number of non-metered electric customers	<u>-0-</u>
Total electric customers	<u>2,554</u>
Number of metered water customers	3,671
Number of non-metered water customers	<u>-0-</u>
Total water customers	<u>3,671</u>
Number of metered gas customers	2,455
Number of non-metered gas customers	<u>-0-</u>
Total gas customers	<u>2,455</u>

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

In planning and performing our audit of the financial statements of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of the City of New Roads as of and for the year ended December 31, 2020, in accordance with auditing standards generally accepted in the United States of America, we considered the City's internal control over financial reporting (internal control) as a basis for designing audit procedures that are appropriate in the circumstances for the purpose of expressing our opinions on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of the City's internal control. Accordingly, we do not express an opinion on the effectiveness of the City's internal control.

Our consideration of internal control was for the limited purpose described in the first paragraph and was not designed to identify all deficiencies in internal control that might be material weaknesses or significant deficiencies and therefore material weaknesses or significant deficiencies may exist that were not identified. In addition, because of inherent limitations in internal control, including the possibility of management override of controls, misstatements due to error or fraud may occur and not be detected by such controls. However as discussed below, we identified certain deficiencies in internal control that we consider to be material weaknesses and other deficiencies that we consider to be significant deficiencies.

A deficiency in internal control exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct misstatements on a timely basis. A material weakness is a deficiency, or combination of deficiencies, in internal control, such that there is a reasonable possibility that a material misstatement of the entity's financial statements will not be prevented, or detected and corrected on a timely basis. We believe that the deficiencies referred to as items 20-2 and 20-3 in the following paragraph constitute a material weakness.

Item 20-1: Internal control improvements to provide mileage logs on use of City vehicles outside the local area.

Item 20-2: Internal control improvements to provide additional informational on timesheets and overtime reports for Mayor security details.

Item 20-3: Internal control improvements on employee timesheets requiring signatures and supervisory approval prior to submission to payroll department.

A significant deficiency is a deficiency, or a combination of deficiencies, in internal control that is less severe than a material weakness, yet important enough to merit attention by those charged with governance. We consider item 20-1 in the preceding paragraph to be a significant deficiency in internal control.

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

- 1) Overall, general fund revenues increased 11.8% in comparison to the prior year while expenditures increased roughly 8.2%. This allowed for a decrease in transfers from the proprietary funds over prior year amounts of \$392,334. Continued evaluation of general government expenditures should be examined for potential cost reductions and implemented. Balanced budgets that are adopted should be enforced with no excess spending once a department has expended their allocation of funds.

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

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



Major, Morrison & David
New Roads, Louisiana
June 28, 2021



OFFICE OF THE MAYOR
Cornell Dukes

August 27, 2021

Louisiana Legislative Auditor
Baton Rouge, Louisiana

In response to recommendations in the City's 2020 audit report, the City has the following for your consideration:

Finding 20-1 – Vehicle mileage logs

The City will review this matter for implementation of your recommendation. At this time, all City vehicles are used for business purposes only. However, the City will consider enhancing current documentation practices to include the use of vehicle logs to depict the use of city owned vehicles while traveling outside of the city limits.

Findings 20-2 and 20-3 – Timesheet/Overtime reports

The City will review current documentation practices for overtime and timesheets. Documentation enhancements will include purpose of overtime and approval by employee supervisors, where applicable.

Finding 20-4 – Budget

This matter is considered an isolated incident. The General Fund budget was approximately 8% over the final amended budget for 2020. However, budgeted revenues were positively over budget by approximately 13%. Additionally, interfund transfers from the City's utilities funds were 24% under budgeted amounts. Finally, the General fund experienced a surplus of approximately \$26,000 for 2020. The primary expenditure variances for the General fund were as follows:

- Intergovernmental funding received was in excess of the budget resulting in excess revenues over amounts anticipated. As a result, there are corresponding expenses associated with the revenue excess.
- Certain capital outlay that was moved from the 2020 budget to 2021 was incurred prior to year end.
- Amounts budgeted for garbage collection costs were below actual expenses.
- Claims expense in the administration department was over anticipated amounts budgeted.

Finding 20-5 – cash collateralization (resolved)

This matter has been resolved. The City's electric fund capital contingency account was over FDIC limits. This is a non-operating account with a small amount of activity. When the balance exceeded FDIC insurance limits, no security was pledged by the City's bank. Upon notification, the City corrected this matter immediately.

Sincerely,


Cornell Dukes,
Mayor

211 W. Main Street • P.O. Box 280 • New Roads, LA 70760
Phone: (225) 638-5360 • Fax: (225) 638-5368
www.newroads.net

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