CITY OF NEW ROADS
NEW ROADS, LOUISIANA

ANNUAL FINANCIAL REPORT
AS OF AND FOR THE YEAR ENDED
DECEMBER 31, 2014

MAJOR, MORRISON & DAVID
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New Roads, LA 70760

CITY OF NEW ROADS
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ANNUAL FINANCIAL REPORT
AS OF AND FOR THE YEAR ENDED DECEMBER 31, 2014

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Major, Morrison & David
Certified Public Accountants
QUALITY • INTEGRITY • DEPENDABILITY

John L. Morrison III, CPA, CGMA, PC
Mark A. David, CPA, PC
John S. Disotell III, CPA, PC

Van P. Major, CPA (1951-2005)

INDEPENDENT AUDITORS' REPORT

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

Report on the Financial Statements

We have audited the accompanying financial statements of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of the City of New Roads, Louisiana as of and for the year ended December 31, 2014, 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, 2014, 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.

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Emphasis of Matter

As discussed in Note 27 to the financial statements, the Louisiana Office of Inspector General is investigating the City of New Roads, Louisiana's expenditures involving credit card transactions for the periods of 2011-2014 and their report is pending. Our opinion is not modified with respect to that matter.

Other Matters

Required Supplementary Information

Accounting principles generally accepted in the United States of America require that the management's discussion and analysis and budgetary comparison information on pages 4 through 11 and 52, be presented to supplement the basic financial statements. Such information, including health care information on page 53, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board, who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. We have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

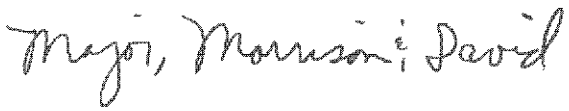
Other Information

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

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

Other Reporting Required by *Government Auditing Standards*

In accordance with *Government Auditing Standards*, we have also issued our report dated June 24, 2015 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 24, 2015

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MANAGEMENT'S DISCUSSION AND ANALYSIS

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, 2014. This management discussion and analysis ("MD&A") is designed to provide an easy to read analysis of the City's financial activities based upon facts, decisions, or conditions currently known. This MD&A is intended to provide the readers of these financials with a broad overview of City finances. It is also intended to provide readers with an analysis of the City's short-term and long-term activities based upon information presented in the financial report and fiscal policies that have been adopted by the City. Specifically, this section is designed to assist the reader in focusing on significant financial issues, provide an overview of the City's financial activity, identify changes in the City's financial position (its ability to address next year and subsequent year challenges), identify any material deviations from the financial plan (the approved budget), and identify individual fund issues or concerns.

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

Financial Highlights

- The City's assets exceeded its liabilities at the close of the most recent fiscal year by $13,160,275, a decrease of $500,676 from last year. Of this amount, $799,597 is unrestricted net position and may be used to meet the government's ongoing obligations to citizens and creditors.

- As of the close of the current fiscal year, the City's governmental funds reported combined ending fund balances of $168,937, an increase of $49,034 in comparison with the prior year. The unrestricted fund balance in the general fund, $61,361, is available for spending at the government's discretion (unassigned fund balance). All other fund balances are non-spendable (prepaid expenses) or restricted for grants, liability claims, and other uses.

- At the end of the current fiscal year, unassigned fund balance for the general fund was .01 percent of the total general fund expenditures and transfers out.

- The City's total debt decreased by $147,815. (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.

B. The statement of activities presents information showing how the government's net position changed during the most recent fiscal year. All changes in net position are reported as soon as the underlying event giving rise to the change occurs, regardless of the timing of related cash flows. Thus, revenues and expenses are reported in this statement for some items that will only result in cash flows in future fiscal periods (e.g., uncollected taxes).

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

A. Governmental activities that are principally supported by taxes and intergovernmental revenues, and

B. Business-type activities from other functions that are intended to recover all or a significant portion of their costs through user fees and charges.

Government-Wide Financial Analysis

As noted earlier, net position may serve over time as a useful indicator of a government's financial position. In the case of the City of New Roads, assets exceeded its liabilities at the close of the most recent fiscal year by $13,160,275, a decrease of $500,676 from last year. The following is a summary of the City's net position:

CITY OF NEW ROADS
Net Position

	Governmental Activities		Business- type Activities		Total	
	2013	2014	2013	2014	2013	2014
Current & Other Assets	2,054,789	1,240,597	2,738,237	2,478,281	4,793,026	3,718,878
Capital Assets	5,251,802	6,013,976	11,989,089	11,563,650	17,240,891	17,577,626
Total Assets	7,306,591	7,254,573	14,727,326	14,041,931	22,033,917	21,296,504
Deferred Outflows	-	-	168,063	144,771	168,063	144,771
Long-term Liabilities	510,263	659,509	6,384,183	6,158,858	6,894,446	6,818,367
Other Liabilities	1,934,886	1,088,494	(288,303)	374,139	1,646,583	1,462,633
Total liabilities	2,445,149	1,748,003	6,095,880	6,532,997	8,541,029	8,281,000
Net Position:						
Invested in capital assets.						
Net of related debt	5,251,802	5,942,086	5,377,781	5,172,047	10,629,583	11,114,133
Restricted	145,296	107,576	966,647	1,138,969	1,111,943	1,246,545
Unrestricted	(535,656)	(543,092)	2,455,081	1,342,689	1,919,425	799,597
Total Net Position	4,861,442	5,506,570	8,799,509	7,653,705	13,660,951	13,160,275

By far the largest portion of the City's net position (84%) 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.

An additional portion of the City's net position (9%) represents resources that are subject to external and internal restrictions on how they are used. The remaining balance of $799,597 in unrestricted net position may be used to meet the government's ongoing obligations to citizens and creditors. At the end of the current fiscal year, the City is able to report positive balances in all three categories of net position for the government as a whole, as well as for its business-type activities. The same situation held true for the prior fiscal year. The governmental activities reported a deficit within its unrestricted net position balance for the fourth year in a row and is working towards eliminating this in the coming years now that all capital projects are essentially complete.

The City's net position decreased by $500,676 during the current fiscal year.

CITY OF NEW ROADS
Changes in Net Position

	Governmental Activities		Business- type Activities		Total	
	2013	2014	2013	2014	2013	2014
Revenues:						
Program revenues:						
Charges for services	1,128,670	1,102,035	6,165,053	6,769,739	7,293,723	7,871,774
Operating grants & Contributions	563,125	466,403	0	0	563,125	466,403
Capital grants & Contributions	472,291	307,769	0	0	472,291	307,769
General revenues:						
Sales taxes	1,339,406	1,463,957	0	0	1,339,406	1,463,957
Other taxes	281,683	296,775	0	0	281,683	296,775
Other general revenue	537,380	963,454	173,660	230,831	711,040	1,194,285
Total revenues	4,322,555	4,600,393	6,338,713	7,000,570	10,661,268	11,600,963
Expenses:						
General government	2,199,395	2,331,959	0	0	2,199,395	2,331,959
Public safety	1,230,134	1,305,037	0	0	1,230,134	1,305,037
Transportation	39,785	42,633	0	0	39,785	42,633
Streets & sanitation	887,610	893,260	0	0	887,610	893,260
Public works	266,516	278,542	0	0	266,516	278,542
Culture & recreation	298,096	600,521	0	0	298,096	600,521
Economic development	345,339	80,620	0	0	345,339	80,620
Educational	0	52,962	0	0	0	52,962
Welfare	342,935	306,968	0	0	342,935	306,968
Debt service	0	0	0	0	0	0
Elect, Gas, Water, Sewer	0	0	5,433,233	6,209,137	5,433,233	6,209,137
Total expenses	5,609,810	5,892,502	5,433,233	6,209,137	11,043,043	12,101,639
Increase (decrease) in net Position before transfers	(1,287,255)	(1,292,109)	905,480	791,433	(381,775)	(500,676)
Transfers	1,789,940	1,937,237	(1,789,940)	(1,937,237)	0	0
Increase (decrease) in Net position	502,685	645,128	(884,460)	(1,145,804)	(381,775)	(500,676)
Net position 1/01	4,358,757	4,861,442	9,683,969	8,799,509	14,042,726	13,660,951
Net position 12/31	4,861,442	5,506,570	8,799,509	7,653,705	13,660,951	13,160,275

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:

	2013 Amount	2013 %	2014 Amount	2014 %
General Government	$2,199,395	39%	$2,331,959	40%
Public Safety	1,230,134	22%	1,305,037	22%
Transportation	39,785	1%	42,633	1%
Public Works	266,516	5%	278,542	5%
Street & Sanitation	887,610	16%	893,260	15%
Recreation-Culture & Tourism	298,096	5%	600,521	10%
Economic Development/Educational	345,339	6%	133,582	2%
Welfare Programs	342,935	6%	306,968	5%
Total Governmental Activities	$5,609,810	100%	$5,892,502	100%

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

General Revenues:

	2013 Amount	2013 %	2014 Amount	2014 %
Taxes:				
Sales Taxes	$1,339,406	34%	$1,463,957	31%
Franchise Taxes	15,805	1%	13,086	1%
Property Taxes	265,878	7%	283,689	6%
Licenses & Permits	256,985	6%	240,007	5%
Intergovernmental Revenues	167,537	4%	169,946	4%
Investment Earnings	364	0%	157	0%
Miscellaneous	112,494	3%	553,344	12%
Transfers – Internal Activities	1,789,940	45%	1,937,237	41%
Total General Revenues & Transfers	$3,948,409	100%	$4,661,423	100%

Transfers from the city's business-type activities are the largest revenue source for the City comprising 41% of total governmental revenue. These transfers increased from fiscal year December 31, 2013 to December 31, 2014 by $147,297 due in large part because of grants received to pay for city infrastructure to go along with funds obtained from refinancing the electric fund bonds.

Sales taxes are the second largest revenue source for the City comprising 32% of total governmental revenue. Sales tax revenues increased from fiscal year ending December 31, 2013 to December 31, 2014 by $124,551.

Expenditures for the governmental activities increased by $282,692 or 5% due to increased personnel costs (retirement and health insurance), operating and maintenance, and capital outlays within recreation.

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:

	Operating Revenues			
	Fiscal year ended December 31, 2013	Fiscal year ended December 31, 2014	Increase/ (Decrease) Between Years	%
Electric	$4,046,787	$4,489,516	$ 442,729	11.0
Gas	$1,050,233	$1,233,460	$ 183,227	17.4
Water	$ 704,774	$ 696,217	$ (8,557)	(1.0)
Sewer	$ 363,259	$ 350,546	$ (12,713)	(3.5)
	$6,165,053	$6,769,739		

Increase/(Decrease) Between Years..... $ 604,686

	Operating Expenses			
	Fiscal year ended December 31, 2013	Fiscal year ended December 31, 2014	Increase/ (Decrease) Between Years	%
Electric	$3,462,875	$3,937,076	$ 474,201	13.7
Gas	$ 648,765	$ 868,840	$ 220,075	33.9
Water	$ 653,060	$ 663,339	$ 10,279	1.6
Sewer	$ 347,885	$ 404,901	$ 57,016	16.3
	$5,112,585	$5,874,156		

Increase/(Decrease) Between Years..... $ 761,571

2. FUND FINANCIAL STATEMENTS

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

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

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

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

Financial Analysis of the Governmental Funds

As of the end of the current fiscal year, the City's governmental funds reported combined ending fund balances of $168,937, an increase of $49,034 from the prior year ending December 31, 2013. In the General Fund, the unassigned fund balance is $61,361.

The City has restricted $4,034 of its general fund balance for possible future coverage in liability claims. The general fund balance also consists of a non-spendable balance of $40,264 in the form of prepaid expenses .

The City's major fund- the General Fund had an increase from the prior year of $71,149, from $34,510 in the year ending December 31, 2013 to $105,659 in the year ending December 31, 2014. The restricted fund balances in the other governmental funds in the amount of $63,278 indicates that these funds are not available for new spending because they have already been committed for grant programs and the civic center operations. Individual fund data for each of the nonmajor governmental funds is provided in the form of combining statements in the Supplemental Information portion of this report, beginning on page 56.

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

3. NOTES TO THE FINANCIAL STATEMENTS

The notes to the financial statements provide additional information that is essential for a full understanding of the data provided in the government-wide and fund financial statements. The notes to the financial statement can be found on pages 24-50 of this report.

