

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

**ANNUAL FINANCIAL REPORT
AS OF AND FOR THE YEAR ENDED
DECEMBER 31, 2004**

Under provisions of state law, this report is a public document. A copy of the report has been submitted to the entity and other appropriate public officials. The report is available for public inspection at the Baton Rouge office of the Legislative Auditor and, where appropriate, at the office of the parish clerk of court.

Release Date 7-27-05

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AS OF AND FOR THE YEAR ENDED DECEMBER 31, 2004**

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INDEPENDENT AUDITORS' REPORT

To Mayor Muckelroy and
Members of the City Council
New Roads, Louisiana 70765-08880

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, 2004, which collectively comprise the City's basic financial statements as listed in the table of contents. These financial statements are the responsibility of the management of the City of New Roads, Louisiana. Our responsibility is to express opinions on these financial statements based on our audit.

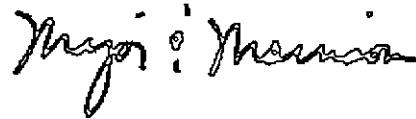
We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audit provides a reasonable basis for our 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, 2004, and the respective changes in financial position and cash flows, where applicable, thereof for the year then ended in conformity with accounting principles generally accepted in the United States of America.

In accordance with *Government Auditing Standards*, we have also issued our report dated June 7, 2005 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 the internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* and should be considered in conjunction with this report in considering the results of our audit.

The Management's Discussion and Analysis and budgetary comparison information on pages 3 through 10 and page 44, are not a required part of the basic financial statements, but are supplementary information required by accounting principles generally accepted in the United States of America. We have applied certain limited procedures, which consisted principally of inquiries of management regarding the methods of measurement and presentation of the required supplementary information. However, we did not audit the information and express no opinion on it.

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 schedule of expenditures of federal awards as required by U.S. Office of Management and Budget Circular A-133, *Audit of States, Local Governments, and Non-Profit Organizations*, and the other supplemental information schedules listed in the foregoing table of contents are presented for the purpose of additional analysis and are not a required part of the basic financial statements of the City of New Roads, Louisiana. Such information has been subjected to the auditing procedures applied in the audit of the basic financial statements and, in our opinion, is fairly stated in all material respects in relation to the basic financial statements taken as a whole.



Major and Morrison
New Roads, Louisiana
June 7, 2005

**MANAGEMENT'S DISCUSSION
AND ANALYSIS**

CITY OF NEW ROADS, LOUISIANA
MANAGEMENT'S DISCUSSION AND ANALYSIS
December 31, 2004

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, 2004. 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 \$14,941,279, an increase of \$166,039 from last year. Of this amount, \$2,769,723 are unrestricted net assets 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 \$1,442,395, a decrease of \$243,404 in comparison with the prior year. The unrestricted fund balance in the general fund, \$976,170, is available for spending at the government's discretion (unreserved fund balance). All other fund balances are restricted for the purpose for which the fund was created.
- At the end of the current fiscal year, unreserved fund balance for the general fund was 24.8 percent of the total general fund expenditures and transfers out.
- The City's total debt decreased by \$467,102. (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 Assets 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 assets 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

CITY OF NEW ROADS, LOUISIANA
MANAGEMENT'S DISCUSSION AND ANALYSIS
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net assets. Over time, increases or decreases in net assets 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 assets changed during the most recent fiscal year. All changes in net assets 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 assets 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 \$14,941,279, an increase of \$166,039 from last year. The following is a summary of the City's net assets:

CITY OF NEW ROADS						
Net assets						
	<u>Governmental Activities</u>		<u>Business-type Activities</u>		<u>Total</u>	
	<u>2003</u>	<u>2004</u>	<u>2003</u>	<u>2004</u>	<u>2003</u>	<u>2004</u>
Current & Other Assets	1,848,667	1,640,074	6,024,054	5,825,821	7,872,722	7,465,895
Capital Assets	<u>3,720,664</u>	<u>3,531,665</u>	<u>9,333,668</u>	<u>9,828,917</u>	<u>13,054,332</u>	<u>13,360,582</u>
Total Assets	<u>5,569,331</u>	<u>5,171,739</u>	<u>15,357,722</u>	<u>15,654,738</u>	<u>20,927,054</u>	<u>20,826,478</u>
Long-term Liabilities	404,693	391,266	4,535,000	4,275,000	4,939,693	4,466,266
Other Liabilities	<u>369,971</u>	<u>411,107</u>	<u>842,150</u>	<u>1,007,826</u>	<u>1,212,121</u>	<u>1,418,933</u>
Total liabilities	<u>774,664</u>	<u>602,373</u>	<u>5,377,150</u>	<u>5,282,826</u>	<u>6,151,814</u>	<u>5,885,199</u>
Net Assets:						
Invested in capital assets:						
Net of related debt	3,108,869	3,126,972	4,538,668	5,293,917	7,647,538	8,420,889
Restricted	481,848	466,224	3,305,557	3,284,442	3,787,405	3,750,666
Unrestricted	<u>1,203,951</u>	<u>976,170</u>	<u>2,136,347</u>	<u>1,793,553</u>	<u>3,340,297</u>	<u>2,769,723</u>
Total Net Assets	<u>4,794,668</u>	<u>4,569,367</u>	<u>9,980,572</u>	<u>10,371,912</u>	<u>14,775,240</u>	<u>14,941,279</u>

By far the largest portion of the City's net assets (56%) reflects its investment in capital assets (e.g., land, buildings, land improvements, machinery and equipment, vehicles, city infrastructure, etc.), less any related debt used to acquire those assets that is still outstanding. The City uses these capital assets to provide services to citizens; consequently, these assets are not available for future spending. Although the City's investment in its capital assets is reported net of related debt, it should be noted that the resources needed to repay this debt must be provided from other sources, since the capital assets themselves cannot be used to liquidate these liabilities.

CITY OF NEW ROADS, LOUISIANA
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An additional portion of the City's net assets (25%) represents resources that are subject to external and internal restrictions on how they are used. The remaining balance of \$2,769,723 in unrestricted net assets 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 assets, both for the government as a whole, as well as for its separate governmental and business-type activities. The same situation held true for the prior fiscal year.

The City's net assets increased by \$166,039, during the current fiscal year.

CITY OF NEW ROADS
Changes in Net Assets

	<u>Governmental Activities</u>		<u>Business-type Activities</u>		<u>Total</u>	
	<u>2003</u>	<u>2004</u>	<u>2003</u>	<u>2004</u>	<u>2003</u>	<u>2004</u>
Revenues:						
Program revenues:						
Charges for services	724,868	719,239	5,691,865	6,022,686	6,416,733	6,741,925
Operating grants & Contributions	401,805	311,774	0	0	401,805	311,774
Capital grants & Contributions	0	0	0	830,230	0	830,230
General revenues:						
Sales taxes	903,964	958,726	0	0	903,964	958,726
Other taxes	203,542	213,887	0	0	203,542	213,887
Other general revenue	468,757	489,648	240,940	277,883	709,697	767,531
Total revenues	<u>2,702,936</u>	<u>2,693,274</u>	<u>5,932,805</u>	<u>7,130,799</u>	<u>8,635,741</u>	<u>9,824,073</u>
Expenses:						
General government	1,369,316	1,460,867	0	0	1,369,316	1,460,867
Public safety	1,044,468	1,116,542	0	0	1,044,468	1,116,542
Transportation	34,126	39,590	0	0	34,126	39,590
Streets & sanitation	692,426	772,899	0	0	692,426	772,899
Public works	260,415	252,915	0	0	260,415	252,915
Culture & recreation	140,438	157,623	0	0	140,438	157,623
Economic development	57,347	54,110	0	0	57,347	54,110
Education	15,689	9,479	0	0	15,689	9,479
Welfare	140,143	178,260	0	0	140,143	178,260
Debt service	38,314	26,572	0	0	38,314	26,572
Elect, Gas, Water, Sewer	<u>0</u>	<u>0</u>	<u>5,010,751</u>	<u>5,589,177</u>	<u>5,010,751</u>	<u>5,589,177</u>
Total expenses	<u>3,792,681</u>	<u>4,068,857</u>	<u>5,010,751</u>	<u>5,589,177</u>	<u>8,803,432</u>	<u>9,658,034</u>
Increase (decrease) in net						
Assets before transfers	(1,089,745)	(1,375,583)	922,054	1,541,622	(167,691)	166,039
Transfers	<u>947,167</u>	<u>1,150,281</u>	<u>(947,167)</u>	<u>(1,150,281)</u>	<u>0</u>	<u>0</u>
Increase (decrease) in						
Net assets	(142,578)	(225,302)	(25,113)	391,341	(167,691)	166,039
Net assets 1/01	<u>4,937,247</u>	<u>4,794,668</u>	<u>10,005,686</u>	<u>9,980,572</u>	<u>14,942,932</u>	<u>14,775,240</u>
Net assets 12/31	<u>4,794,668</u>	<u>4,569,367</u>	<u>9,980,572</u>	<u>10,371,912</u>	<u>14,775,240</u>	<u>14,941,279</u>

CITY OF NEW ROADS, LOUISIANA
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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, Welfare and Education. Sales taxes, property taxes, franchise taxes, as well as occupational licenses and fines, and internal transfers from the City's business activities fund most of these governmental activities.