4. OTHER SUPPLEMENTARY INFORMATION

In addition to the basic financial statements and accompanying notes, this report also presents certain required supplementary information. Required supplementary information can be found beginning on page 52 of this report.

a. Budgetary Comparison Schedule - The City adopts an annual appropriated budget for its general fund. A budgetary comparison statement has been provided for this fund to demonstrate compliance with its budget on pages 52.

b. Analysis of Significant Budget Variances in the General Fund:

1. Revenues:
   a. Increases in miscellaneous revenues from local grants of $90,160.
   b. Decrease in intergovernmental revenue of $33,085 due to decreased grants.
   c. Increase in sales and ad valorem taxes of $42,620 from new businesses.
   d. Remaining revenues were close to estimated budget figures.

2. Expenditures:
   a. Over budgeted for streets & sanitation due to maintenance increases of $33,700.
   b. Under budgeted for capital outlay due to project completion with lower estimated costs in the current year of $25,711.

c. General government increases over budget in the amount of $39,992 due to higher insurance costs and claims, personnel benefits, and legal expenses.
d. Remaining expenses were slightly over budget due to unexpected costs incurred.

Supplemental Information

A. Combining statements of the Non-Major Governmental Funds (Special Revenue: HUD Section 8 & William H. Scott Civic Center Commission) as well as budgetary comparison schedules have been provided on pages 56 - 59.
B. Schedule of Compensation, Benefits, and Other Payments to Agency Head is shown on page 60.
B. Other Supplementary schedules follow, starting on page 61.

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, 2014 amounts to $17,577,626 (net of accumulated depreciation). This investment in capital assets includes land, buildings and systems, improvements, machinery and equipment, furniture and fixtures, park facilities, roads, and highways. The total increase in the City's investment in capital assets for the current fiscal year was $1,414,424 or 8.2%, less depreciation expense in the amount of $1,077,689.

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

1. City-wide infrastructure improvements for Community Park, Douglas Park, 10th Street extension & City Hall of $700,064.
2. Splash Pad, skate park, & play structure built at Community & Douglas park for $290,379.
3. Upgrade to floating dock at Morrison Parkway for $45,762.
4. Machinery, tools, & office computers & scanners for various departments for $53,746.
5. Transformers & upgrades to electrical system of $160,948.
6. Completion of Point Breeze pump station for $123,243.

Additional information on the City's capital assets can be found in Note 6 on pages 34 and 35 of this report.

B. Long-Term Debt

At the end of the current fiscal year, the City had total bonded debt outstanding of $6,391,603. Of this amount, $5,610,000 is payable from the income and revenues earned from the electric system, and $781,603 is payable from the income and revenues earned from the water and sewer system. The city also has a capital lease of $71,890 for the purchase of the skate park.

The City's total net debt decreased $147,815 (2.2%) during the current fiscal year due additional borrowing for water/sewer improvements and the capital lease of $185,392 less repayments of $333,207. Additional information on the City's long-term debt can be found in Note 12 on pages 41-44.

Economic Factors and Next Year's Budget

The following factors were considered in preparing the City's budget for the 2015 fiscal year:

Budgeted sales tax amounts were increased slightly, but conservatively, due to anticipation of an improving economy and new businesses in the city. Revenues from grants are estimated to be in the amount of $350,000 with all other general revenues to remain consistent.

Transfers from the utility funds are expected to be lower by at least $625,000 or more if additional revenues come in higher than estimated.

Within expenditures, general government expenditures are estimated to decrease by $330,000 with other general fund departments to remain consistent with prior year results. Expenditures within all departments will be examined for cost saving measures in order to obtain efficiencies where possible. Capital outlay is budgeted to be decreased by $830,000 from the current year expenses of $1,035,000 due to no further capital improvement projects planned. The remaining amount budgeted is to be spent on technology improvements. 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. Additional cuts in expenditures where possible are expected to be made for a more efficient operation.

Contacting the City's Financial Management

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

BASIC FINANCIAL STATEMENTS

CITY OF NEW ROADS, LOUISIANA
STATEMENT OF NET POSITION
December 31, 2014

	Governmental Activities	Business-Type Activities	Total
ASSETS			
Cash and cash equivalents	$ 242,889	$ 234,988	$ 477,877
Investments	315,304	-	315,304
Account receivables, net	220,902	838,264	1,059,166
Internal balances	102,856	(102,856)	-
Due from other governmental units	239,934	-	239,934
Prepaid expenses	40,264	8,653	48,917
Restricted cash & cash equivalents	78,448	1,081,163	1,159,611
Restricted investments	-	418,069	418,069
Capital assets, net of depreciation	6,013,976	11,563,650	17,577,626
Total assets	7,254,573	14,041,931	21,296,504
DEFERRED OUTFLOWS OF RESOURCES			
Deferred bond refunding cost	-	144,771	144,771
Total deferred outflows of resources	-	144,771	144,771
LIABILITIES			
Accounts payable and accrued expenses	421,014	287,774	708,788
Internal balances	647,502	(647,502)	-
Due to other governmental units	3,144	12,335	15,479
Current portion of long-term obligations	16,834	350,000	366,834
Utility deposits	-	371,532	371,532
Non-current portion of long-term obligations	55,056	6,041,603	6,096,659
Other post employment benefits payable	604,453	117,255	721,708
Total liabilities	1,748,003	6,532,997	8,281,000
DEFERRED INFLOWS OF RESOURCES			
Total deferred inflows of resources	-	-	-
NET POSITION			
Invested in capital assets, net of related debt	5,942,086	5,172,047	11,114,133
Restricted for:			
Liability Claims	4,034	-	4,034
Prepaid expenses	40,264	-	40,264
Capital additions	-	499,130	499,130
Debt service	-	639,839	639,839
HUD grant	56,816	-	56,816
Civic center operations	6,462	-	6,462
Unrestricted (deficit)	(543,092)	1,342,689	799,597
Total net position	$ 5,506,570	$ 7,653,705	$ 13,160,275

The accompanying notes are an integral part of this statement.

CITY OF NEW ROADS, LOUISIANA
STATEMENT OF ACTIVITIES
For the Year Ended December 31, 2014

FUNCTIONS/PROGRAMS	Expenses	Program Revenues: Charges for Services	Program Revenues: Operating Grants and Contributions	Program Revenues: Capital Grants and Contributions	Net (Expense) Revenue and Changes in Net Position: Governmental Activities	Net (Expense) Revenue and Changes in Net Position: Business-Type Activities	Net (Expense) Revenue and Changes in Net Position: Total
Governmental activities:							
General government	$ 2,331,959	$ 351,954	$ 21,982	$ -	$ (1,958,023)	-	$ (1,958,023)
Public safety	1,305,037	47,033	91,563	-	(1,166,441)	-	(1,166,441)
Transportation	42,633	-	-	-	(42,633)	-	(42,633)
Streets & sanitation	893,260	398,052	-	-	(495,208)	-	(495,208)
Public works	278,542	6,579	-	-	(271,963)	-	(271,963)
Culture and recreation	600,521	269,545	42,006	307,769	18,799	-	18,799
Economic development	80,620	28,872	-	-	(51,748)	-	(51,748)
Educational	52,962	-	-	-	(52,962)	-	(52,962)
Welfare	306,968	-	310,852	-	3,884	-	3,884
Total governmental activities	5,892,502	1,102,035	466,403	307,769	(4,016,295)	-	(4,016,295)
Business-type activities:							
Electric	4,234,160	4,489,516	-	-	-	255,356	255,356
Natural gas	876,089	1,233,460	-	-	-	357,371	357,371
Water and sewer	1,098,888	1,046,763	-	-	-	(52,125)	(52,125)
Total business-type activities	6,209,137	6,769,739	-	-	-	560,602	560,602
Total primary government	$ 12,101,639	$ 7,871,774	$ 466,403	$ 307,769	(4,016,295)	560,602	(3,455,693)
General revenues:							
Taxes:							
Sales taxes					1,463,957	-	1,463,957
Property taxes					283,689	-	283,689
Franchise taxes					13,086	-	13,086
Occupational licenses					240,007	-	240,007
Video poker revenue					169,946	-	169,946
Gain(loss) on sale of fixed assets					-	-	-
Investment earnings					157	333	490
Miscellaneous					553,344	230,498	783,842
Transfers - internal activities					1,937,237	(1,937,237)	-
Total general revenues and transfers					4,661,423	(1,706,406)	2,955,017
Change in net position					645,128	(1,145,804)	(500,676)
Net position - beginning of the year					4,861,442	8,799,509	13,660,951
Net position - end of the year					$ 5,506,570	$ 7,653,705	$ 13,160,275

The accompanying notes are an integral part of this statement.

CITY OF NEW ROADS, LOUISIANA
BALANCE SHEET
GOVERNMENTAL FUNDS
December 31, 2014

	General Fund	Other Governmental Funds	Total Governmental Funds
ASSETS			
Current Assets			
Cash	$ 242,889	$ -	$ 242,889
Investments	315,304	-	315,304
Accounts receivable, net	208,121	12,781	220,902
Due from other funds	122,715	-	122,715
Due from other governmental units	239,934	-	239,934
Prepaid expenses	40,264	-	40,264
Restricted Assets			
Cash	4,034	74,414	78,448
TOTAL ASSETS	$ 1,173,261	$ 87,195	$ 1,260,456
LIABILITIES & FUND BALANCE			
LIABILITIES:			
Accounts payable	$ 262,709	$ 4,058	$ 266,767
Accrued liabilities	28,681	-	28,681
Compensated absences	125,566	-	125,566
Due to other funds	647,502	19,859	667,361
Due to other governmental units	3,144	-	3,144
TOTAL LIABILITIES	1,067,602	23,917	1,091,519
FUND BALANCE			
Nonspendable:			
Prepaid expenses	40,264	-	40,264
Restricted for:			
Liability claims	4,034	-	4,034
Center operations	-	6,462	6,462
Federal grants	-	56,816	56,816
Unassigned	61,361	-	61,361
TOTAL FUND BALANCE	105,659	63,278	168,937
TOTAL LIABILITIES & FUND BALANCE	$ 1,173,261	$ 87,195	$ 1,260,456

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, 2014

Total fund balance - governmental funds	$	168,937
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.		6,013,976
Long-term liabilities are not due and payable in the current period and therefore are not reported in the Balance Sheet - governmental funds.		
Capital lease payable		(71,890)
Other post employment benefits		(604,453)
Total net position of governmental activities	$	5,506,570

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, 2014

	General Fund	Other Governmental Funds	Total Governmental Funds
REVENUES			
Taxes	$ 1,784,960	$ -	$ 1,784,960
Licenses and permits	249,007	-	249,007
Intergovernmental revenue	434,512	349,962	784,474
Charges for services	1,036,482	36,068	1,072,550
Fines and forfeitures	30,077	-	30,077
Miscellaneous	665,416	13,910	679,326
Total revenues	4,200,454	399,940	4,600,394
EXPENDITURES			
General government	1,890,168	-	1,890,168
Public safety	1,305,037	-	1,305,037
Streets and sanitation	893,260	-	893,260
Transportation	42,633	-	42,633
Culture and recreation	484,329	115,087	599,416
Economic development and assistance	80,620	-	80,620
Educational	52,962	-	52,962
Capital outlay	1,035,784	-	1,035,784
Debt service	3,207	-	3,207
Welfare	-	306,968	306,968
Public works	278,542	-	278,542
Total expenditures	6,066,542	422,055	6,488,597
EXCESS (DEFICIENCY) OF REVENUES OVER EXPENDITURES	(1,866,088)	(22,115)	(1,888,203)
OTHER FINANCING SOURCES (USES)			
Transfers in	1,937,237	-	1,937,237
Sale of fixed assets	-	-	-
Transfers out	-	-	-
Total other financing sources (uses)	1,937,237	-	1,937,237
EXCESS (DEFICIENCY) OF REVENUES AND OTHER SOURCES OVER EXPENDITURES AND OTHER USES	71,149	(22,115)	49,034
FUND BALANCES AT BEGINNING OF YEAR	34,510	85,393	119,903
FUND BALANCES AT END OF YEAR	$ 105,659	$ 63,278	$ 168,937

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, 2014

Net change in fund balances - total governmental funds	$	49,034
Amounts reported for governmental activities in the statement of activities are different because:		
Governmental funds report capital outlays as expenditures. However , in the statement of activities the cost of those assets is allocated over their estimated useful lives and reported as depreciation expense. This is the amount which capital outlays exceeded depreciation in the current period.		
Capital outlays		1,035,784
Depreciation expense		(348,707)
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		-
Proceeds from the sale of capital assets		-
Post employment benefits reported in governmental activities are not current financial resources, and therefore, are not reported in the Balance Sheet - governmental funds.		(94,190)
Repayment of capital leases are an expenditure in the governmental funds, but the repayment reduces long-term liabilities in the statement of net position. This is the amount of repayment of capital lease obligations.		3,207
Change in net position of governmental activities	$	645,128

The accompanying notes are an integral part of this statement.

CITY OF NEW ROADS, LOUISIANA
STATEMENT OF NET POSITION
PROPRIETARY FUNDS
December 31, 2014

	Business-Type Activities - Enterprise Funds			
	Electric	Natural Gas	Water/Sewer	Total
ASSETS				
Current Assets:				
Cash and cash equivalents	$ 204,733	$ 25,333	$ 4,922	$ 234,988
Investments	-	-	-	-
Account receivables, net	647,303	121,895	69,066	838,264
Due from other funds	722,112	430,695	-	1,152,807
Prepaid expenses	4,018	450	4,185	8,653
Total current assets	1,578,166	578,373	78,173	2,234,712
Non-current Assets:				
Restricted Assets:				
Cash & cash equivalents	890,726	-	190,437	1,081,163
Investments	-	342,474	75,595	418,069
Capital assets, net of depreciation	3,791,935	539,988	7,231,727	11,563,650
Total noncurrent assets	4,682,661	882,462	7,497,759	13,062,882
Total assets	6,260,827	1,460,835	7,575,932	15,297,594
DEFERRED OUTFLOWS OF RESOURCES				
Deferred bond refunding costs	144,771	-	-	144,771
Total deferred outflows of resources	144,771	-	-	144,771
LIABILITIES				
Current Liabilities:				
Accounts payable and accrued expenses	195,314	82,147	10,313	287,774
Due to other funds	234,781	21,473	351,907	608,161
Due to other governmental units	8,935	-	3,400	12,335
Current portion of long-term obligations	310,000	-	40,000	350,000
Utility deposits	371,532	-	-	371,532
Total current liabilities	1,120,562	103,620	405,620	1,629,802
Noncurrent Liabilities:				
Other post employment benefits payable	50,045	13,035	54,175	117,255
Non-current portion of long-term obligations	5,300,000	-	741,603	6,041,603
Total noncurrent liabilities	5,350,045	13,035	795,778	6,158,858
Total liabilities	6,470,607	116,655	1,201,398	7,788,660
DEFERRED INFLOWS OF RESOURCES				
Total deferred inflows of resources	-	-	-	-
NET POSITION				
Invested in capital assets, net of related debt	(1,818,065)	539,988	6,450,124	5,172,047
Restricted for:				
Capital additions	81,061	342,474	75,595	499,130
Debt service	489,407	-	150,432	639,839
Unrestricted (deficit)	1,182,588	461,718	(301,617)	1,342,689
Total net position	$ (65,009)	$ 1,344,180	$ 6,374,534	$ 7,653,705

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, 2014

	Electric Utility System	Natural Gas Utility System	Water & Sewer Utiltity Systems	Total Memo Only
OPERATING REVENUES				
Charges for services	$ 4,489,516	$ 1,233,460	$ 1,046,763	$ 6,769,739
Miscellaneous	-	-	-	-
Total operating revenues	4,489,516	1,233,460	1,046,763	6,769,739
OPERATING EXPENSES				
Personal services	247,899	-	105,388	353,287
Contracted services	34,421	45,594	41,774	121,789
Operating costs	3,171,735	745,029	94,716	4,011,480
Maintenance and supplies	208,192	42,186	263,301	513,679
Insurance	11,895	2,084	17,793	31,772
Utilities	861	2,188	110,118	113,167
Depreciation	262,073	31,759	435,150	728,982
Total operating expenses	3,937,076	868,840	1,068,240	5,874,156
Operating income (loss)	552,440	364,620	(21,477)	895,583
NONOPERATING REVENUES (EXPENSES)				
Miscellaneous	115,892	3,532	104,183	223,607
Bad debts recovered	7,181	-	42	7,223
Interest and fiscal charges	(253,893)	-	(7,295)	(261,188)
Bad debts written off	(43,190)	(7,249)	(23,353)	(73,792)
Total nonoperating revenues (expenses)	(174,010)	(3,717)	73,577	(104,150)
Income before operating transfers	378,430	360,903	52,100	791,433
OPERATING TRANSFERS				
Transfers in	-	-	-	-
Transfers out	(1,050,545)	(280,244)	(606,448)	(1,937,237)
Total operating transfers	(1,050,545)	(280,244)	(606,448)	(1,937,237)
CHANGE IN NET POSITION	(672,115)	80,659	(554,348)	(1,145,804)
NET POSITION AT BEGINNING OF YEAR	607,106	1,263,521	6,928,882	8,799,509
NET POSITION AT END OF YEAR	$ (65,009)	$ 1,344,180	$ 6,374,534	$ 7,653,705

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, 2014

	BUSINESS-TYPE ACTIVITIES - ENTERPRISE FUNDS			
	ELECTRIC FUND	NATURAL GAS FUND	WATER/SEWER FUND	TOTAL
Cash flows from operating activities:				
Receipts from customers	$ 5,390,159	$ 1,249,457	$ 1,156,871	$ 7,796,487
Payments to employees for services	(184,651)	(237)	(64,618)	(249,506)
Payments to suppliers of goods & services	(3,467,413)	(848,120)	(433,701)	(4,749,234)
Payments for quasi-external transactions	(100,000)	(120,000)	(80,000)	(300,000)
Payments for payroll taxes	(2,370)	-	(937)	(3,307)
Payments for employee benefits	(58,428)	-	(35,175)	(93,603)
Interest payments on revenue bonds/lease purchase	(253,893)	-	(7,295)	(261,188)
Net cash provided (used) by operating activities	1,323,404	281,100	535,145	2,139,649
Cash flows from noncapital financing activities:				
Transfers to other funds	(1,050,545)	(280,244)	(606,448)	(1,937,237)
Net cash provided (used) by noncapital financing activities	(1,050,545)	(280,244)	(606,448)	(1,937,237)
Cash flows from capital and related financing activities:				
Proceeds of borrowings for capital purposes	-	-	110,295	110,295
Principal repayments related to capital purposes	(295,000)	-	(35,000)	(330,000)
Payments related to the aquisition of capital asset	(163,168)	-	(140,377)	(303,545)
Issuance cost refunding bonds	23,293	-	-	23,293
Net cash provided (used) by capital and related financing activities	(434,875)	-	(65,082)	(499,957)
Cash flows from investing activities:				
Proceeds from the sale of investments	1,966	-	-	1,966
Purchase of investments	-	(11,084)	(22,638)	(33,722)
Net cash provided (used) by investing activities	1,966	(11,084)	(22,638)	(31,756)
Net increase (decrease) in cash and cash equivalents	(160,050)	(10,228)	(159,023)	(329,301)
Cash and cash equivalents at beginning of year				
Unrestricted cash	360,149	35,561	229,525	625,235
Restricted cash	895,360	-	124,857	1,020,217
TOTAL BEGINNING CASH	1,255,509	35,561	354,382	1,645,452
Cash and cash equivalents at end of year				
Unrestricted cash	204,733	25,333	4,922	234,988
Restricted cash	890,726	-	190,437	1,081,163
TOTAL ENDING CASH	$ 1,095,459	$ 25,333	$ 195,359	$ 1,316,151

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, 2014

	BUSINESS-TYPE ACTIVITIES - ENTERPRISE FUNDS			
	ELECTRIC FUND	NATURAL GAS FUND	WATER/SEWER FUND	TOTAL
Operating income	$ 378,430	$ 360,903	$ 52,100	$ 791,433
Adjustments to reconcile operating income to net cash provided (used) by operating activities:				
Depreciation	262,073	31,759	435,150	728,982
Bad debt expense	43,190	7,249	23,353	73,792
(Increase) decrease in accounts receivable	(59,719)	(14,357)	(45,174)	(119,250)
(Increase) decrease in due from other funds	794,098	19,573	27,704	841,375
(Increase) decrease in prepaid items	165,031	580	2,070	167,681
Increase (decrease) in accounts payable	(210,117)	(3,792)	(1,198)	(215,107)
Increase (decrease) in due to other funds	(51,083)	(120,578)	39,182	(132,479)
Increase (decrease) in accrued payables	1,501	(237)	1,958	3,222
Total adjustments	944,974	(79,803)	483,045	1,348,216
Net cash provided (used) by operating activities	1,323,404	281,100	535,145	2,139,649

The accompanying notes are an integral part of this statement.

NOTES TO FINANCIAL STATEMENTS

INTRODUCTION

The City of New Roads, Louisiana (City) was incorporated by a special act of the Louisiana Legislature in 1875 (Act No. 34). The City operates under an elected Mayor-Council form of government, serving approximately 4,831 residents, consisting of the mayor and 5 council members (see Note 24) each representing a separate district with one at-large member. All are elected to four year terms. The City of New Roads is located approximately 30 miles 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 Statutes 24:517 and to the guides set forth in the *Louisiana Audit Guide* and the industry audit guide, *Audit of States, Local Governments and Non-profit Organizations*, published by the American Institute of Certified Public Accountants.

B. REPORTING ENTITY

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

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

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

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

The following organization is a related organization, which has not been included in the reporting entity:

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

   -False River Air Park Commission

C. FUND ACCOUNTING

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

GOVERNMENTAL FUNDS

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

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

SPECIAL REVENUE FUNDS - account for the proceeds of specific revenue sources that are legally restricted to expenditures for specified purposes. The HUD- Section 8 & William H. Scott Civic Center Commission special revenue funds are considered non-major funds for reporting purposes.

PROPRIETARY FUNDS

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

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

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.

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

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

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

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

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

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

E. CASH AND CASH EQUIVALENTS

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

F. INVESTMENTS

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

G. RECEIVABLES/PAYABLES

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

H. INVENTORIES

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

I. PREPAID ITEMS

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

J. RESTRICTED NET POSITION

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

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

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

K. CAPITAL ASSETS

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

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

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

L. DEFERRED OUTFLOWS/INFLOWS OF RESOURCES

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

M. OTHER POSTEMPLOYMENT BENEFITS

In November 2004, GASB issued Statement No. 45 "Accounting and Financial Reporting by Employers for Postemployment Benefits Other than Pensions." This statement requires the accrual of other postemployment benefits for retired employees. The City has recorded a liability for other post-employment benefits beginning December 31, 2009 (See note 9).

In the government-wide financial statements, the other postemployment benefits liability is recorded as an expense and non-current liability and allocated on a functional basis. In the fund financial statements, other post employment benefit expenditures are recognized in the amount contributed to the plan or expected to be liquidated with expendable available financial resources. Expendable available financial resources generally refer to other postemployment benefit payments due and payable as of the end of the year.

N. COMPENSATED ABSENCES

Employees earn vacation in varying amounts according to years of service and vacation days are non-cumulative. Only with the Mayor's approval can vacation time be carried over to the next year. At December 31, 2014, no vacation time was approved by the Mayor to be carried over. Vacation time off is paid at the employee's base pay rate.

Vacation Earning Schedule
(Based on 8 hour days)

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

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

O. LONG-TERM OBLIGATIONS

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

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

P. FUND EQUITY

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

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

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

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

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

Unassigned – the residual fund balance in the general fund.

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

Q. INTERFUND TRANSACTIONS

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

R. SALES TAXES

The City receives a one per cent (1%) sales and use tax. The sales tax ordinance requires that the avails of the City's sales tax be used for the purpose of constructing, acquiring, extending, improving and/or maintaining street and sidewalks (including widening, surfacing, repairing and street lighting), waterworks (including water supply, treatment, storage, and distribution), drainage facilities, sewerage facilities, public buildings, and/or fire department stations and any work or permanent public improvement, including equipment and furnishings therefore, title to which shall be in public; or for any one of more such purposes, or for any other lawful corporate purposes.

S. USE OF ESTIMATES

The preparation of financial statements in conformity with generally accepted accounting principles requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenues and expenses during the reported period. Actual results may differ from those estimates.

NOTE 2 - STEWARDSHIP, COMPLIANCE, AND ACCOUNTABILITY

A. BUDGETARY INFORMATION

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

1. The proposed budget for fiscal year December 31, 2014 was made available for public inspection in accordance with RS 39:1306 beginning on November 28, 2013. The proposed budget was published in the official journal in accordance with RS 39:1306 on November 28, 2013. The public hearing was held in accordance with RS 39:1306 on December 17, 2013. 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, 2014 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, 2014, the City's Electric Fund had deficit fund balance of $65,009.