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

Governmental Activities Expenditures:

	2003	2003	2004	2004
	<u>Amount</u>	<u>%</u>	<u>Amount</u>	<u>%</u>
General Government	\$1,369,316	36%	\$1,460,867	36%
Public Safety	1,044,468	28%	1,116,542	27%
Transportation	34,126	1%	39,590	1%
Public Works	260,415	7%	252,915	6%
Street & Sanitation	692,426	18%	772,899	19%
Recreation-Culture & Tourism	140,438	4%	157,623	4%
Main Street Economic Development	57,347	1%	54,110	1%
Miscellaneous Programs	155,832	4%	187,739	5%
Interest on Long-Term debt	<u>38,313</u>	<u>1%</u>	<u>26,572</u>	<u>1%</u>
Total Governmental Activities	<u>\$3,792,681</u>	<u>100%</u>	<u>\$4,068,857</u>	<u>100%</u>

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

General Revenues:

	2003	2003	2004	2004
	<u>Amount</u>	<u>%</u>	<u>Amount</u>	<u>%</u>
Taxes:				
Sales Taxes	\$ 903,964	36%	\$ 958,726	34%
Franchise Taxes	21,655	1%	28,262	1%
Property Taxes	181,887	7%	185,625	7%
Licenses & Permits	184,815	7%	203,809	7%
Intergovernmental Revenues	187,358	7%	170,344	6%
Investment Earnings	16,448	1%	16,198	1%
Miscellaneous	80,136	3%	99,297	3%
Transfers - Internal Activities	<u>947,167</u>	<u>38%</u>	<u>1,150,281</u>	<u>41%</u>
Total General Revenues & Transfers	<u>\$2,523,430</u>	<u>100%</u>	<u>\$2,812,542</u>	<u>100%</u>

Transfers from the city's business-type activities are the largest revenue source for the City comprising 40% of total governmental revenue. These transfers increased from fiscal year December 31, 2003 to December 31, 2004 by \$203,114.

Sales taxes are the second largest revenue source for the City comprising 34% of total governmental revenue. Revenues increased from fiscal year ending December 31, 2003 to December 31, 2004 by \$54,762.

Expenditures for the governmental activities increased by \$276,176 or 7% due to increased personnel costs and benefits (retirement & insurance) and general governmental expenses.

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Business-Type Activities

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

Business Type Activities:

	Fiscal year ended <u>December 31, 2003</u>	<u>Operating Revenues</u> Fiscal year ended <u>December 31, 2004</u>	Increase/ (Decrease) <u>Between Years</u>	<u>%</u>
Electric	\$3,630,236	\$3,855,887	\$225,651	6.2
Gas	\$1,140,502	\$1,213,481	\$ 72,979	6.4
Water	\$ 575,763	\$ 591,423	\$ 15,660	2.7
Sewer	<u>\$ 345,364</u>	<u>\$ 361,895</u>	<u>\$ 16,531</u>	<u>4.8</u>
	<u>\$5,691,865</u>	<u>\$6,022,686</u>		

Increase/(Decrease) Between Years.....\$330,821

	Fiscal year ended <u>December 31, 2003</u>	<u>Operating Expenses</u> Fiscal year ended <u>December 31, 2004</u>	Increase/ (Decrease) <u>Between Years</u>	<u>%</u>
Electric	\$2,973,564	\$3,232,184	\$278,620	9.3
Gas	\$1,110,128	\$1,236,527	\$126,399	11.4
Water	\$ 686,782	\$ 743,885	\$ 57,103	8.3
Sewer	<u>\$ 240,277</u>	<u>\$ 356,581</u>	<u>\$116,304</u>	<u>48.0</u>
	<u>\$5,010,751</u>	<u>\$5,589,177</u>		

Increase/(Decrease) Between Years.....\$578,426

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 15 and 17.

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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 and 1996 \$1.53 Bonds Debt Service Fund) are combined into a single, aggregated presentation. The basic fund financial statements can be found on pages 14 and 16 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 \$1,442,395, a decrease of \$243,404 from the prior year ending December 31, 2003. In the General Fund, the unreserved fund balance is \$976,170.

The City has reserved \$213,766 of its general fund balance for possible future coverage in unemployment compensation and auto liability claims and for prepaid expenses.

The City's major fund- the General Fund had a decrease from the prior year of \$237,088, from \$1,427,024 in the year ending December 31, 2003 to \$1,189,937 in the year ending December 31, 2004. The reserved fund balances in the other governmental funds in the amount of \$252,458 indicate that these funds are not available for new spending because they have already been committed for debt service and grant programs. Individual fund data for each of the nonmajor governmental funds is provided in the form of combining statements in the Supplemental Information portion of this report, beginning on page 45.

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 18-21 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 22-43 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 44 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 these funds to demonstrate compliance with this budget, beginning on page 44.
- b. **Analysis of Significant Budget Variances in the General Fund:**
 1. **Revenues:**
 - a. Increases in sales and property taxes of \$89,861 due to improving economy.
 - b. Over budgeted for occupational licenses of \$8,296.
 - c. Under budgeted for video poker and grant revenues of \$137,362.
 - d. Under budgeted garbage and inspection fees of \$63,958.
 - e. Miscellaneous revenues over budgeted by \$190,000.

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2. Expenditures:
- a. *Increases in personnel expenses in all departments of the city due to overtime and additional personnel totaled \$62,621.*
 - b. *Increases in retirement expenses in all departments of the city due to increased rates set by the pension retirement boards of \$80,941.*
 - c. *Increase in general liability, worker's comp, and auto coverage of \$39,800.*
 - d. *Increase in expense sharing to airport & civic center of \$21,473.*
 - e. *Decreases in capital outlays by \$117,158 due to completion of sidewalk project.*
 - f. *Increases in fuel & maintenance of vehicles of \$19,552 due to rising costs.*

Supplemental Information

- A. Combining statements of the Non-Major Governmental Funds (Special Revenue: HUD Section 8) and Debt Service Fund (1996 \$1.53 Bonds) have been provided on pages 46 and 47.
- B. Other Supplementary schedules follow, starting on page 54.

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, 2004 amounts to \$13,360,582 (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 \$306,250 or 2.3%.

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

- 1. Water Well and tower project was completed adding additional water service to the City's citizen's at a total cost of \$837,583.
- 2. Drainage improvements along False River were made at a cost of \$29,179.
- 3. Two pick-up trucks and a new bucket truck were purchased for the utility department at a total cost of \$118,287.
- 4. One new police vehicle and general admin. vehicle were purchased for \$31,334.
- 5. Computers, office equipment and software upgrades were purchased at a cost of \$13,190.
- 6. General maintenance equipment was purchased totaling \$15,577.
- 7. Police department parking lot was overlaid at a cost of \$14,300.

Additional information on the City's capital assets can be found in Note 7 on pages 31 and 32 of this report.

B. Long-Term Debt

At the end of the current fiscal year, the City had total bonded debt outstanding of \$4,905,000. Of this amount, \$370,000 comprises debt backed by a pledge of the excess of revenues of the General Fund, \$2,200,000 payable from the income and revenues earned from the electric system, and \$2,335,000 payable from the income and revenues earned from the water and sewer system. The city also has notes payable in the amount of \$34,693 from the purchase of 5 police vehicles.

The City's total debt decreased \$467,102 (8.6%) during the current fiscal year. Total principal payments made on debt during the year amounted to \$467,102. Additional information of the City's long-term debt can be found in Note 12 on pages 35-38.

**CITY OF NEW ROADS, LOUISIANA
MANAGEMENT'S DISCUSSION AND ANALYSIS
December 31, 2004**

Economic Factors and Next Year's Budget

The following factors were considered in preparing the City's budget for the 2005 fiscal year:

Budgeted sales and property tax amounts were increased over the prior year budget by \$40,000, although with an improving economy, both are expected to increase from the prior year.

Intergovernmental revenues were budgeted at constant amounts, reflecting no expected increases.

Garbage service revenue was increased by \$30,000 due to expected revenue increases over the prior year.

All other revenues with the exception of interest earnings were budgeted at roughly the same amounts as earned in 2004.

Within expenses, additional amounts were budgeted for retirement costs due to increases in the city's matching contribution rates, health costs due to the continued rising cost of coverage and personnel salary step increases. Capital outlay budget funds have been increased to cover the future purchase of four vehicles at an estimated cost of \$59,000, infrastructure repairs at \$50,000, and computer upgrades at various amounts.

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 Mrs. Cherie Beard, Controller, City of New Roads P.O. Box 280 New Roads, La. 70760.

BASIC FINANCIAL STATEMENTS

CITY OF NEW ROADS, LOUISIANA
STATEMENT OF NET ASSETS
December 31, 2004

	<u>Governmental</u> <u>Activities</u>	<u>Business-Type</u> <u>Activities</u>	<u>Total</u>
ASSETS			
Cash and cash equivalents	\$ 280,283	\$ 395,952	\$ 656,234
Investments	620,539	354,739	975,278
Account receivables	52,022	905,521	957,543
Due from other governmental units	201,483	0	201,483
Prepaid expenses	43,525	23,228	66,753
Deferred bond refunding cost	0	231,563	231,563
Restricted cash & cash equivalents	256,026	1,094,762	1,350,788
Restricted investments	208,198	2,820,058	3,028,256
Capital assets, net of depreciation	<u>3,531,885</u>	<u>8,828,917</u>	<u>13,360,802</u>
Total Assets	<u>5,171,739</u>	<u>15,654,739</u>	<u>20,826,478</u>
LIABILITIES			
Accounts payable and accrued expenses	195,865	479,841	675,826
Due to other governmental units	1,995	9,485	11,480
Current portion of long-term obligations	213,427	260,000	473,427
Utility deposits	0	258,400	258,400
Non-current portion of long-term obligations	<u>191,268</u>	<u>4,275,000</u>	<u>4,466,268</u>
Total Liabilities	<u>602,373</u>	<u>5,282,826</u>	<u>5,885,199</u>
NET ASSETS			
Invested in capital assets, net of related debt	3,128,972	5,293,917	8,422,889
Restricted for:			
Liability Claims	55,411	0	55,411
Unemployment claims	114,830	0	114,830
Prepaid expenses	43,525	0	43,525
Capital additions	0	2,354,924	2,354,924
Debt service	207,849	928,518	1,137,367
HUD grant	44,609	0	44,609
Unrestricted (deficit)	<u>976,170</u>	<u>1,793,553</u>	<u>2,769,723</u>
Total net assets	<u>\$ 4,599,367</u>	<u>\$ 10,371,912</u>	<u>\$ 14,941,279</u>

The accompanying notes are an integral part of this statement.

CITY OF NEW ORLEANS, LOUISIANA
STATEMENT OF ACTIVITIES
For the Year Ended December 31, 2004

FUNCTIONS/PROGRAMS	Presumed Revenue			
	Expenditures	Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions
Governmental activities:				
General government	\$ 1,480,887	\$ 350,877	\$ 68,446	\$ -
Public safety	1,118,642	42,763	55,388	-
Transportation	39,590	-	-	-
Streets & sanitation	772,899	307,278	-	-
Public works	252,815	18,517	-	-
Culture and recreation	167,823	5	886	-
Economic development	54,110	-	14,708	-
Education	9,478	-	8,228	-
Welfare	178,230	-	164,008	-
Debt service - interest	28,572	-	-	-
Total governmental activities	4,089,887	719,238	311,774	-

Business-type activities:				
Electric	3,252,184	3,855,857	-	-
Natural gas	1,238,527	1,213,481	-	-
Water and sewer	1,109,488	953,319	-	830,230
Total business-type activities	5,599,177	5,022,658	-	830,230
Total primary government	\$ 9,689,064	\$ 8,741,895	\$ 311,774	\$ 830,230

General revenues:

Taxes:	
Sales taxes	
Property taxes	
Franchise taxes	
Occupational licenses	
Video poker revenue	
(achieved) on sale of fixed assets	
Investment earnings	
Miscellaneous	
Transfers - national activities	

Total general revenues and transfers

Change in net assets

Net assets - beginning of the year

Net assets - end of the year

The accompanying notes are an integral part of this statement.

CITY OF NEW ORLEANS, LOUISIANA
STATEMENT OF ACTIVITIES
For the Year Ended December 31, 2004

Net (Expense) Revenue and Changes in Net Position	Total		
	Governmental Activities	Business-Type Activities	
\$ (1,041,744)	-	\$ (1,041,744)	
(1,018,351)	-	(1,018,351)	
(39,580)	-	(39,580)	
(488,621)	-	(488,621)	
(234,388)	-	(234,388)	
(168,633)	-	(168,633)	
(38,401)	-	(38,401)	
(1,251)	-	(1,251)	
(14,282)	-	(14,282)	
(28,572)	-	(28,572)	
(3,037,844)	-	(3,037,844)	
-	-	603,703	
-	-	(23,046)	
-	-	683,081	
-	-	1,283,738	
(3,037,844)	-	1,283,738	
238,728	-	688,728	
185,825	-	185,825	
28,252	-	28,252	
203,808	-	203,808	
170,344	-	170,344	
1,740	(8,235)	(3,495)	
18,183	54,536	70,739	
97,557	228,882	328,139	
1,150,281	(1,150,281)	-	
2,812,652	(872,388)	1,840,144	
(228,301)	391,340	168,038	
4,784,638	9,880,672	14,775,240	
\$ 4,556,287	\$ 10,371,912	\$ 14,841,278	

The accompanying notes are an integral part of this statement.

CITY OF NEW ROADS, LOUISIANA
BALANCE SHEET
GOVERNMENTAL FUNDS
December 31, 2004

	<u>General Fund</u>	<u>Other Governmental Funds</u>	<u>Total Governmental Funds</u>
<u>ASSETS</u>			
Current Assets			
Cash	\$ 260,283	\$ 0	\$ 260,283
Investments	620,539	0	620,539
Accounts receivable	52,022	0	52,022
Due from other governmental units	201,483	0	201,483
Prepaid expenses	43,525	0	43,525
Restricted Assets			
Cash	2,260	253,766	256,026
Investments	206,198	0	206,198
TOTAL ASSETS	<u>\$ 1,386,308</u>	<u>\$ 253,766</u>	<u>\$ 1,640,075</u>
<u>LIABILITIES & FUND BALANCE</u>			
LIABILITIES:			
Accounts payable	\$ 161,634	\$ 0	\$ 161,634
Accrued liabilities	34,051	0	34,051
Due to other governmental units	687	1,308	1,995
TOTAL LIABILITIES	<u>196,372</u>	<u>1,308</u>	<u>197,680</u>
FUND BALANCE			
Reserved:			
Reserved for liability claims	55,411	0	55,411
Reserved for unemploy. claims	114,830	0	114,830
Reserved for prepaid expenses	43,525	0	43,525
Reserved for debt service	0	207,849	207,849
Reserved for grant	0	44,609	44,609
Unreserved:			
Undesignated	976,170	0	976,170
TOTAL FUND BALANCE	<u>1,189,937</u>	<u>252,458</u>	<u>1,442,395</u>
TOTAL LIABILITIES & FUND BALANCE	<u>\$ 1,386,308</u>	<u>\$ 253,766</u>	<u>\$ 1,640,075</u>

The accompanying notes are an integral part of this financial statement.

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

For the Year Ended December 31, 2004

Total fund balance - governmental funds	\$ 1,442,396
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Amounts reported for governmental activities in the statement
of net assets 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.	3,531,665
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Long-term liabilities, including bonds payable, are not due and payable in the
current period and therefore are not reported in the governmental funds.

Capital leases	0
Notes payable	(34,663)
Certificate of indebtedness	<u>(370,000)</u>

Total net assets of governmental activities	<u>\$ 4,569,367</u>
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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, 2024

	General Fund	Other Governmental Funds	Total Governmental Funds
REVENUES			
Taxes	\$ 1,184,861	\$ 0	\$ 1,184,861
Licenses and permits	211,704	0	211,704
Intergovernmental revenue	294,882	164,008	458,890
Charges for services	324,583	0	324,583
Fines and forfeitures	41,153	0	41,153
Miscellaneous	458,471	1,873	460,344
Total revenues	<u>2,525,654</u>	<u>165,881</u>	<u>2,691,534</u>
EXPENDITURES			
General government	1,200,637	0	1,200,637
Public safety	1,152,903	0	1,152,903
Streets and sanitation	772,899	0	772,899
Transportation	39,590	0	39,590
Culture and recreation	157,823	0	157,823
Economic development and assistance	54,110	0	54,110
Education	9,479	0	9,479
Capital outlay	74,673	0	74,673
Debt service	0	193,871	193,871
Welfare	0	178,260	178,260
Public works	252,915	0	252,915
Total expenditures	<u>3,714,828</u>	<u>372,132</u>	<u>4,086,960</u>
EXCESS (Deficiency) OF REVENUES OVER EXPENDITURES	<u>(1,189,174)</u>	<u>(206,251)</u>	<u>(1,395,425)</u>
OTHER FINANCING SOURCES (USES)			
Transfers in	1,186,909	199,935	1,386,844
Sale of fixed assets	1,740	0	1,740
Transfers out	(216,562)	0	(216,562)
Total other financing sources (uses)	<u>952,087</u>	<u>199,935</u>	<u>1,152,021</u>
EXCESS (Deficiency) OF REVENUES AND OTHER SOURCES OVER EXPENDITURES AND OTHER USES	<u>(237,088)</u>	<u>(6,316)</u>	<u>(243,404)</u>
FUND BALANCES AT BEGINNING OF YEAR	<u>1,427,024</u>	<u>258,774</u>	<u>1,685,798</u>
FUND BALANCES AT END OF YEAR	<u>\$ 1,189,937</u>	<u>\$ 252,458</u>	<u>\$ 1,442,395</u>

The accompanying notes are an integral part of this financial 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, 2004

Net change in fund balances - total governmental funds \$ (243,404)

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	74,201
Depreciation expense	(283,200)

Bond proceeds provide current financial resources to governmental funds, but issuing debt increases long-term liabilities in the statement of net assets. Repayment of bond principal is an expenditure in the governmental funds, but the repayment reduces long-term liabilities in the statement of net assets. This is the amount by which repayments exceeded proceeds.

207,102

Change in net assets of governmental activities \$ (225,301)

The accompanying notes are an integral part of this statement.