D. EXCESS OF EXPENDITURES OVER APPROPRIATIONS

The following fund had actual expenditures over budgeted appropriations for the year ended December 31, 2014.

Fund	Original Budget	Final Budget	Actual	Unfavorable Variance
General Fund	$ 5,644,220	$ 6,029,342	$ 6,066,542	$ 37,200
WHS Civic Ctr.	$ 102,600	$ 104,984	$ 115,087	$ 10,103

E. COMPLIANCE WITH BOND AND CERTIFICATE OF INDEBTEDNESS COVENANTS

1. Compliance with Electric and Water/Sewer Revenue Bonds

As of December 31, 2014, the City was in compliance with all revenue bond covenants. See Note 12 for a further discussion of these covenants.

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
Peoples Bank	Financial	$ 1,314,980	2.74%	$ 7,811
P.C. Health Care	Nursing Facility	1,311,450	2.73%	7,790
Walmart Stores	Retail	1,263,100	2.63%	7,503
Walmart Real Estate	Real Estate	1,221,600	2.55%	7,256
Regions Bank	Financial	1,202,560	2.51%	7,143
		$ 6,313,690	13.16%	$ 37,503

NOTE 4 - DEPOSITS AND INVESTMENTS

A. Cash and Cash Equivalents

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

Custodial Credit Risk – Deposits

Custodial credit risk is the risk that in the event of a bank failure the City's deposits may not be returned. Deposits are exposed to custodial credit risk if they are either (a) uninsured and uncollateralized, or (b) uninsured and collateralized with securities held by the pledging financial institution or 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, 2014. 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	$ -	$ -	$ 2,151,599	$ 1,636,538

Total bank balances do not include petty cash amounts on hand of $950 at year end.

B. Investments

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

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, 2014. 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	$ -	$ -	$ 733,373	$ 733,373
Total	$ -	$ -	$ 733,373	$ 733,373

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 52 as of December 31, 2014. Investments classified by maturity dates at December 31, 2014 are summarized below:

	Fair Value	0-1 Years Before Maturity	1-5 Years Before Maturity	6+ Years Before Maturity
LAMP	$ 733,373	$ 733,373	$ -	$ -
Total	$ 733,373	$ 733,373	$ -	$ -

NOTE 5 - ACCOUNTS AND INTERGOVERNMENTAL RECEIVABLES

The following is a summary of receivables at December 31, 2014.

Class of Receivable	General Fund	Special Rev. Fund	Enterprise Fund
Intergovernmental			
Ad valorem	$ 239,934	$ -0-	$ -0-
Federal	22,504	-0-	41,790
State	27,980	-0-	-0-
Local	56,025	7,167	-0-
Accounts	101,612	5,614	796,474
Total	$ 448,055	$ 12,781	$ 838,264

The City uses the allowance method whereby uncollectible amounts due from customers' utility receivables are recognized as bad debts through the use of an allowance account or are charged off at the time information becomes available which indicates the particular receivable is not collectible. An allowance for doubtful accounts charge of approximately $68,121 was recorded at December 31, 2014.

NOTE 6 - CAPITAL ASSETS

Capital assets and depreciation activity as of and for the year ended December 31, 2014 are as follows:

Governmental activities:	Balance January 1, 2014	Additions	Deletions	Balance December 31, 2014
Capital assets not depreciated:				
Land	$ 705,832	$ -0-	$ -0-	$ 705,832
Capital assets being depreciated:				
Land Improvements	1,141,986	234,698	-0-	1,376,684
Construction in Progress	27,315	509,711	13,965	523,061
Infrastructure	13,981,374	205,198	-0-	14,186,572
Buildings	2,258,589	54,210	-0-	2,312,799
Equipment	907,503	106,088	-0-	1,013,591
Furniture & Fixtures	395,490	14,941	-0-	410,431
Transportation Equipment	500,426	-0-	-0-	500,426
Totals being depreciated	19,918,515	1,124,846	13,965	21,029,396
Less accumulated depreciation:				
Land Improvements	766,616	58,459	-0-	825,075
Infrastructure	11,331,310	97,923	-0-	11,429,233
Buildings	1,267,576	57,053	-0-	1,324,629
Equipment	603,671	66,547	-0-	670,218
Furniture & Fixtures	372,675	8,604	-0-	381,279
Transportation Equipment	324,865	60,121	-0-	384,986
Totals	$ 14,666,713	$ 348,707	$ -0-	$ 15,015,420
Capital assets net of accumulated depreciation	$ 5,251,802	$ 776,139	$ 13,965	$ 6,013,976

Depreciation expense of $348,707 for the year ended December 31, 2014, 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, 2014 was $728,982.

Proprietary Activities:	Balance January 1, 2014	Additions	Deletions	Balance December 31, 2014
Land	$ 65,895	$ -0-	$ -0-	$ 65,895
Buildings	73,293	-0-	-0-	73,293
Improvements other than Building	26,116,856	297,390	-0-	26,414,246
Construction in Progress	19,178	8,620	11,318	16,480
Furniture & Fixtures	53,869	-0-	-0-	53,869
Transportation Equipment	395,933	6,631	-0-	402,564
Distribution	243,457	-0-	-0-	243,457
Equipment	204,851	2,220	-0-	207,071
Totals	27,173,332	314,861	11,318	27,476,875
Less accumulated depreciation	15,184,243	728,982	-0-	15,913,225
Net Fixed Assets	$ 11,989,089	$ (414,121)	$ 11,318	$ 11,563,650

Construction commitments for all projects in progress are estimated to cost an additional $214,936.

NOTE 7 - COMPENSATED ABSENCES

At December 31, 2014, employees of the City have accumulated and vested $135,298 of employee leave benefits, which was computed in accordance with GASB Codification C60. Of this amount, $125,566 is recorded as an obligation of the General Fund and $9,732 is an obligation of the proprietary funds.

NOTE 8 - PENSION PLAN

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

A. Municipal Employees' Retirement System of Louisiana

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

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

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

Funding Policy. Under Plan A, members are required by state statute to contribute 9.50% (9.50% as of July 1, 2014) of their annual covered salary and the City is required to contribute at an actuarially determined rate. The current rate is 18.75% (19.75% as of July 1, 2014) of annual covered payroll. Contributions to the System also include one-fourth of one percent (except Orleans and East Baton Rouge Parishes) of the taxes shown to be collectible by the tax rolls of each parish. These tax dollars are divided between Plan A and Plan B based proportionately on the salaries of the active members of each plan. The contribution requirements of plan members and the City are established and may be amended by state statute. As provided by Louisiana Revised Statute 11:103, the employer contributions are determined by actuarial valuation and are subject to change each year based on the results of the valuation for the prior fiscal year. The City's contributions to the System under Plan A for the years ending December 31, 2014, 2013, and 2012, were $194,396, $166,695, and $158,244, respectively, equal to the required contributions for each year.

B. Municipal Police Employees' Retirement System of Louisiana

Plan Description. All full-time police department employees engaged in law enforcement are required to participate in the System. Employees who retire at or after age 50 with at least 20 years of creditable service or at or after age 55 with at least 12 years of creditable service are entitled to a retirement benefit, payable monthly for life, equal to 3 1/3 percent of their final-average salary for each year of creditable service. Final-average salary is the employee's average salary over the 36 consecutive or joined months that produce the highest average. Employees who terminate with at least the amount of creditable service stated above, and do not withdraw their employee contributions, may retire at the ages specified above and receive the benefit accrued to their date of termination. The System also provides death and disability benefits. Benefits are established or amended by state statute. The System issues an annual publicly available financial report that includes financial statements and required supplementary information for the System. That report may be obtained by writing to the Municipal Police Employees Retirement System of Louisiana, 8401 United Plaza Boulevard, Baton Rouge, Louisiana 70809-2250, or by calling (225) 929-7411.

Funding Policy. Plan members are required by state statute to contribute 10.0% (10.0% as of July, 1, 2014) of their annual covered salary and the City is required to contribute at an actuarially determined rate. The current rate is 31.0% (31.5% as of July 1, 2014) 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, 2014, 2013, and 2012, were $186,828, $178,658, and $171,680, respectively, equal to the required contributions for each year.

NOTE 9 - OTHER POSTEMPLOYMENT BENEFITS

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

The employees are covered by a retirement system whose retirement eligibility (D.R.O.P. entry) provisions are as follows: 25 years of service at any age; or, age 60 and 10 years of service. Complete plan provisions are included in the official plan documents.

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

Fund Policy. Until 2009, the City of New Roads recognized the cost of providing post-employment medical benefits (the City of New Roads' portion of the retiree medical benefit premiums) as an expense when the benefit premiums were due and thus financed the cost of the post-employment benefits on a pay-as-you-go basis. In 2014, the City's portion of health care funding cost for retired employees totaled $119,154.

Effective January 1, 2009, the City of New Roads implemented Governmental Accounting Standards Board Codification Section P50, *Accounting and Financial Reporting by Employers for Post employment Benefits Other than Pensions* (GASB Codification Section P50). This amount was applied toward the net OPEB benefit obligation as shown in the following table.

Annual Required Contribution. The City of New Roads' Annual Required Contribution (ARC) is an amount actuarially determined in accordance with GASB Codification Section P50. The ARC is the sum of the Normal Cost plus the contribution to amortize the Unfunded Actuarial Accrued Liability (UAAL). A level dollar, open amortization period of 30 years (the maximum amortization period allowed by GASB Codification Section P50) has been used for the post-employment benefits. The actuarially computed ARC is as follows:

	Medical		
	Governmental Activities	Business Type Activities	Total
Normal Cost	$ 74,248	$ 11,656	$ 85,904
30-year UAL amortization amount	132,027	20,726	152,753
Annual required contribution (ARC)	$ 206,275	$ 32,382	$ 238,657

Net Post-employment Benefit Obligation (Asset). The table below shows the City of New Roads' Net Other Post-employment Benefit (OPEB) Obligation (Asset) for fiscal year ending December 31, 2014:

	Medical		
	Governmental Activities	Business Type Activities	Total
Beginning Net OPEB Obligation (Asset)	$ 510,263	$ 102,874	$ 613,137
Annual required contribution	206,275	32,382	238,657
Interest on Net OPEB Obligation (Asset)	20,411	4,115	24,526
ARC Adjustment	(29,509)	(5,949)	(35,458)
OPEB Cost	197,177	30,548	227,725
Contribution	-0-	-0-	-0-
Current year retiree premium	(102,987)	(16,167)	(119,154)
Change in Net OPEB Obligation	94,190	14,381	108,571
Ending Net OPEB Obligation (Asset)	$ 604,453	$ 117,255	$ 721,708

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

Fiscal Year Ended	Annual OPEB Cost	Percentage of Annual Cost Contributed	Net OPEB Liability (Asset)
December 31, 2013	$ 220,510	50.03%	$ 613,137
December 31, 2014	227,725	52.32%	721,708

Funded Status and Funding Progress. In 2014, the City of New Roads made no contributions to its post employment benefits plan. The plan is not funded, has no assets, and hence has a funded ratio of zero. Based on the January 1, 2012 actuarial valuation, the most recent valuation, the Actuarial Accrued Liability (AAL) at the end of the year December 31, 2014, was $2,747,021, which is defined as that portion, as determined by a particular actuarial cost method (the City of New Roads uses the Projected Unit Credit Cost Method), of the actuarial present value of post employment plan benefits and expenses which is not provided by normal cost.

	Medical		
	Governmental Activities	Business Type Activities	Total
Actuarial Accrued Liability (AAL)	$ 2,374,250	$ 372,771	$ 2,747,021
Actuarial Value of Plan Assets	-0-	-0-	-0-
Unfunded Act. Accrued Liability(UAAL)	2,374,250	372,771	2,747,021
Funded Ratio (Act. Val. Assets/AAL)	0%	0%	0%
Covered Payroll (active plan members)	1,383,036	217,118	1,600,154
UAAL as a percentage of covered payroll	171.67%	171.69%	171.67%

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

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

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

Actuarial Value of Plan Assets. There are not any plan assets. It is anticipated that in future valuations, should funding take place, a smoothed market value consistent with Actuarial Standards Board ASOP 6, as provided in paragraph number 125 of GASB Codification Section P50 will be used.

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

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

Investment Return Assumption (Discount Rate). GASB Codification Section P50 states that the investment return assumption should be the estimated long-term investment yield on the investments that are expected to be used to finance the payment of benefits (that is, for a plan which is funded). Based on the assumption that the ARC will not be funded, a 4% annual investment return has been used in this valuation.