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

	Business-Type Activities - Enterprise Funds			
	Electric	Natural Gas	Water/Sewer	Total
ASSETS				
Current Assets:				
Cash and cash equivalents	\$ 161,035	\$ 78,228	\$ 158,691	\$ 395,952
Investments	354,739	0	0	354,739
Account receivables	582,855	183,134	139,532	905,521
Prepaid expenses	10,807	1,150	11,170	23,228
Total current assets	<u>1,109,536</u>	<u>262,510</u>	<u>307,394</u>	<u>1,679,440</u>
Non-current Assets:				
Restricted Assets:				
Cash & cash equivalents	840,857	0	253,905	1,094,762
Investments	1,638,525	533,365	648,187	2,820,058
Deferred bond refunding cost	113,750	0	117,813	231,563
Capital assets, net of depreciation	<u>2,423,767</u>	<u>234,327</u>	<u>7,170,823</u>	<u>9,828,917</u>
Total noncurrent assets	<u>5,016,899</u>	<u>767,692</u>	<u>8,180,708</u>	<u>13,975,299</u>
Total Assets	<u>6,126,435</u>	<u>1,030,202</u>	<u>8,488,101</u>	<u>15,654,738</u>
LIABILITIES				
Current Liabilities:				
Accounts payable and accrued expenses	202,681	211,378	65,882	479,941
Due to other governmental units	5,301	0	4,185	9,485
Current portion of long-term obligations	125,000	0	135,000	260,000
Utility deposits	<u>258,400</u>	<u>0</u>	<u>0</u>	<u>258,400</u>
Total current liabilities	<u>591,382</u>	<u>211,378</u>	<u>205,068</u>	<u>1,007,828</u>
Noncurrent Liabilities:				
Non-current portion of long-term obligations	<u>2,075,000</u>	<u>0</u>	<u>2,200,000</u>	<u>4,275,000</u>
Total noncurrent liabilities	<u>2,075,000</u>	<u>0</u>	<u>2,200,000</u>	<u>4,275,000</u>
Total Liabilities	<u>2,666,382</u>	<u>211,378</u>	<u>2,405,068</u>	<u>5,282,828</u>
NET ASSETS				
Invested in capital assets, net of related debt	223,767	234,327	4,835,823	5,293,917
Restricted for:				
Capital additions	1,412,877	533,365	408,682	2,354,924
Debt service	571,128	0	358,391	929,518
Unrestricted (deficit)	<u>1,252,282</u>	<u>51,132</u>	<u>490,140</u>	<u>1,793,553</u>
Total net assets	<u>\$ 3,460,053</u>	<u>\$ 818,824</u>	<u>\$ 6,093,035</u>	<u>\$ 10,371,912</u>

The accompanying notes are an integral part of this statement.

CITY OF NEW ROADS, LOUISIANA
STATEMENT OF REVENUES, EXPENSES
AND CHANGES IN FUND NET ASSETS
PROPRIETARY FUNDS
For the Year Ended December 31, 2004

	<u>Electric Utility System</u>	<u>Natural Gas Utility System</u>	<u>Water & Sewer Utility System</u>	<u>Total Memo Only</u>
OPERATING REVENUES				
Charges for services	\$ 3,855,887	\$ 1,210,521	\$ 953,318	\$ 6,019,726
Miscellaneous	0	2,860	0	2,860
Total operating revenues	<u>3,855,887</u>	<u>1,213,481</u>	<u>953,318</u>	<u>6,022,686</u>
OPERATING EXPENSES				
Personal services	174,846	97,268	168,551	440,665
Contracted services	16,388	21,021	128,853	164,260
Operating costs	2,844,088	1,047,123	86,027	3,776,218
Maintenance and supplies	68,542	36,493	148,044	254,079
Insurance	42,717	5,562	44,177	92,446
Utilities	4,058	0	87,333	91,390
Depreciation	169,792	25,792	311,791	507,375
Total operating expenses	<u>3,121,408</u>	<u>1,233,250</u>	<u>971,776</u>	<u>5,326,433</u>
Operating income (loss)	<u>734,479</u>	<u>(19,769)</u>	<u>(18,458)</u>	<u>696,253</u>
NONOPERATING REVENUES (EXPENSES)				
Miscellaneous	122,832	11,345	140,452	274,458
Intergovernmental revenue	0	0	233,980	233,980
Bad debts recovered	8,659	0	0	8,659
Interest and fiscal charges	(116,603)	0	(123,549)	(240,155)
Gain (loss) on sale of fixed assets	0	0	(5,235)	(5,235)
Federal grant income	0	0	588,250	588,250
Bad debts written off	(14,179)	(3,277)	(5,142)	(22,599)
Total nonoperating revenues (expenses)	<u>544</u>	<u>8,068</u>	<u>836,756</u>	<u>845,369</u>
Income before operating transfers	<u>735,024</u>	<u>(11,701)</u>	<u>818,298</u>	<u>1,541,621</u>
OPERATING TRANSFERS				
Transfers in	8,227	8,328	54,902	69,458
Transfers out	(905,767)	(126,802)	(187,170)	(1,219,739)
Total operating transfers	<u>(899,540)</u>	<u>(118,473)</u>	<u>(132,268)</u>	<u>(1,150,281)</u>
CHANGE IN NET ASSETS	<u>(164,517)</u>	<u>(130,174)</u>	<u>686,030</u>	<u>391,340</u>
NET ASSETS AT BEGINNING OF YEAR	<u>3,624,570</u>	<u>948,998</u>	<u>5,407,004</u>	<u>9,980,572</u>
NET ASSETS AT END OF YEAR	<u>\$ 3,460,053</u>	<u>\$ 818,824</u>	<u>\$ 6,093,035</u>	<u>\$ 10,371,912</u>

The accompanying notes are an integral part of this statement

CITY OF NEW ROADS, LOUISIANA
STATEMENT OF CASH FLOWS
PROPRIETARY FUNDS
For the Year Ended December 31, 2004

	BUSINESS-TYPE ACTIVITIES -			
	ENTERPRISE FUNDS			
	ELECTRIC FUND	NATURAL GAS FUND	WATER/SEWER FUND	TOTAL
Cash flows from operating activities:				
Receipts from customers	\$ 3,938,929	\$ 1,197,273	\$ 1,849,937	\$ 6,986,139
Payments to employees for services	(173,489)	(86,125)	(166,541)	(436,156)
Payments to suppliers of goods & services	(2,738,838)	(1,064,057)	(445,612)	(4,238,205)
Payments for payroll taxes	(670)	(368)	(1,628)	(2,683)
Interest payments on revenue bonds	(118,606)	0	(123,549)	(240,155)
Net cash provided (used) by operating activities	909,528	46,723	1,112,710	2,068,961
Cash flows from noncapital financing activities:				
Transfers received for other than capital purposes	8,227	8,328	54,902	89,458
Transfers to other funds	(805,767)	(126,802)	(187,170)	(1,218,739)
Net cash provided (used) by noncapital financing activities	(899,540)	(118,473)	(132,268)	(1,150,281)
Cash flows from capital and related financing activities:				
Principal repayments related to capital purposes	(125,000)	0	(135,000)	(260,000)
Payments related to the acquisition of capital asset	(119,474)	(14,878)	(873,507)	(1,007,858)
Issuance cost refunding bonds	8,750	0	9,083	17,813
Net cash provided (used) by capital and related financing activities	(235,724)	(14,878)	(999,444)	(1,250,046)
Cash flows from investing activities:				
Proceeds from the sale of investments	0	100,000	0	100,000
Purchase of investments	(21,609)	(18,118)	(26,504)	(66,230)
Net cash provided (used) by investing activities	(21,609)	81,882	(26,504)	33,770
Net increase (decrease) in cash and cash equivalents	(247,344)	(4,748)	(45,507)	(297,597)
Cash and cash equivalents at beginning of year				
Unrestricted cash	463,413	82,972	220,439	766,824
Restricted Cash	785,822	0	235,664	1,021,486
TOTAL BEGINNING CASH	1,249,235	82,972	456,103	1,788,310
Cash and cash equivalents at end of year				
Unrestricted cash	161,035	78,226	158,691	395,952
Restricted Cash	840,857	0	253,805	1,094,782
TOTAL ENDING CASH	\$ 1,001,891	\$ 78,226	\$ 410,596	\$ 1,480,714

The accompanying notes are an integral part of this financial statement.

CITY OF NEW ROADS, LOUISIANA
STATEMENT OF CASH FLOWS
PROPRIETARY FUNDS
For the Year Ended December 31, 2004

	BUSINESS-TYPE ACTIVITIES -			
	ENTERPRISE FUNDS			TOTAL
	ELECTRIC FUND	NATURAL GAS FUND	WATER/SEWER FUND	
Operating income	\$ 735,024	\$ (11,701)	\$ 818,298	\$ 1,541,621
Adjustments to reconcile operating income to net cash provided (used) by operating activities:				
Depreciation	169,792	25,792	311,791	507,375
(Gain)loss on disposal of property	0	0	5,235	5,235
Bad debt expense	14,170	3,277	6,146	23,593
Recognized but unrealized (Gain)loss on investment	10,668	0	11,320	21,988
(Increase) decrease in accounts receivable	(73,115)	(30,830)	(91,528)	(195,472)
(Increase) decrease in prepaid items	(263)	(263)	(526)	(1,052)
Increase (decrease) in customer deposits	11,450	0	0	11,450
Increase (decrease) in accounts payable	41,117	59,873	51,590	152,379
Increase (decrease) in accrued payables	687	775	384	1,847
Total adjustments	<u>174,606</u>	<u>58,424</u>	<u>294,411</u>	<u>527,340</u>
Net cash provided (used) by operating activities	<u>909,528</u>	<u>46,723</u>	<u>1,112,710</u>	<u>2,068,861</u>

The accompanying notes are an integral part of this financial statement.

NOTES TO FINANCIAL STATEMENTS

City of New Roads, Louisiana
Notes to the Financial Statements
As of and for the Year Ended December 31, 2004

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 4,966 residents, consisting of the mayor and 5 council members (see Note 23) each representing a separate district with one at large member. All are elected to four year terms. The City of New Roads is located approximately 30 miles north-east 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 61 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 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 of 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

City of New Roads, Louisiana
Notes to the Financial Statements

Judicial District. It was determined that these governmental entities are not component units of the City reporting entity because they have separately elected governing bodies, are legally separate, and are fiscally independent of the City.

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

1. Joint ventures 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
False River Park & Recreation 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 special revenue fund is considered a nonmajor fund for reporting purposes.

DEBT SERVICE FUNDS - account for transactions relating to resources retained and used for the payment of principal and interest on those long-term obligations incurred through the general government operations. The 1996 \$1.53 Bonds Fund is considered a nonmajor fund for reporting purposes.

PROPRIETARY FUNDS

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

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

City of New Roads, Louisiana
Notes to the Financial Statements

D. MEASUREMENT FOCUS/BASIS OF ACCOUNTING

Government-Wide Financial Statements (GWFS)

The Statement of Net Assets 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 reflect the economic resources measurement focus and the accrual basis of accounting. Revenues, expenses, gains, losses, assets, and liabilities 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, and liabilities resulting from nonexchange transactions are recognized in accordance with the requirements of GASB Statement No. 33, *Accounting and Financial Reporting for Nonexchange Transactions*.

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.

City of New Roads, Louisiana
Notes to the Financial Statements

Expenditures are recognized under the accrual basis of accounting when the related fund liability is incurred, except for principal and interest on general long-term debt which are recognized when due in the Debt Service Fund.

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.

The revenue of Electric, Gas, Water, and Sewer systems, which is based upon rates authorized by the governing boards, 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 (see note5).

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".

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

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 ASSETS

For government-wide statement of net assets, net assets are reported as restricted when constraints placed on net asset use are 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 reservation and designation 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	20-30 Years
Buildings	40 Years
Land Improvements	20 Years
Machinery & equipment	5-20 Years
Furniture & fixtures	5-10 Years
Vehicles	5 Years

L. 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, 2004 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

City of New Roads, Louisiana
Notes to the Financial Statements

Employees earn 10 hours of sick leave per month beginning with the first day of employment. Sick leave can accumulate up to 360 hours. Employees are not compensated for accrued sick leave upon termination of employment.

M. 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 assets. Bond premiums and discounts, as well as issuance costs, are deferred and amortized over the life of the bonds using the effective interest method. Bonds payable are reported net of the applicable bond premium or discount. Bond issuance costs are reported as deferred charges and amortized over the term of the related debt.

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.

N. FUND EQUITY

Reserves

Reserves represent those portions of fund equity not appropriable for expenditure or legally segregated for a specific future use.

Designated Fund Balances

Designated fund balances represent tentative plans for future use of financial resources.

O. INTERFUND TRANSACTIONS

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

P. 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.

Q. TOTAL COLUMNS ON COMBINED STATEMENTS

Total columns on the combined statements are captioned Memorandum or Memo Only to indicate that they are presented only to facilitate financial analysis. Data in these columns do not present financial positions, results of operations, or changes in financial position in conformity with generally accepted accounting principles. Neither is such data comparable to a consolidation. Interfund eliminations have not been made in the aggregation of this data.

City of New Roads, Louisiana
Notes to the Financial Statements

R. 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. Formal budgetary integration is not employed for the Special Revenue Fund due to its limited size or for the Debt Service Funds because effective budgetary control is alternatively achieved through general obligation bond indenture provisions.

1. The proposed budget for fiscal year December 31, 2004 was made available for public inspection in accordance with RS 39:1306 beginning on December 3, 2003. The proposed budget was published in the official journal in accordance with RS 39:1306 on December 4, 2003. The public hearing was held in accordance with RS 39:1306 on December 16, 2003. 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, 2004 and are reflected in the budget comparisons.

The on-behalf payments (see note 17) received and paid by the State of Louisiana is not budgeted or reflected in the Budgetary Comparison Schedule- General Fund. The net effect of reflecting the receipt and payment of salaries and benefits on-behalf is zero. A reconciliation of total revenues and expenditures for the General Fund follows:

	Total Revenue	Total Expenditures
Actual - Page 16	\$ 2,525,654	\$ 3,714,828
On-Behalf Payments	47,020	47,020
Budget - Page 44	\$ 2,478,634	\$ 3,667,808

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, 2004, no City funds had deficit fund equities.

City of New Roads, Louisiana
Notes to the Financial Statements

D. EXCESS OF EXPENDITURES OVER APPROPRIATIONS

The following fund had actual expenditures over budgeted appropriations for the year ended December 31, 2004.

<u>Fund</u>	<u>Original Budget</u>	<u>Final Budget</u>	<u>Actual</u>	<u>Unfavorable Variance</u>
General Fund	\$3,423,681	\$3,516,148	\$3,667,808	\$151,660

E. COMPLIANCE WITH BOND AND CERTIFICATE OF INDEBTEDNESS COVENANTS

1. Compliance with General Obligation Bond Covenants

As of December 31, 2004, the City was in compliance with all general obligation bond covenants. See Note 12 for a further discussion of these covenants.

2. Compliance with Electric and Water/Sewer Revenue Bonds

As of December 31, 2004, 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:

	<u>Authorized Millage</u>	<u>Levied Millage</u>
Citywide taxes:		
General Alimony -		
General Fund	6.41	6.41

The following are the principal taxpayers for the city:

<u>Taxpayer</u>	<u>Type of Business</u>	<u>Assessed Valuation</u>	<u>Percentage of Total Assessed</u>	<u>Amount Assessed</u>
Regions Bank	Financial	\$ 1,367,780	4.4%	\$ 95,342
La Generating	Electric	1,618,587	5.1%	94,186
Peoples Bank	Financial	1,020,530	3.3%	59,412
Wal-Mart	General Retail	687,435	2.2%	25,574
Bell South	Telephone	<u>439,495</u>	<u>1.4%</u>	<u>14,511</u>
	Totals	<u>\$5,133,827</u>	<u>16.40 %</u>	<u>\$ 289,022</u>

NOTE 4 - CASH AND CASH EQUIVALENTS

At December 31, 2004, the municipality has cash and cash equivalents (book balances) totaling \$2,007,022 as follows:

Cash on hand	\$ 595
Demand deposits	3,907
Interest-bearing demand deposits	2,002,520
Money market accounts	0
Times deposits	<u>0</u>
Total	<u>\$2,007,022</u>

City of New Roads, Louisiana
Notes to the Financial Statements

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

At December 31, 2004, the municipality has \$2,104,518 in deposits (collected bank balances). These deposits are secured from risk by \$426,392 of federal deposit insurance and \$2,046,156 of pledged securities held by the custodial bank in the name of the fiscal agent bank (GASB Category 3).

Even though the pledged securities are considered uncollateralized (Category 3) under the provisions of GASB Statement No. 3, Louisiana Revised Statute 39:1229 imposes a statutory requirement on the custodial bank to advertise and sell the pledged securities within 10 days of being notified that the fiscal agent has failed to pay deposited funds upon demand.

NOTE 5 - INVESTMENTS

Investments are categorized into these three categories of credit risk:

1. Insured or registered, or securities held by the municipality or its agent in the municipality's name
2. Uninsured and unregistered, with securities held by the counterparty's trust department or agent in the municipality's name
3. Uninsured and unregistered, with securities held by the counterparty, or by its trust department or agent but not in the municipality's name

At fiscal year-end, the municipality's investment balances were as follows:

Investments held at December 31, 2004, consisted of \$465,134 in United States Treasury Notes and \$3,536,400 in the Louisiana Asset Management Pool Inc. (LAMP), a local government investment pool (see Summary of Significant Accounting Policies). LAMP investments at December 31, 2003 totaled \$3,697,843. In accordance with GASB Codification Section 150.165 the investment in LAMP at December 31, 2004, is not categorized in the three risk categories provided by GASB Codification Section 150.164 because the investment is in the pool of funds and therefore not evidenced by securities that exist in physical or book entry form. LAMP is administered by LAMP Inc., a non-profit corporation organized under the laws of the State of Louisiana, which was formed by an initiative of the State Treasurer in 1993. A board of directors comprising the State Treasurer, representatives from various organizations of local government, the Government Finance Officers Association of Louisiana, and the Society of Louisiana CPA's governs the corporation. Only local governments having contracted to participate in LAMP have an investment interest in its pool of assets. The primary objective of LAMP is to provide a safe environment for the placement of public funds in short-term high-quality investments. The LAMP portfolio includes only securities and other obligations in which local governments in Louisiana are authorized to invest. Accordingly, LAMP investments are restricted to securities issued, guaranteed, or backed by the U.S. Treasury, the U.S. Government, or one of its agencies, enterprises, or instrumentalities, as well as repurchase agreements collateralized by those securities. The dollar weighted average portfolio maturity of LAMP assets is restricted to not more than 90 days, and consists of no securities with a maturity in excess of 397 days. LAMP is designed to be highly liquid to give its participants immediate access to their account balances.