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

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

Method of Determining Value of Benefits. The "value of benefits" has been assumed to be the portion of the premium after retirement date expected to be paid by the employer for each retiree and has been used as the basis for calculating the actuarial present value of OPEB benefits to be paid. The City pays 80% of the retiree premium (the blended active/retired rate) before Medicare eligibility, and also pays 80% of the unblended premium after the retiree's eligibility for Medicare (age 65), except for several "grandfathered" retirees over age 65 for whom the employer pays 100% of the unblended premium. The employer pays for the retiree only, not for dependents. Since GASB Codification Section P50 mandates that "unblended" rates applicable to the coverage provided to retirees be used, we have estimated the "unblended" rates for retirees before Medicare eligibility. It has been assumed that the total retiree rate before Medicare eligibility is 130% of the blended active/retired rate.

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

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

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

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

	OPEB Costs and Contributions		
	FY 2012	FY 2013	FY 2014
OPEB Cost	$ 213,673	$ 220,510	$ 227,725
Contribution	-0-	-0-	-0-
Retiree premium	102,156	110,328	119,154
Total contribution and premium	102,156	110,328	119,154
Change in net OPEB obligation	$ 111,517	$ 110,182	$ 108,571
% of contribution to cost	0.00%	0.00%	0.00%
% of contribution plus premium to cost	47.81%	50.03%	52.32%

NOTE 10 - ACCOUNTS, SALARIES AND OTHER PAYABLES

The payables of $708,788 at December 31, 2014, are as follows:

Class of Payable	General Fund	Special Revenue Fund	Proprietary Funds
Salaries & Withholdings	$ 28,681	$ 0	$ 11,717
Accounts	262,709	4,058	267,243
Other	125,566	0	8,814
Total	$ 416,956	$ 4,058	$ 287,774

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:

Year Ending 12/31	St. Mary's
2015	$ 30,105
2016	30,105
2017	30,105
2018	30,105
2019	30,105
2020-2050	944,817
	$ 1,095,342

The city records assets acquired through capital leases as an asset and an obligation in the accompanying financial statements. The city currently has a capital lease on a skate park as follows:

Type	Recorded Amount
Equipment – Skate Park	$75,097

The minimum annual commitments under the capital lease are as follows:

Fiscal Year:	Equipment
2015	$22,029
2016	17,623
2017	17,623
2018	17,623
2019	8,812
Total minimum lease payments	$83,710
Less amount representing interest	11,820
Present value of net minimum lease payments	$71,890

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, 2014:

	Bonded Debt	Capital Leases	Total
Long-term obligations payable at December 31, 2013	$ 6,611,308	$ -0-	$ 6,611,308
Additions	110,295	75,097	185,392
Deductions	330,000	3,207	333,207
Long-term obligations payable at December 31, 2014	6,391,603	71,890	6,463,493
Less current portion	350,000	16,834	366,834
Net long-term obligations	$ 6,041,603	$ 55,056	$ 6,096,659

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

Revenue Bonds:

Electric System Upgrade: $6,000,000 2011 Utility Revenue Refunding Bonds due in semi-annual interest and annual principal installments of amounts from $210,000 to $425,000 with interest rates of 4.00% due through July 1, 2031. The Electric Utility System fund is used to retire these issues.	$ 5,350,000
$750,000 2007 Electric System Revenue Bonds due in semi-annual interest and annual principal installments of amounts from $65,000 to $ 90,000 with interest rates of 4.10% due through July 1, 2017. The Electric Utility System fund is used to retire these issues.	$ 260,000
Water/Sewer System Upgrade: $1,000,000 2011 Utilities Revenue Bonds due in semi-annual interest and annual principal installments of amounts from $40,000 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.	$ 781,603

At December 31, 2014, the municipality has accumulated and restricted $639,839 in the proprietary funds for future debt requirements. The annual requirements to amortize all bonds outstanding at December 31, 2014, including interest payments of $2,066,278 are as follows:

ANNUAL REQUIREMENTS TO AMORTIZE LONG-TERM DEBT

Year Ending 12/31	Electric Revenue Bonds	Water/Sewer Revenue Bond	Total
2015	$ 528,417	$ 43,427	$ 571,844
2016	525,733	43,247	568,980
2017	527,545	43,067	570,612
2018	435,700	47,876	483,576
2019	435,300	47,673	482,973
Thereafter	5,192,100	587,796	5,779,896
	$ 7,644,795	$ 813,086	$ 8,457,881

Revenue Bonds:

On March 6, 2007, the City issued $750,000 of Electric System Revenue Bonds (parity bonds), the proceeds of which were used for the purpose of constructing and acquiring improvements to the system. These bonds were issued in varying denominations from $60,000 to $90,000 bearing interest payable on January and July1, of each year at a rate of 4.10%, and mature on July 1 of each year beginning July 1, 2008, with the final installment due July 1, 2017. These bonds are secured by and payable in principal and interest solely from the income and revenues earned from the electric system.

On August 29, 2011, the City issued $6,000,000 of Utility Revenue Refunding Bonds, Series 2011 to provide debt service reduction, to refund a portion of its Series 2001 Electric System Revenue Refunding Bonds ($1,180,000), refund a portion of its Series 2001 Water & Sewer Revenue Refunding Bonds ($1,255,000), refund a portion of its 2009 Water Meter Project lease ($1,423,469), and acquire, upgrade, expand and construct City owned public improvements. These bonds were issued in one denomination of $6,000,000 for private placement with a financial institution. They bear interest payable on January and July 1, of each year at rates of 4.00% and mature on July 1, of each year beginning July 1, 2012, with the final installment due on July 1, 2031. These bonds are secured by and payable in principal and interest from all excess revenues of the City. The bond resolutions require that the City will establish and maintain utility rates and fees so that the system will provide sufficient revenues to pay the normal operating expenses of the system, the annual debt payment, and the reserves and/or sinking funds required by bond agreement. The bond resolution required the establishment of the following accounts:

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

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

2007 Electric System Revenue Bond Sinking Fund -

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

2011 Utility Revenue Refunding Bond Sinking Fund -

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

2007 Electric System Revenue Bond Debt Service Fund -

This fund is to be used solely for the purpose of paying the principal and interest on the 2007 bonds payable from the Sinking Fund, if they should otherwise go into default. It is required to be funded in an amount equal to the highest combined principal and interest requirement for any succeeding sinking fund year. The Reserve Fund was initially funded with $237,094 from the 2001 bond issuance proceeds. Monies in the reserve fund must be invested in Government Securities, maturing in five years or less from the date of investment.

2007 Electric System Capital Additions and Contingencies Fund -

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

2011 Excess Revenue Fund-

The City is to deposit into this account excess revenues which shall maintain a minimum balance of $500,000 during the life of the 2011 bonds. The City covenants that it will budget annually, and exclusive of cumulative fund balance, during the life of the bonds and to maintain Excess Revenues available for repayment of principal and interest of the maximum annual debt service (MADS) of the bonds and all outstanding parity obligations in an amount equal to 1.15 times MADS, to be tested annually by an independent Certified Public Accountant. The City has met the requirement of excess revenues in an amount equal to 1.15 times MADS as of December 31, 2014.

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

NOTE 13 - INTERFUND RECEIVABLES/PAYABLES

The following is a summary of interfund receivable and payable balances at December 31, 2014:

	Due From Other Funds	Due To Other Funds
Enterprise Funds –		
Electric Utility System:		
General Fund	$ 647,502	$ 10,736
Gas Utility System	-0-	224,045
Water/Sewer Utility System	74,610	-0-
Gas Utility System:		
General Fund	-0-	21,473
Electric Utility System	224,045	-0-
Water/Sewer Utility System	206,650	-0-
Water/Sewer Utility System:		
General Fund	-0-	70,647
Electric Utility System	-0-	74,610
Gas Utility System	-0-	206,650
Civic Center Commission Fund-		
General Fund	-0-	19,859
General Fund –		
Civic Center Commission	19,859	-0-
Electric Utility System	10,736	647,502
Gas Utility System	21,473	-0-
Water/Sewer Utility System	70,647	-0-
Totals	$ 1,275,522	$ 1,275,522

NOTE 14 - INTERGOVERNMENTAL PAYABLE

The following is a summary of the intergovernmental payable due other governments at December 31, 2014:

Payable to:	General Fund	Proprietary Funds
Pointe Coupee Police Jury	$ 3,144	$ -0-
Pointe Coupee Sewer Districts	-0-	8,042
La. Department of Revenue	-0-	893
La. Department of Health & Hospitals	-0-	3,400
Totals	$ 3,144	$ 12,335

NOTE 15 - INTERFUND TRANSFERS

The following is a summary of interfund transfers which occurred during the year ended December 31, 2014. The transfers were made from the proprietary fund in order to help fund additional governmental activities and provide excess funds from the bond proceeds to finance capital infrastructure improvements.

	Transfer In From	Transfer Out To
General Fund –		
Electric Utility System	$ 1,050,545	$ -0-
Gas Utility System	280,244	-0-
Water/Sewer Utility System	606,448	-0-
Enterprise Funds –		
Electric Utility System:		
General Fund	-0-	$ 1,050,545
Gas Utility System:		
General Fund	-0-	280,244
Water/Sewer Utility System:		
General Fund	-0-	606,448
Totals	$ 1,937,237	$ 1,937,237

NOTE 16 - RESTRICTED AND NONSPENDABLE NET POSITION/FUND BALANCES

Proprietary Funds:

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

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

Restricted for Bond indentures - This represents the amounts required to be held in the sinking, reserve, and excess revenue accounts in accordance with the bond agreements for the $6,000,000 utility revenue refunding bonds issued in 2011, $750,000 electric revenue bonds issued in 2007, and the $1,000,000 utility revenue bonds issued in 2011.

Restricted for Capital Additions - This represents the amounts required to be held in the capital additions and contingencies accounts in accordance with the bond agreements for the $750,000 electric revenue bonds issued in 2007, and the $1,000,000 utility revenue bonds issued in 2011. It also represents internal restrictions by the City to be used for capital additions in coming 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 account to account for insurance expenses that have already been prepaid and will be recognized as an expense in the next operating cycle.

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

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

Restricted for Center operations – Funds restricted internally through a cooperative endeavor agreement between the city and Pointe Coupee Parish Police Jury for use in operating the William H. Scott Civic Center Commission (see note 21).

NOTE 17 - SEGMENT INFORMATION

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

	Electric	Natural Gas	Water/Sewer	Total
Operating Revenues	$ 4,489,516	$ 1,233,460	$ 1,046,763	$ 6,769,739
Depreciation	262,073	31,759	435,150	728,982
Operating Income	552,440	364,620	(21,477)	895,583
Change in Net Position	(672,115)	80,659	(554,348)	(1,145,804)
Property, Plant, and Equipment Additions	163,168	-0-	151,694	314,861
Total Assets	6,260,827	1,460,835	7,575,932	15,297,594
Fund Equity	(65,009)	1,344,180	6,374,534	7,653,705
Net Working Capital	457,603	474,753	(327,448)	604,908

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, 2014, $87,917 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 $420,705 and $420,758 for the years ended December 31, 2014 and 2013, respectively.

NOTE 20 - JOINT VENTURES

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

	False River Air Park Commission (Unaudited)
Balance Sheet Date	12/31/14
Total Assets (not including GFA)	$ 153,743
Total General Fixed Assets (GFA)	7,108,345
Total Liabilities	188,541
Total Net Position	7,073,547
Total Revenues	272,449
Total Expenditures	577,439
Total Other Financing Sources (Uses)	778,572
Net Increase (Decrease) in Net Position	473,582

False River Air Park Commission

The False River Air Park Commission is 50% owned by the City. For the year ended December 31, 2014, the City contributed $42,633 as an operating grant to cover expenses of the facility. The False River Air Park Commission is a component unit of the Pointe Coupee Parish Police Jury because the Pointe Coupee Parish Police Jury is the governing authority for Pointe Coupee Parish.

NOTE 21 – COOPERATIVE ENDEAVOR AGREEMENT

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

NOTE 22 - LITIGATION AND CLAIMS

The City is a defendant in 10 pending lawsuits and one potential claim. It is in the City counsels' opinion that the City is fully insured against the risk involved in the respective actions and that they are being actively defended by counsel of the City and their insurers. The ultimate resolution of these lawsuits cannot be presently determined and no provision for any liability that may result from such claims has been made in the financial statements. Claims and litigation costs of $207,509 were incurred in the current year and recorded as current-year expenditure in the General Fund.