City of New Roads, Louisiana
Notes to the Financial Statements

<u>Type of Investment</u>	<u>Category 1</u>	<u>Carrying Amount</u>		<u>Total Carrying Amount</u>
		<u>Fair Value</u>	<u>Amortized Cost</u>	
United States Treasury Notes	465,134	465,134	473,599	465,134
External Investment Pool		<u>3,536,400</u>		<u>3,536,400</u>
Total Investments		<u>4,001,534</u>	<u>473,599</u>	<u>4,001,534</u>

The investments are in the name of the City and are held in the trust department of custodial brokers selected by the City. Because the investments are in the name of the City and are held by its agent, they are considered insured and registered, Category 1 in applying the credit risk of GASB Codification Section 150.164.

The treasury notes mature on February 15, 2007, with a par value of \$437,000.

NOTE 6 - ACCOUNTS AND INTERGOVERNMENTAL RECEIVABLES

The following is a summary of receivables at December 31, 2004.

<u>Class of Receivable</u>	<u>General Fund</u>	<u>Special Rev. Fund</u>	<u>Enterprise Fund</u>
Intergovernmental			
Ad valorem	\$ 185,285	\$ -0-	\$ -0-
Federal	9,139	-0-	-0-
State	5,677	-0-	-0-
Local	16,198	-0-	-0-
Accounts	<u>37,206</u>	<u>-0-</u>	<u>905,521</u>
Total	\$ <u>253,505</u>	\$ <u>-0-</u>	\$ <u>905,521</u>

The City uses the direct charge-off method whereby uncollectible amounts due from ad valorem taxes and customers' utility receivables are recognized as bad debts at the time information becomes available which would indicate the uncollectability of the particular receivable. The direct charge-off method is used because it does not cause a material departure from GAAP and it approximates the valuation method.

NOTE 7 - CAPITAL ASSETS

Capital assets and depreciation activity as of and for the year ended December 31, 2004 are as follows:

Governmental activities:

	<u>Balance January 1, 2004</u>	<u>Additions</u>	<u>Deletions</u>	<u>Balance December 31, 2004</u>
Capital assets not depreciated:				
Land	\$ 691,332	0	0	\$ 691,332

City of New Roads, Louisiana
Notes to the Financial Statements

Capital assets being depreciated:

	Balance January 1, 2004	Additions	Deletions	Balance December 31, 2004
Land Improvements	1,141,986	14,100	0	1,156,086
Infrastructure	11,389,431	0	0	11,389,431
Buildings	1,960,936	0	0	1,960,936
Equipment	296,933	15,577	0	312,510
Furniture & Fixtures	173,458	13,190	0	186,648
Transportation Equipment	488,553	31,334	34,242	485,645
Totals being depreciated	<u>\$15,451,297</u>	<u>\$ 74,201</u>	<u>\$ 34,242</u>	<u>\$15,491,256</u>

Less accumulated depreciation:

Land Improvements	211,665	57,569	0	269,234
Infrastructure	10,703,536	68,927	0	10,772,463
Buildings	791,517	49,023	0	840,540
Equipment	227,771	17,612	0	245,383
Furniture & Fixtures	128,404	15,790	0	144,193
Transportation Equipment	359,073	54,279	34,242	379,110
Totals	<u>\$12,421,966</u>	<u>\$ 263,200</u>	<u>\$ 34,242</u>	<u>\$12,650,923</u>

Capital assets, net of
accumulated depreciation at
December 31, 2004

\$ 3,720,664 **\$ 188,999** **\$ 0** **\$ 3,531,665**

Depreciation expense of \$263,200 for the year ended December 31, 2004 was charged to the general government function.

A summary of proprietary property, plant, and equipment follows. Depreciation expense for the year ended December 31, 2004 was \$507,375.

	Balance January 1, 2004	Additions	Deletions	Balance December 31, 2004
Land	33,895	0	0	33,895
Buildings	42,833	0	0	42,833
Improvements other than Building	19,714,546	877,848	0	20,592,394
Furniture & Fixtures	41,628	0	0	41,628
Transportation Equipment	275,906	123,267	0	399,173
Distribution	243,457	0	0	243,457
Equipment	109,887	6,744	6,410	110,221
Totals	<u>20,462,152</u>	<u>1,007,859</u>	<u>6,410</u>	<u>21,463,601</u>
Less accumulated depreciation	<u>11,128,484</u>	<u>507,375</u>	<u>1,175</u>	<u>11,634,684</u>
Net Fixed Assets	<u>\$ 9,333,668</u>	<u>\$500,484</u>	<u>5,235</u>	<u>\$ 9,828,917</u>

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:

City of New Roads, Louisiana
Notes to the Financial Statements

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 9.25 percent of their annual covered salary and the City is required to contribute at an actuarially determined rate. The current rate is 11.00% (15.00% as of July 1, 2004) 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, 2004, 2003, and 2002, were \$130,091, \$82,071, and \$71,584, 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,

City of New Roads, Louisiana
Notes to the Financial Statements

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 7.5 percent of their annual covered salary and the City is required to contribute at an actuarially determined rate. The current rate is 15.25% (21.5% as of July 1, 2004) 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, 2004, 2003, and 2002, were \$86,469, \$50,763, and \$33,664, respectively, equal to the required contributions for each year.

NOTE 9 - OTHER POSTEMPLOYMENT BENEFITS

The City provides certain continuing health care and life insurance benefits for its retired employees, approximately 19 retirees. Substantially all of the City's employees become eligible for these benefits if they reach normal retirement age while working for the City.

The City recognizes the cost of providing these benefits as an expenditure when benefit costs are paid. The cost of retiree benefits totaled \$71,961 for the year ended December 31, 2004.

NOTE 10 - ACCOUNTS, SALARIES AND OTHER PAYABLES

The payables of \$675,626 at December 31, 2004, are as follows:

<u>Class of Payable</u>	<u>General Fund</u>	<u>Proprietary Funds</u>
Salaries & Withholdings	\$ 34,051	\$ 3,410
Accounts	161,634	476,531
Other	<u>-0-</u>	<u>0</u>
Total	<u>\$195,685</u>	<u>\$479,941</u>

NOTE 11 - LEASES

The municipality has an operating lease of the following nature:

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

The value of the operating lease payments remaining on all leases is as follows:

<u>Year Ending 12/31</u>	<u>St. Mary's</u>
2005	30,105
2006	30,105
2007	30,105
2008	30,105
2009	30,105
2010-2051	<u>1,245,870</u>
	<u>\$1,396,395</u>

City of New Roads, Louisiana
Notes to the Financial Statements

NOTE 12 - CHANGES IN GENERAL LONG-TERM OBLIGATIONS

The following is a summary of long-term debt transactions of the City for the year ended December 31, 2004:

	Bonded Debt	Capital Leases	Notes Payable	Total
Long-term obligations payable				
At December 31, 2003	5,335,000	3,270	68,525	5,406,795
Additions	0	0	0	0
Deductions	<u>430,000</u>	<u>3,270</u>	<u>33,832</u>	<u>467,102</u>
Long-term obligations payable				
At December 31, 2004	4,905,000	0	34,693	4,939,693
Less current portions	<u>440,000</u>	<u>0</u>	<u>33,427</u>	<u>473,427</u>
Net long-term obligations	<u>4,465,000</u>	<u>0</u>	<u>1,266</u>	<u>4,466,266</u>

General obligation bonds, revenue bonds, certificates of indebtedness, et cetera, are comprised of the following individual issues:

General Obligation Bonds:

\$1,530,000 1996 Certificates of Indebtedness due in semi-annual interest installments and annual principal installments of amounts from \$155,000 to \$190,000 with an interest rate of 5.225%, due through May 1, 2006. \$ 370,000
The 1996 General Obligations Debt service fund is used to accumulate monies for the repayment.

Revenue Bonds:

Electric System Upgrade:
\$2,515,000 2001 Revenue Refunding Bonds due in semi-annual interest and annual principal installments of amounts from \$120,000 to \$225,000 with interest rates from 3.25% to 5.375% due through July 1, 2017. \$2,200,000
The Electric Utility System fund is used to retire these issues.

Water / Sewer System Upgrade:
\$2,670,000 2001 Revenue Refunding Bonds due in semi-annual interest and annual principal installments of amounts from \$125,000 to \$235,000, with interest rates from 3.25% to 5.375% due through July 1, 2017. \$2,335,000
The Water and Sewer Utilities System fund is used to retire these issues.