NOTE 23 - CONTINGENCIES

During the current year, the city determined that it had been over-collecting and remitting 1% state sales tax on utilities for commercial customers since July 1, 2009, which was the date that the State of Louisiana discontinued the collection of the 1% sales tax on utilities. The city is in the process of determining amounts over-collected in order to provide reimbursements to the affected customers, which is estimated to amount to about $55,000. Because the city had collected and remitted the taxes to the Louisiana Department of Revenue, it would have an offsetting refund in the same amount from the state. The ultimate resolution of this matter cannot be presently determined, and no provision for the related refund nor provision for any liability that may result has been made in the financial statements.

NOTE 24 - 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.

In a previous year, the City decided to retain some of the risk with respect to at-fault damages to City owned vehicles. The City carries a fleet insurance policy on all City owned vehicles, but is self-insured for at-fault damage to City owned vehicles. The amount of insurance premiums saved when this account was established, plus annual interest earnings funded the cash account. In May 2001, the City increased its deductible, due to high premium costs, on its auto liability policy to $100,000 with a maximum aggregate loss of $500,000 and implemented self insured retention. The City has no estimated liability for damaged vehicles or liability claims as of year-end. At year-end, this cash account had $4,034 held for purposes of funding future claims. As a result, $4,034 of the general fund balance is restricted for payment of future vehicle liability claims.

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

	Unemployment Compensation	Vehicle Liability	Totals
Beginning of Fiscal Year Liability	$ -0-	$ -0-	$ -0-
Current Year Claims & Changes in Estimates	220	22,790	23,010
Claim Payments	(220)	(22,790)	(23,010)
End of Fiscal Year Liability	$ -0-	$ -0-	$ -0-

NOTE 25 - LOUISIANA ENERGY AND POWER AUTHORITY CONTRACT

The Louisiana Energy and Power Authority (LEPA), a political subdivision of the State of Louisiana, has joined nineteen Louisiana municipalities together in order to provide the members facilities for the generation and transmission of electric power. LEPA has obtained a 20% undivided ownership interest in a coal-fired steam electric generating unit under a Joint Ownership Agreement. The other two members of the agreement, Central Louisiana Electric Company, Inc. (CLECO) and Lafayette Public Power Authority

(LPPA) have ownership interests of 30% and 50%, respectively. An Owner Committee consisting of LEPA, CLECO, and LPPA was formed to make recommendations to CLECO, the plant operator, and to decide on various issues including construction and operating budgets.

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

On June 28, 1989, the City entered into a capacity purchase and operating agreement with LEPA, effective January 1, 1990. LEPA assumed full responsibility for the operation, maintenance, and control of the City's generating facilities. LEPA also provides labor, materials, insurance, supplies and maintenance costs. In turn, the City pays LEPA for the purchased capacity on a monthly basis as specified in the agreement. This agreement was signed for renewal in December 2005 and is not being renewed by LEPA as of June 30, 2015, at which time the City will determine its course of action in regards to their power plant.

NOTE 26 - 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.

Solid Waste Disposal

Previously the City's solid waste disposal contract was combined with the Parish whereby the city remits collection fees for city residents to the parish and paid their share of solid waste disposal fees. During the current year, the City contracted for their own solid waste collection and remits payment to the private contractor.

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 27 – EMPHASIS OF MATTER

The Louisiana Office of Inspector General (OIG) is currently performing an investigation into the city's finances with regards to expenditures on city credit cards for the years 2011 through 2014. Our testing of current year transactions on city credit cards indicated missing receipts and personal charges incurred in violation of Article 7, Section 14 of the Louisiana Constitution. Although reimbursements of the personal expenditures were made to the city, there is still a violation of state law. The report from OIG is pending and could result in additional findings other than those reflected as findings in our report.

NOTE 28 - 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, 2014 is as follows:

Mayor – Robert Myer	$ 62,000
Council:	
Anthony Daisy	15,600
Vernell Davis	14,400
Kurt Kellerman	14,400
Bernadine St. Cyr	14,400
Kirk White	14,400
Total Compensation	$ 135,200

NOTE 29 – FEDERAL FINANCIAL ASSISTANCE PROGRAMS

Federal Grantor/ Pass-Through Grantor Federal Grants/ Program Title	Federal CFDA Number	Pass-Through Grantor Number	Expenditures
United States Department of Housing And Urban Development			
Direct:			
Section 8 Housing Choice Vouchers	14.871	Proj #LA205	$ 296,942
United States Environmental Protection Agency			
Passed through La. Dept. of Environmental Quality:			
Construction Grants for Waste Water Treatment Works	66.458	CS221440-01	110,295
United States Department of Transportation			
Passed through La. Dept. of Public Safety – La. Highway Safety Commission			
Highway Planning & Construction Grant			
2014- Special enforcement Waves	20.205	Proj# 2014307011	3,646
Total (All Federal)			$ 410,883

NOTE 30 - 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 31 – SUBSEQUENT EVENTS

Management has performed an evaluation of the City's activities through June 24, 2015, and has concluded that there are no significant subsequent events requiring recognition or disclosure through the date and time these financial statements were available to be issued on June 24, 2015.

REQUIRED SUPPLEMENTAL INFORMATION

CITY OF NEW ROADS, LOUISIANA
GENERAL FUND

BUDGETARY COMPARISON SCHEDULE
For the Year Ended December 31, 2014

	BUDGETED AMOUNTS			VARIANCE WITH FINAL BUDGET FAVORABLE
	ORIGINAL	FINAL	ACTUAL	(UNFAVORABLE)
REVENUES				
Taxes	$ 1,696,500	$ 1,742,340	$ 1,784,960	$ 42,620
Licenses & permits	285,000	244,560	249,007	4,447
Intergovernmental revenue	851,897	467,597	434,512	(33,085)
Charges for services	1,449,600	1,043,700	1,036,482	(7,218)
Fines and forfeitures	65,120	32,470	30,077	(2,393)
Miscellaneous	82,250	575,256	665,416	90,160
Total revenues	4,430,367	4,105,923	4,200,454	94,531
EXPENDITURES				
General government	1,805,900	1,850,176	1,890,168	(39,992)
Public safety	1,211,570	1,305,589	1,305,037	552
Streets and sanitation	901,300	859,560	893,260	(33,700)
Transportation	39,800	42,650	42,633	17
Culture and recreation	446,400	495,096	484,329	10,767
Economic development and assistance	125,300	69,881	80,620	(10,739)
Educational	33,850	52,965	52,962	3
Capital outlay	808,700	1,061,495	1,035,784	25,711
Debt service	-	-	3,207	(3,207)
Public works	271,400	291,930	278,542	13,388
Total expenditures	5,644,220	6,029,342	6,066,542	(37,200)
EXCESS (DEFICIENCY) OF REVENUES OVER EXPENDITURES	(1,213,853)	(1,923,419)	(1,866,088)	57,331
OTHER FINANCING SOURCES (USES)				
Transfers in	1,515,000	1,937,237	1,937,237	-
Sale of fixed assets	10,000	-	-	-
Transfers out	-	-	-	-
Total other financing sources (uses)	1,525,000	1,937,237	1,937,237	-
EXCESS (DEFICIENCY) OF REVENUES AND OTHER SOURCES OVER EXPENDITURES AND OTHER USES	311,147	13,818	71,149	57,331
FUND BALANCES AT BEGINNING OF YEAR	159,165	34,510	34,510	-
FUND BALANCES AT END OF YEAR	$ 470,312	$ 48,328	$ 105,659	$ 57,331

CITY OF NEW ROADS
New Roads, Louisiana

EMPLOYEEE HEALTH CARE PLAN
DECEMBER 31, 2014

Schedule of Funding Progress

Actuarial Valuation Date	Actuarial Value of Assets	Actuarial Accrued Liability (AAL)	Unfunded Actuarial Accrued Liability (UAAL)	Funded Ratio	Covered Payroll	UAAL as a Percentage of Covered Payroll
January 1, 2009	$-0-	$2,409,474	$2,409,474	0%	$1,827,042	131.88%
January 1, 2010	$-0-	$2,606,087	$2,606,087	0%	$1,944,936	133.99%
January 1, 2011	$-0-	$2,710,331	$2,710,331	0%	$1,592,960	170.15%
January 1, 2012	$-0-	$2,539,775	$2,539,775	0%	$1,506,698	168.56%
January 1, 2013	$-0-	$2,641,366	$2,641,366	0%	$1,509,819	174.95%
January 1, 2014	$-0-	$2,747,021	$2,747,021	0%	$1,600,154	171.67%

OTHER SUPPLEMENTAL INFORMATION

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 subsides.

William H. Scott Civic Center Commission Fund

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

CITY OF NEW ROADS, LOUISIANA
COMBINING BALANCE SHEET
NON-MAJOR GOVERNMENTAL FUNDS
December 31, 2014

	HUD - SECTION 8 SPECIAL REVENUE FUND	WILLIAM H. SCOTT CIVIC CENTER COMMISSION FUND	TOTAL NON-MAJOR GOVERNMENTAL FUNDS
ASSETS			
Current Assets			
Accounts receivable	-	$ 12,781	12,781
Due from other funds	-	-	-
Due from other governmental units	-	-	-
Prepaid expenses	-	-	-
Restricted Assets			
Cash	$ 56,816	17,598	$ 74,414
TOTAL ASSETS	$ 56,816	$ 30,379	$ 87,195
LIABILITIES & FUND BALANCE			
LIABILITIES:			
Accounts payable	$ -	$ 4,058	$ 4,058
Due to other funds	-	19,859	19,859
TOTAL LIABILITIES	-	23,917	23,917
FUND BALANCE			
Restricted for:			
Civic center operations	-	6,462	6,462
Federal grant	56,816	-	56,816
TOTAL FUND BALANCE	56,816	6,462	63,278
TOTAL LIABILITIES & FUND BALANCE	$ 56,816	$ 30,379	$ 87,195

CITY OF NEW ROADS, LOUISIANA
STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES
NON-MAJOR GOVERNMENTAL FUNDS
For the Year Ended December 31, 2014

	HUD SECTION 8 SPECIAL REVENUE FUND	WILLIAM H. SCOTT CIVIC CENTER COMMISSION FUND	TOTAL NONMAJOR GOVERNMENTAL FUNDS
REVENUES			
Intergovernmental revenue	$ 296,942	$ 53,020	$ 349,962
Charges for services	-	36,068	36,068
Miscellaneous	13,910	-	13,910
Total revenues	310,852	89,088	399,940
EXPENDITURES			
Culture & recreation	-	115,087	115,087
Capital outlay	-	-	-
Welfare	306,968	-	306,968
Total expenditures	306,968	115,087	422,055
EXCESS (DEFICIENCY) OF REVENUES OVER EXPENDITURES	3,884	(25,999)	(22,115)
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	3,884	(25,999)	(22,115)
FUND BALANCES AT BEGINNING OF YEAR	52,932	32,461	85,393
FUND BALANCES AT END OF YEAR	$ 56,816	$ 6,462	$ 63,278

CITY OF NEW ROADS, LOUISIANA
NON-MAJOR GOVERNMENTAL FUNDS
HUD SECTION 8
BUDGETARY COMPARISON SCHEDULE
For the Year Ended December 31, 2014

	BUDGETED AMOUNTS			VARIANCE WITH FINAL BUDGET FAVORABLE
	ORIGINAL	FINAL	ACTUAL	(UNFAVORABLE)
REVENUES				
Intergovernmental revenue	281,000	296,000	296,942	942
Miscellaneous	20,000	13,100	13,910	810
Total revenues	301,000	309,100	310,852	1,752
EXPENDITURES				
Education	-	-	-	-
Debt Service	-	-	-	-
Welfare	-	-	-	-
Welfare	299,600	307,132	306,968	164
Total expenditures	299,600	307,132	306,968	164
EXCESS (DEFICIENCY) OF REVENUES OVER EXPENDITURES	1,400	1,968	3,884	1,916
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	1,400	1,968	3,884	1,916
FUND BALANCES AT BEGINNING OF YEAR	105,818	52,932	52,932	-
FUND BALANCES AT END OF YEAR	$ 107,218	$ 54,900	$ 56,816	$ 1,916

CITY OF NEW ROADS, LOUISIANA
NON-MAJOR GOVERNMENTAL FUNDS
WILLIAM H. SCOTT CIVIC CENTER COMMISSION
BUDGETARY COMPARISON SCHEDULE
For the Year Ended December 31, 2014

	BUDGETED AMOUNTS			VARIANCE WITH FINAL BUDGET FAVORABLE
	ORIGINAL	FINAL	ACTUAL	(UNFAVORABLE)
REVENUES				
Intergovernmental revenue	144,000	37,186	53,020	15,834
Charges for services	50,100	35,615	36,068	453
Total revenues	194,100	72,801	89,088	16,287
EXPENDITURES				
Culture & recreation	87,600	102,479	115,087	(12,608)
Capital outlay	15,000	2,505	-	2,505
Total expenditures	102,600	104,984	115,087	(10,103)
EXCESS (DEFICIENCY) OF REVENUES OVER EXPENDITURES	91,500	(32,183)	(25,999)	6,184
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	91,500	(32,183)	(25,999)	6,184
FUND BALANCES AT BEGINNING OF YEAR	23,334	32,461	32,461	-
FUND BALANCES AT END OF YEAR	$ 114,834	$ 278	$ 6,462	$ 6,184

CITY OF NEW ROADS
NEW ROADS, LOUISIANA

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

For the Year Ended December 31, 2014

AGENCY HEAD NAME: Robert A. Myer

PURPOSE	**AMOUNT**
Salary	$ 62,000
Benefits - Retirement	11,303
Benefits - Life Insurance	82
Membership Dues	2,098
Conference Travel	4,598
Registration Fees	2,065
Special Meals	1,130
Reimbursements	820
Unvouchered expenses	349
TOTAL	$ 84,445

OTHER REPORTS REQUIRED BY *GOVERNMENT AUDITING STANDARDS*

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

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

Major, Morrison & David
Certified Public Accountants
QUALITY • INTEGRITY • DEPENDABILITY

John L. Morrison III, CPA, CGMA, PC
Mark A. David, CPA, PC
John S. Disotell III, CPA, PC

Van P. Major, CPA (1951-2005)

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

The Honorable Robert A. Myer
And Members of the City Council
City of New Roads, Louisiana

We have audited, in accordance with the auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States, the financial statements of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of City of New Roads, Louisiana, as of and for the year ended December 31, 2014, 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 24, 2015.

Internal Control Over Financial Reporting

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

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

A *deficiency in internal control* exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct, misstatements on a timely basis. A *material weakness* is a deficiency, or a combination of deficiencies, in internal control such that there is a reasonable possibility that a material misstatement of the entity's financial statements will not be prevented, or detected and corrected on a timely basis. We consider the deficiency described in the accompanying schedule of findings and responses as item 14-1 to be a material weakness.

A *significant deficiency* is a deficiency, or a combination of deficiencies, in internal control that is less severe than a material weakness, yet important enough to merit attention by those charged with governance. We consider the deficiency described in the accompanying schedule of findings and responses as item 14-2 to be a significant deficiency.

Compliance and Other Matters

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

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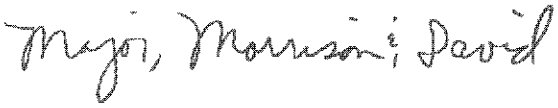
effect on the determination of financial statement amounts. However, providing an opinion on compliance with those provisions was not an objective of our audit and, accordingly, we do not express such an opinion. The results of our tests disclosed instances of noncompliance or other matters that are required to be reported under *Government Auditing Standards*, and which are described in the accompanying schedule of findings and responses as item 14-3, 14-4, and 14-5.

City of New Roads, Louisiana's Response to Findings

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

Purpose of this Report

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



Major, Morrison & David
New Roads, Louisiana
June 24, 2015

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CITY OF NEW ROADS
New Roads, Louisiana
Schedule of Findings and Responses
For the Year Ended December 31, 2014

SECTION I - SUMMARY OF AUDITOR'S RESULTS

Financial Statements

Type of auditor's report issued:	Unqualified
Internal control over financial reporting:	
Material weakness(es) identified?	__X__yes ____no
Significant deficiency(ies) identified?	__X__yes ____none reported
Noncompliance material to financial statements noted?	__X__yes ____no

SECTION II - FINANCIAL STATEMENT FINDINGS

Finding 14-1:

Criteria: In order to maintain adequate internal controls and maintain compliance with rules and regulations of governmental accounting requirements, all expenditures should be supported with sufficient backup documentation identifying the purpose and costs that were incurred.

Condition: Upon performing tests of credit card expenditures on the 7 cards maintained by the city, 21% of the transactions amounting to 12% of the dollar costs were not sufficiently documented with either a receipt or sufficient itemized charge underlying the credit card payment receipt. Some meal expenditures did not reflect the business use purpose, nor have an itemized meal ticket beyond the electronic credit card receipt and some expenditure receipts were provided after examination of the records indicating they were not obtained at the time of purchase..

Effect: Results in a lack of controls over credit card usage and violation of governmental accounting requirements which provides for complete backup documentation of expenditures in order to maintain and account for the proper use of public funds.

Cause: Departure from the city's policy of requiring documentation of all expenditures incurred and failure to subsequently follow up on requests for receipts from personnel who incurred the charges on the card.

Questioned Costs: $13,108.32

Recommendation: We recommend that the current number of 7 credit cards in use be reduced to one office card that would be assigned to an in-charge person in the main office, who can provide the use of the card or initiate the transaction when the accounts payable process cannot be used due to the type of purchase and require receipts be provided upon charges to the card. Alternatively, all cards should be cancelled and the city revert to a reimbursement method, whereby personnel, with proper requisition approval, use their personal credit card and submit documented receipts along with the purpose of the purchase for reimbursement of the charge through the accounts payable system. If no receipts are provided for the purchase, no reimbursement will be approved.

Management's Response: Management agrees with the finding and the need on their part to make changes and improvements in this area. They have accepted the auditor's recommendations to reduce the number of city credit cards being used from seven to one office card. In addition they are instituting safety measures: (1) every credit card transaction shall require a purchase order prior to being incurred (2) Before payment of every

card bill, every transaction must have complete documented receipts and (3) approval for the payment of the bill must require review and two signatures to strengthen the control process.

Finding 14-2:

Criteria: In order to maintain adequate internal controls over the possible unauthorized use or loss of fixed assets, all assets should be tagged on a timely basis.

Condition: Upon examination of the fixed asset listing, it was noted that not all fixed assets had a tag number assigned to the asset on the listing. Although the city has maintained a fixed asset listing, and assets have been added to the listing on an annual basis, not all assets had tag numbers assigned to the items.

Effect: Non-tagging of fixed assets could result in the improper removal of the wrong asset, improper removal of an asset deemed to be disposed of, or loss of accounting of the asset. It could also result in the misappropriation of the asset through theft if not properly tagged as property of the city.

Cause: Although a process was begun to inventory and tag all assets of the city in a previous year, that process was not completed due to personnel turnover and reassignments to other duties within the city administration.

Recommendations: There is a procedure whereby the accounts payable department is providing the finance director copies of assets purchased during the year, and the assets are added to the fixed assets accounting program. As part of this process, the finance director could provide for the tag numbers to be assigned to the particular asset purchased. We recommend that all assets purchased be delivered to a centralized location where the assigned tags could be attached to the assets purchased and recorded in the fixed asset accounting program thereby maintaining an updated and complete listing of all assets and tag numbers. We also recommend that a physical inventory of the city's assets be performed on an annual basis to verify the completeness of the assets owned by the city.

Management's Response: Management agrees with the finding and offered the following improvements. All fixed assets will be tagged upon delivery, and by coordinating the current procedures between the finance director and secretary-treasurer to make sure that assets added to the inventory list have been assigned a tag number and are reflected in the fixed asset database. The secretary-treasurer will also begin the process of a complete inventory of all assets of the City verifying tagged assets on the current inventory list, and install a schedule whereby the fixed asset inventory is reviewed and verified on an annual basis.

Finding 14-3:

Criteria: Article 7, Section 14 of the Louisiana Constitution of 1974 states "the funds, credit, property, or things of value of the state or any political subdivision shall not be loaned, pledged or donated to or for any person, association, or corporation, public or private."

Condition: Upon examination of city credit card expenditures, payment of fuel purchases by the former finance director were incurred for use of her personal vehicle while on city business endeavors. Although purchase of fuel for a city owned vehicle is allowable, non-city owned vehicle purchases of fuel should not be incurred.

Effect: Results in a violation of Article 7, Section 14 of the Louisiana Constitution of 1974 on the improper use of public funds.

Cause: The city had no implemented policy for reimbursement of non-city owned vehicle usage and it was incorrectly assumed that because the vehicle was used on city business that fuel could be purchased as a type of reimbursement for its use.

Questioned Costs: $410.37

Recommendations: We recommend that a vehicle mileage reimbursement policy be established and followed when all non-city owned vehicles are used for city business purposes. A mileage log for the amount of miles traveled, date of occurrence, destination, as well as the purpose of the trip be documented and submitted for approval before reimbursement is paid at a set rate approved by management and the city council.

Management's Response: Management is in agreement with the finding and will implement the following changes: (1) All fuel purchases going forward will be run through the established voyager fleet fuel system thereby allowing full tracking of employee's purchases (2) fuel will not be purchased for non-City owned vehicles, and a policy will be established for pre-authorized use of personal vehicles when a City owned vehicle is not available for use on City business; this policy will require a mileage reimbursement form be submitted reflecting miles driven, destination, purpose of the trip, and date of occurrence; once the documents are received and approved reimbursement will be paid (3) for City owned vehicles, when the voyager fleet fuel system cannot be used due to out of town travel, preauthorization will be obtained in order to purchase fuel using the city credit card, a purchase order will be written up, and receipts obtained at the point of purchase.

Finding 14-4:

Criteria: Article 7, Section 14 of the Louisiana Constitution of 1974 states "the funds, credit, property, or things of value of the state or any political subdivision shall not be loaned, pledged or donated to or for any person, association, or corporation, public or private."

Condition: Upon examination of city credit card expenditures, 16 personal charges were incurred by the former finance director totaling $1,350.61 not pertaining to city business.

Effect: Results in a violation of Article 7, Section 14 of the Louisiana Constitution of 1974 on the improper use of public funds. Although full reimbursement of the charges were either paid directly to the credit card company prior to payment by the city on 5 of the transactions or paid to the city through personal reimbursement on the other 11 transactions, there is still a violation of Article 7 on the use of public funds.

Cause: Lack of knowledge by management that this was a violation of state law, whereby management indicated it had a policy of allowing personal charges as long as the expenditures were reimbursed.

Questioned Costs: $1,350.61

Recommendations: We recommend that all personal charges on credit cards cease immediately. We also recommend that the current number of 7 credit cards in use be reduced to one office card that would be assigned to an in-charge person in the main office, who can provide the use of the card or initiate the transaction when the accounts payable process cannot be used due to the type of purchase and require receipts be provided upon charges to the card. Alternatively, all cards should be cancelled and the city revert to a reimbursement method, whereby personnel, with proper requisition approval, use their personal credit card and submit documented receipts along with the purpose of the purchase for reimbursement of the charge through the accounts payable system. If no receipts are provided for the purchase, no reimbursement will be approved.

Management's Response: Management is in agreement with the finding and indicated that this practice was discontinued in 2013 upon determination it was a violation of state law. Personnel who continued the practice resigned from the City during the year of occurrence and provided reimbursement of the expenditures. There has been no personal expenditures since this time. See response to finding 14-1 on steps that management has implemented in regards to credit card use to eliminate this from occurring again.

Finding 14-5:

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

Condition: The City's actual expenditures within the William H. Scott Civic Center Commission Special Revenue Fund failed to meet budgeted expenditures by 5% or more.

Context: Total actual expenditures totaled $115,086 and budgeted expenditures totaled $104,984 which is a difference of $10,102 and represents 9% more than budgeted expenditures.

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

Cause: Upon preparation of the amended budgets, management underestimated expenditures expected to be paid prior to the end of the current fiscal year. An insurance payment in the amount of $8,667 paid by the city on behalf of the Civic center as part of their shared expense reimbursements was not properly coded and reflected within the Civic Center fund. As the city had hired a new finance director, she was not aware of the payment made earlier in the year and failed to reflect the amount within her estimated budget figures upon amending the budget.

Recommendation: Management should monitor more closely actual expenditures and compare to budgeted amounts more frequently including closer to the fiscal year end and amend the budget if necessary. 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: Management has indicated this was an isolated event resulting from underestimating the amount of expenditures due to failure to reclassify the missed insurance payment. With the exception of the insurance expenditure, the amendment of the Civic center fund would have been within the 5% variance. With a new finance director in place, and closer monitoring of day to day account postings, management feels that budgeting and reporting will improve from previous periods..