At December 31, 2004, the municipality has accumulated and designated \$ 207,849 in the debt service funds and \$929,518 in the proprietary funds for future debt requirements. The annual requirements to amortize all bonds, notes and/or certificates outstanding at December 31, 2004, including interest payments of \$1,642,576 are as follows:

City of New Roads, Louisiana
Notes to the Financial Statements

ANNUAL REQUIREMENTS TO AMORTIZE LONG-TERM DEBT

Year Ending 12/31	General Obligation <u>Bond</u>	Electric Revenue <u>Bond</u>	Water/Sewer Revenue <u>Bond</u>	Notes <u>Payable</u>	<u>Total</u>
2005	194,630	227,824	244,091	34,316	700,861
2006	194,964	232,780	243,760	1,275	672,779
2007	0	232,105	247,773	0	479,878
2008	0	230,904	241,248	0	472,152
2009	0	229,228	244,230	0	473,458
Thereafter	<u>0</u>	<u>1,834,334</u>	<u>1,949,705</u>	<u>0</u>	<u>3,784,039</u>
	<u>\$ 389,594</u>	<u>\$2,987,173</u>	<u>\$3,170,807</u>	<u>\$ 35,591</u>	<u>\$ 6,583,167</u>

General Obligation Bonds

On May 22, 1996, the City issued \$1,530,000 of General Obligation Bonds, the proceeds of which were used to refund the remaining balance of the 1990 Series \$1,530,000 General Obligation Bonds and to provide funds for making capital improvements for the City. The bond was issued in the form of one certificate in the amount of \$1,530,000. It bears interest payable on May 1 and November 1 of each year at the rate of 5.225% and matures on May 1 of each year beginning May 1, 1997, with the final installment due May 1, 2006. These bonds are secured by and payable in principal and interest solely from a pledge and dedication of the excess of annual revenues of the City for the years ending December 31, 1996 to December 31, 2006. The bond resolution required the establishment of the following accounts with the City's designated fiscal agent:

Sinking Fund - The City is required to make monthly deposits equal to 1/12 of the next year's payment of interest and principal on the bonds. This fund is to be depleted each sinking fund year (ending May 1) except for a reasonable carryover as defined in the bond resolution.

Revenue Bonds:

On July 1, 1992 the City issued \$3,000,000 of Electric System Revenue Bonds, the proceeds of which were used to acquire and construct extensions and improvements to the electric distribution system. On November 12, 2001, the City issued \$2,515,000 of Electric System Revenue Refunding Bonds, the proceeds of which were used to advance refund the outstanding balance of \$2,375,000 of Electric System Revenue Bonds to achieve a lower effective interest rate and debt service savings. These bonds were issued in denominations of \$5,000. They bear interest payable on January and July 1, of each year at rates of 3.00% to 5.375% and mature on July 1, of each year beginning July 1, 2002, with the final installment due on 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. The bond resolution requires that the City will establish and maintain electric 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 -

The City is required to deposit daily into this fund the income and revenues earned from the operation of the electric 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.

Electric System Revenue Bond 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 January 20, 2002, equal to 1/6th of the next interest installment and 1/12th of the next principal installment.

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

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 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 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.

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.

Water / Sewer System Revenue Bonds:

On March 1, 1993, the City issued \$3,135,000 of Water and Sewer System Revenue Bonds, the proceeds of which were used to acquire and construct extensions and improvements to the water treatment and distribution systems and the sewer collection, treatment, and disposal system. On November 12, 2001, the City issued \$2,670,000 of Water/Sewer System Revenue Refunding Bonds, the proceeds of which were used to advance refund the outstanding balance of \$2,525,000 of Water/Sewer System Revenue Bonds to achieve a lower effective interest rate and debt service savings. These bonds were issued in denominations of \$5,000. They bear interest payable on January and July 1, of each year at rates of 3.00% to 5.375% and mature on July 1, of each year beginning July 1, 2002, with the final installment due on July 1, 2017. 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 January 2002, 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 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.

City of New Roads, Louisiana
Notes to the Financial Statements

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 AND TRANSFERS

As of December 31, 2004, there were no interfund receivable and payables. The following is a summary of interfund transfers which occurred during the year ended December 31, 2004:

	Transfer in <u>From</u>	Transfer Out <u>To</u>
General Fund -		
Electric Utility System	859,739	
Natural Gas System	120,000	5,052
Water & Sewer System	187,170	11,576
Debt Service		199,935
Debt Service Fund		
General	199,935	0
Enterprise Funds -		
Electric Utility System:		
General Fund		859,739
Water & Sewer Fund		42,752
Natural Gas Fund	6,227	3,277
Water & Sewer Utility System:		
General Fund	11,576	187,170
Natural Gas Fund	575	
Electric Fund	42,752	
Natural Gas System:		
Electric Fund	3,277	6,227
Water & Sewer		575
General Fund	<u>5,052</u>	<u>120,000</u>
Total	<u>\$1,436,303</u>	<u>\$1,436,303</u>

NOTE 14 - INTERGOVERNMENTAL PAYABLE

The following is a summary of the intergovernmental payable due other governments at December 31, 2004:

	General Fund	Proprietary Funds
Payable to		
HUD - Section 8	\$ 1,308	
Pointe Coupee Police Jury	687	
La. Dept of Revenue		6,311
La Dept of Health & Hospitals		3,174
	<u>\$ 1,995</u>	<u>\$ 9,485</u>

NOTE 15 - RESERVED AND DESIGNATED EARNINGS/FUND BALANCES

Proprietary Funds:

Unreserved retained earnings for proprietary funds represent the net assets available for future operations or distributions.

Reservations of retained earnings 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 reserved retained earnings are increased there is an equal reduction to the portion of retained earnings that is unreserved. Designations are established to indicate tentative plans for financial resource utilization in future periods. Specific reservations and designations of retained earnings are described below:

Reserve for Bond indentures - This represents the amounts required to be held in the sinking, reserve, and capital addition funds in accordance with the bond agreements for the \$2,515,000 electric revenue refunding bonds issued in 2001 and the \$2,670,000 water/sewer revenue refunding bonds issued in 2001.

Designated for Capital Additions - This designation was made to indicate monies in the Electric Utility System, the Natural Gas Fund, and the Water and Sewer Utility System Fund which are to be used for capital additions in future years.

Governmental Funds:

The unreserved fund balances for governmental funds represent the amount available for budgeting future operations. Reservations 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. Designations are established to indicate tentative plans for financial resource utilization in a future period. Specific reservations and designations of the fund balance accounts are summarized below.

Reserve for Unreported Liability Claims - This reserve was created by the council 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.

Reserve for Unemployment Compensation Claims - This reserve was created by the council to segregate a portion of the fund balance account to cover unemployment compensation claims as more fully explained in Note 20.

Reserved for prepaid expenses - This reserve was created to segregate a portion of the fund balance account to account for insurance expenses to be incurred in a future period.

Reserve for Debt Service - This reservation was created to segregate a portion of the fund balance account for debt service, including both principal payments and interest payments. The reservation was established to satisfy legal restrictions imposed by various bond agreements.

Reserved for Grant - Funds reserved by grants for future program costs. This reservation occurs in the Section 8 Fund.

NOTE 16 - 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:

City of New Roads, Louisiana
Notes to the Financial Statements

	<u>Electric</u>	<u>Natural Gas</u>	<u>Water Sewer</u>	<u>Total</u>
Operating Revenues	\$3,855,887	\$1,213,481	\$ 953,318	\$6,022,686
Depreciation	169,792	25,792	311,791	507,735
Operating Income	734,479	(19,769)	(18,458)	696,253
Net Income (Loss)	(164,517)	(130,174)	686,030	391,340
Property, Plant, and Equipment Additions	119,474	14,878	873,507	1,007,859
Total Assets	6,126,435	1,030,202	8,498,101	15,654,738
Fund Equity	3,460,053	818,824	6,093,035	10,371,912
Net Working Capital	518,154	51,132	102,328	671,614

NOTE 17 - 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 \$300 per month, which is added to their base salary. The City also receives a salary supplement for the officers from the Pointe Coupee Parish Sheriff's Office in lieu of the charging of property tax collection fees. For the year ended December 31, 2004, \$74,322 was received from the state and the sheriff 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 18 - JOINT VENTURES

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

	<u>False River Air Park Commission</u> <u>Unaudited</u>	<u>False River Park & Recreation Commission</u> <u>Scott Civic Center</u> <u>Unaudited</u>
Balance Sheet Date	12/31/03	12/31/03
Total Assets (not including GFA)	\$ 15,009	\$ 49,309
Total General Fixed Assets (GFA)	4,090,543	2,083,665
Total Liabilities	21,261	1,844
Total Equity	(6,251)	47,465
Total Revenues	271,203	55,258
Total Expenditures	276,533	91,485
Total Other Financing Sources (Uses)	0	33,900
Net Increase (Decrease) in Fund Balance	(5,330)	2,328

False River Air Park Commission

The False River Air Park Commission is 50% owned by the City. For the year covered by the financial statement above, the City contributed \$37,000 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.

False River Park & Recreation Commission

The False River Park & Recreation Commission is 50% owned by the City. For the year covered by the financial statement above, the City contributed \$43,473 as an operating grant to cover expenses of the park facility and Scott Civic Center. The False River Park & Recreation 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.

City of New Roads, Louisiana
Notes to the Financial Statements

NOTE 19 - LITIGATION AND CLAIMS

The City is a defendant in five pending lawsuits. It is in the City attorney's 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's 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 \$8,781 were incurred in the current year and recorded as current-year expenditure in the General Fund.