CITY OF NEW ROADS
New Roads, Louisiana

Summary Schedule of Prior Audit Findings
For the Year Ended December 31, 2014

Ref. No.	Fiscal Year Finding Initially Occurred	Description of Finding	Corrective Action Taken	Planned Corrective Action/Partial Corrective Action Taken
Section I – Internal Control and Compliance Material to the Financial Statements:				
13-1	2013	Inconsistent review of general ledger accounts after period closing resulted in material incorrect expense postings and the need to improve internal controls over the review process.	Yes	7/14
13-2	2013	Compliance violation regarding the electric sinking fund bond covenant.	Yes	5/14
13-3	2013	Violation of LSA-RS 39:1311(a)(2) regarding budgetary authority & control on the HUD Section 8 Fund	Partial (different fund)	6/15
Section II – Internal Control and Compliance Material to Federal Awards				
There were no prior year findings.				
Section III – Management Letter:				
Discussion of the above referenced findings.				

CITY OF NEW ROADS
New Roads, Louisiana

Corrective Action Plan for Current Year Audit Findings
For the Year Ended December 31, 2014

Ref. No.	Description of Finding	Corrective Action Planned	Name of Contact Person	Anticipated Completed
Section I – Internal Control and Compliance Material to the Financial Statements:				
14-1	Insufficient backup documentation on credit card expenditures; either no receipt or no itemized receipt.	Reduction of number of cards to one office card; institute purchase orders & pre-authorization through accounts payable;complete documentation of receipts required at all times.	R. Myer D. Malden	05/15
14-2	Incomplete tagging of fixed asset items that were added to the inventory listing.	Coordination of procedures between finance director & secretary-treasurer on tagging; begin process of complete inventory of assets & install annual review and verification.	R. Myer D. Malden S. Rinaudo	12/15
14-3	Violation of Art. 7, Section 14 use of public funds; fuel purchases for use in non-city owned vehicle instead of mileage reimbursements.	Purchases of fuel non-city owned vehicles will cease; install policy with mileage reimbursement form for non-city vehicle usage; all city owned vehicles will use fleet fuel system; when out of town travel cannot use fleet system pre-approval must be obtained along with purchase order completion and receipts obtained at purchase.	R. Myer D. Malden	6/15
14-4	Violation of Art. 7, Section 14, use of public funds; Personal charges on city credit card.	Discontinued immediately. See finding 14-1 response to credit card policy improvements.	R. Myer D. Malden	1/15
14-5	Violation of LSA-RS 39:1311(a)(2) regarding budgetary authority & control on the William H. Scott Civic Center Fund.	Additional steps will be taken to more closely monitor special revenue fund budgets & compare to budget amounts on a more frequent basis.	R. Myer D. Malden	6/15

Section II – Internal Control and Compliance Material to Federal Awards

There were no current year findings.

Section III – Management Letter:

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

CITY OF NEW ROADS
New Roads, Louisiana
Schedule of Insurance
Unaudited
As of and For the Year Ended December 31, 2014

Insurance Company	Policy Term	Policy Description	Policy Limits
Hartford Steam Boiler Ind. Co.	6/1/14 to 6/1/15	Boiler and Machinery	$2,740,001 limit; $5,000 deductible; transformers $25,000 deductible (to cash value of equipment depending on age of equipment)
Allstate Insurance Co.	1/3/14 to 1/3/15	Fire Standard Blanket Policy on Bldg. & Prop.	$8,606,180 gas warehouse, substation & equipment
Atlantic Specialty Insurance, Co.	4/9/14 to 4/9/15	General Liability Auto, Police, Public Officials	$2,000,000 general aggregate; $1,000,000 each occurrence $75,000 self-insured retention auto
Admiral Insurance Co.	6/21/14 to 6/21/15	Pollution	$3,000,000 aggregate $25,000 deductible
Fidelity & Deposit Co. of Maryland	11/11/14 to 11/11/15	Public Officials Liability	
Western Surety Company	7/1/14 – 7/1/15	Employees Bond Coverage	$75,000 limits
LWCC	11/1/14 to 11/1/15	Worker's Compensation	Statutory Limits
Lloyd's Underwriters. & Scottsdale Insurance Co.	10/17/14-12/3/14	Special Events Coverage	
Great Lake Reinsurance, UK	6/20/14 to 6/20/15	Commercial Property	

CITY OF NEW ROADS
New Roads, Louisiana
Schedule of Electric, Water, & Gas Customers
Unaudited
As of and For the Year Ended December 31, 2014

Number of metered electric customers	2,477
Number of non-metered electric customers	-0-
Total electric customers	2,477
Number of metered water customers	3,441
Number of non-metered water customers	-0-
Total water customers	3,441
Number of metered gas customers	2,406
Number of non-metered gas customers	-0-
Total gas customers	2,406

Major, Morrison & David
Certified Public Accountants
QUALITY • INTEGRITY • DEPENDABILITY

John L. Morrison III, CPA, CGMA, PC
Mark A. David, CPA, PC
John S. Disotell III, CPA, PC

Van P. Major, CPA (1951-2005)

Honorable Mayor Robert A. Myer
And Members of the City Council
New Roads, Louisiana 70760

In planning and performing our audit of the financial statements of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of the City of New Roads as of and for the year ended December 31, 2014, in accordance with auditing standards generally accepted in the United States of America, we considered the City's internal control over financial reporting (internal control) as a basis for designing audit procedures that are appropriate in the circumstances for the purpose of expressing our opinions on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of the City's internal control. Accordingly, we do not express an opinion on the effectiveness of the City's internal control.

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

A deficiency in internal control exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct misstatements on a timely basis. A material weakness is a deficiency, or combination of deficiencies, in internal control, such that there is a reasonable possibility that a material misstatement of the entity's financial statements will not be prevented, or detected and corrected on a timely basis. We consider item 14-1 in the following paragraph to be a material weakness:

Item 14-1: Lack of sufficient backup documentation on credit card expenditures.
Item 14-2: Failure to adequately document tag numbers to assets listed in the physical inventory database.

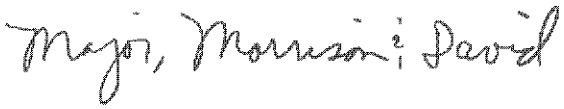
A significant deficiency is a deficiency, or a combination of deficiencies, in internal control that is less severe than a material weakness, yet important enough to merit attention by those charged with governance. We consider the deficiency referenced above as item 14-2 to be a significant deficiency.

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

1) As commented in previous years covering multiple administrations, analysis of the City's operations has indicated the expenditure of funds cannot continue at its current pace without an increase in revenues or significant reduction in expenditures. Because general government operations derive the majority of its funding through transfers from the utility operations, we recommended consideration be discussed regarding the possibility of increasing utility rates if historical transfer amounts continued. Sales tax collections have increased as well as gross revenues from utility collections and other fees; however these increases were offset by increased costs in operations. The city has continued to spend funds on projects it deems necessary, but cannot continue at its current pace without an increase in revenues. Neither management, nor the council, has indicated their desire to

increase utility rates; therefore, we recommend that all expenditures be examined for cost reduction possibilities and take significant steps to implement these reductions. We also recommend that capital projects be frozen for a period of time to build back up the city's excess funds. Once excess funds are restored, capital projects can be resumed, but at a more moderate pace.

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 24, 2015

CITY OF NEW ROADS LOUISIANA

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

June 28, 2015

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

ADMINISTRATION

Mayor
Robert A. Myer

Secretary-Treasurer
Lynette H. Nelson

Chief of Police
Kevin McDonald

City Attorney
John W. Jewell

Finance Director
Cherie Rockforte

Public Works Director
Salvador "Sal" Rinaudo, Jr.

COUNCIL MEMBERS

Anthony Daisy, Mayor Pro Tem
1112 St. Mary Street
New Roads, LA 70760

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

Kurt Kellerman
1705 False River Drive
New Roads, LA 70760

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

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

Dear Mr. Purpera:

The City of New Roads respectfully submits the following actions and responses that have been or will be taken relative to the findings and management letter comments provided to us in regards to the audit for the year ended December 31, 2014:

Finding 14-1: Lack of sufficient backup documentation on credit card expenditures

We are in agreement with the auditor's finding which reflects the need on our part to make changes and improvements in this area. We have accepted the auditor's recommendation to reduce the number of city credit cards being used from seven to one office card for city use. In addition to their recommendations we are adding the following additional safety measures: (1) every credit card transaction shall require a purchase order so that all transactions can be dual tracked, approved, and identified as to purpose prior to the charge being incurred (2) before the payment of credit card bills, every transaction must have complete documented receipts and (3) approval for payment of the bill must require two signatures to strengthen the control process.

Finding 14-2: Not all fixed assets were assigned a tag number

We are in agreement with this finding and offer the following steps that we will take. We will improve on our tagging system to make sure all fixed asset purchases are tagged at the time of delivery. Improving upon our current procedures in place when adding the assets to the database, the finance director and secretary-treasurer will coordinate their procedures to make sure all additions to the inventory list are tagged upon delivery and recorded in the fixed asset database. The secretary-treasurer will also begin the process of a complete inventory of all assets of the city verifying tagged assets on the current inventory list, and install a schedule whereby the fixed asset inventory is reviewed and verified on an annual basis.

Finding 14-3: Fuel purchases for a non-City owned vehicle

We are in agreement with the auditor's finding and will revise the current practice with regards to fuel purchases for non-city owned vehicles and city owned vehicles. All fuel purchases going forward will be run through our established voyager fleet fuel system to track each employee's purchases. Fuel will not be purchased for non-owned City vehicles, and a policy will be established for pre-authorized use of personal vehicles when a City owned vehicle is not available for use on City business. The policy will require a mileage reimbursement form be turned in reflecting miles driven, destination, purpose of the trip, and date of occurrence. Once the documents are received and approved, only then will the reimbursement be paid. When the voyager fleet system cannot be used on out of town travel, preauthorization will be obtained in order to purchase fuel using the city credit card, a purchase order will be written up, and receipts obtained at the point of purchase. See our response to finding 14-1 regarding use of city credit cards.

Finding 14-4: Personal charges on City Credit Card

Management is in agreement with the auditor's finding. We stopped this practice in 2013 once it was determined that it was a violation of state law. Personnel who continued this practice resigned from the city during the year of occurrence and provided reimbursement of the expenditures. There has been no personal expenditures since this time. See our response to finding 14-1 on steps that we are taking to eliminate the possibility of this occurring again.

Finding 14-5: Special Revenue Fund Budget Violation

We agree with the auditor's finding and have indicated that this was an isolated event resulting from the City needing to pay the other half of insurance expense on the William H. Scott Civic Center out of the general fund due to the underpayment of funds from our joint venture partner. Once payment from the general fund was incurred, this required a corresponding entry to insurance expense and due to the general fund on the Civic Center Commission Fund accounts, which did not get posted. Because the entry was not posted on the Civic Center fund accounts, the actual expenditures exceeded the budgeted expenditures by more than 5%. With the exception of the insurance expenditure, the amended Civic Center fund budget would have been within the 5% variance. With a new finance director in place, and closer monitoring of day to day postings, we feel that budgeting and reporting will improve from previous periods.

Recommendations-management letter:

In response to the audit of the City's financial position and practices for the year 2014, city management agrees that changes to the internal control functions within the city must continue to be addressed. Significant changes have been made to date and further considerations as outlined in management's responses to the individual findings will be implemented immediately. In addition to the remedies stated, additional oversight will be instituted by the hiring of a third party accounting firm and/or additional accounting staff. With respect to the additional comments and recommendations, over the past four years the current administration has made expenditures of monies to fund critical needs, quality of life needs, as well as growth needs of the City. Over the same period the administration has significantly reduced departmental spending while increasing services. The City made major sewer improvements, built two new roads, completed several storm-water and drainage projects, built a community stadium, enhanced parks, and created a new recreational and community park. The City has spent significantly to support its rapid growth. Over thirty new and/or expanded businesses, and two new subdivision expansions has caused substantial investment in infrastructure dollars being spent. The result of the aforementioned activities has been twofold. City revenue is up substantially. Sales tax revenue, property tax revenue, and utility revenue have all increased. On the other hand, the combination of funding new growth and the reduction of parish monies due to the withholding of the City's share of the solid waste tax, the stoppage of funding for bulk waste collection, and the withholding of traditionally shared expense of the jointly owned Civic Center has resulted in the City's realization that additional growth cannot be sustained without replenishing revenues. Therefore the administration is in agreement that additional reductions in general fund departmental expenditures in conjunction with a review of the City's utility rate and collections structure are warranted and has begun the process of reviewing both.

Sincerely,

Robert A. Myer, Mayor
City of New Roads