NOTE 20 - 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 whereby each quarter the City contributes 5% of quarterly wages to the unemployment cash account in lieu of paying contributions to the State. If any claims are paid by the state, the City reimburses the state from this account. The City has no estimated unemployment compensation liability as of year end. At year end, the cash account had \$114,830 held for purposes of funding future unemployment claims liabilities. As a result, \$114,830 of the general fund balance is reserved for payment of future unemployment claims liabilities.

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 \$55,411 held for purposes of funding future claims. As a result, \$55,411 of the general fund balance is reserved for payment of future vehicle liability claims.

On May 1, 2001, the City discontinued its self-insurance medical plan and replaced it with commercial insurance due to the high cost of medical claims and expenses.

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.

	<u>Unemployment Compensation</u>	<u>Vehicle Liability</u>	<u>Totals</u>
Beginning of Fiscal Year Liability	\$ 0	\$ 0	\$ 0
Current Year Claims And Changes in Estimates	0	4,679	4,679
Claim Payments	<u>< 0 ></u>	<u>< 4,679 ></u>	<u>< 4,679 ></u>
End of Fiscal Year Liability	<u>\$ 0</u>	<u>\$ 0</u>	<u>\$ 0</u>

City of New Roads, Louisiana
Notes to the Financial Statements

NOTE 21 - 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.

The City is in the process of obtaining bids from various power suppliers in advance of renewing their agreement to purchase energy from LEPA, which expires in December 2005. As of the date of this report, no agreements have been signed regarding the purchase of energy from any party.

NOTE 22 - UTILITY SERVICE AGREEMENTS

Pointe Coupee Parish Sewerage District No. 1 & 3A

An agreement between the Sewerage District No. 1 of Pointe Coupee Parish and the City provided for the billing of Customers on the sewerage system who are also customers on the City's utility system. This billing agreement went into effect for the month of November 1980. Under the terms of the agreement, the City retains \$1.50 per customer as a billing fee.

Solid Waste Disposal

An Agreement between the Solid Waste Disposal System of the Parish of Pointe Coupee and the City provides for the billing of customers on the City's system. This billing agreement went into effect for the month of October 1985. Under the terms of the agreement, the City retains \$1.50 per customer as a billing fee. On December 1, 2000, the City entered into its own solid waste disposal contract and will collect fees from residents within the city limits.

City of New Roads, Louisiana
Notes to the Financial Statements

NOTE 23 - 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 is as follows:

Mayor - Sylvester Muckelroy	\$35,600
Council:	
Ronald Jewell	8,400
Bernadine St. Cyr	8,400
Thomas Nelson	9,600
Kirk White	8,400
Walter Warr, Jr.	<u>8,400</u>
Total Compensation	<u>\$78,800</u>

NOTE 24 - 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 25 - SUBSEQUENT EVENTS

By resolution dated January 18, 2005, the City Council amended the sick leave policy for all employees of the city effective January 1, 2005. The amendment increased the amount of hours an employee can accumulate from 360 hours to 1,320. The amendment also allows employees to either convert all hours toward inclusion in their retirement benefit calculation or accept a payout not to exceed 264 hours and convert the remaining hours toward the retirement benefit calculation. The net effect of this change has not been determined as of this date.

REQUIRED SUPPLEMENTAL INFORMATION

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

**BUDGETARY COMPARISON SCHEDULE
For the Year Ended December 31, 2004**

	BUDGETED AMOUNTS			VARIANCE WITH FINAL BUDGET FAVORABLE (UNFAVORABLE)
	ORIGINAL	FINAL	ACTUAL	
REVENUES				
Taxes	\$ 1,109,000	\$ 1,105,000	\$ 1,184,861	\$ 89,861
Licenses & permits	211,000	220,000	211,704	(8,296)
Intergovernmental revenue	215,000	110,500	247,862	137,362
Charges for services	256,330	260,625	324,583	63,958
Fines and forfeitures	41,000	40,400	41,153	753
Miscellaneous	403,270	657,715	458,471	(199,244)
Total revenues	2,235,600	2,394,240	2,478,634	84,394
EXPENDITURES				
General government	1,108,376	1,199,000	1,200,637	(1,637)
Public safety	980,155	1,007,350	1,105,883	(98,533)
Streets and sanitation	628,337	688,625	772,899	(84,274)
Transportation	37,000	37,000	39,590	(2,590)
Culture and recreation	128,400	159,123	157,823	1,500
Economic development and assistance	57,929	64,800	54,110	690
Education	1,000	1,000	9,479	(8,479)
Capital outlay	207,380	124,650	74,673	49,977
Public works	297,125	244,600	252,915	(8,315)
Total expenditures	3,423,681	3,516,148	3,667,808	(151,660)
EXCESS (Deficiency) OF REVENUES OVER EXPENDITURES	(1,188,081)	(1,121,908)	(1,189,174)	(67,266)
OTHER FINANCING SOURCES (USES)				
Transfers in	840,000	830,000	1,166,909	336,909
Sale of fixed assets	0	0	1,740	1,740
Transfers out	(190,000)	(209,950)	(216,562)	(8,612)
Total other financing sources (uses)	650,000	620,050	952,086	332,036
EXCESS (Deficiency) OF REVENUES AND OTHER SOURCES OVER EXPENDITURES AND OTHER USES	(538,081)	(501,858)	(237,088)	264,770
FUND BALANCES AT BEGINNING OF YEAR	1,115,580	1,427,024	1,427,024	0
FUND BALANCES AT END OF YEAR	\$ 577,499	\$ 925,166	\$ 1,189,937	\$ 264,771

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 subsidies.

1996 \$1,530,000 General Obligation Bonds

The 1996 General Obligation Bonds Debt Service Fund is used to accumulate monies for the repayment of the \$1,530,000 1990 Certificates of Indebtedness. General Fund revenues finance these bonds. These Certificates mature on May 1 of each year beginning in 1997, with the final payment due in the year 2006, with an interest rate of 5.225%. The bonds were issued to defease the 1990 Series Bonds and to provide resources for various City capital improvement projects.

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

	HUD - SECTION 8 SPECIAL REVENUE FUND	1996 \$1.53 BONDS DEBT SERVICE FUND	TOTAL NON-MAJOR GOVERNMENTAL FUNDS
ASSETS			
Current Assets			
Restricted Assets			
Cash	<u>45,917</u>	<u>207,849</u>	<u>253,766</u>
TOTAL ASSETS	<u>\$ 45,917</u>	<u>\$ 207,849</u>	<u>\$ 253,766</u>
LIABILITIES & FUND BALANCE			
LIABILITIES:			
Due to other governmental units	<u>1,308</u>	<u>0</u>	<u>1,308</u>
TOTAL LIABILITIES	<u>1,308</u>	<u>0</u>	<u>1,308</u>
FUND BALANCE			
Reserved:			
Reserved for debt service	<u>\$ 0</u>	<u>\$ 207,849</u>	<u>\$ 207,849</u>
Reserved for grant	<u>44,609</u>	<u>0</u>	<u>44,609</u>
TOTAL FUND BALANCE	<u>44,609</u>	<u>207,849</u>	<u>252,458</u>
TOTAL LIABILITIES & FUND BALANCE	<u>\$ 45,917</u>	<u>\$ 207,849</u>	<u>\$ 253,766</u>

CITY OF NEW ROADS, LOUISIANA
STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES
NON-MAJOR GOVERNMENTAL FUNDS
For the Year Ended December 31, 2004

	HUD SECTION 8 SPECIAL REVENUE FUND	1983 \$1.63 BONDS DEBT SERVICE FUND	TOTAL NONMAJOR GOVERNMENTAL FUNDS
REVENUES			
Intergovernmental revenue	\$ 164,008	\$ 0	\$ 164,008
Miscellaneous	358	1,518	1,873
Total revenues	<u>164,364</u>	<u>1,518</u>	<u>165,881</u>
EXPENDITURES			
Debt service	0	193,871	193,871
Welfare	178,260	0	178,260
Total expenditures	<u>178,260</u>	<u>193,871</u>	<u>372,132</u>
EXCESS (Deficiency) OF REVENUES OVER EXPENDITURES	<u>(13,888)</u>	<u>(192,355)</u>	<u>(206,251)</u>
OTHER FINANCING SOURCES (USES)			
Transfers in	0	199,935	199,935
Total other financing sources (uses)	<u>0</u>	<u>199,935</u>	<u>199,935</u>
EXCESS (Deficiency) OF REVENUES AND OTHER SOURCES OVER EXPENDITURES AND OTHER USES	<u>(13,888)</u>	<u>7,580</u>	<u>(6,316)</u>
FUND BALANCES AT BEGINNING OF YEAR	<u>58,505</u>	<u>200,269</u>	<u>258,774</u>
FUND BALANCES AT END OF YEAR	<u>\$ 44,609</u>	<u>\$ 207,849</u>	<u>\$ 252,458</u>

CITY OF NEW ROADS
New Roads, Louisiana

GENERAL

**EXPENDITURES OF FEDERAL AWARDS
AND AUDIT FINDINGS RESOLUTION**

In accordance with Office of Management and Budget Circular A-133, the schedule of expenditures of federal awards is presented, follow-up and corrective action taken on prior audit findings, schedule of current year findings, and corrective action plans for current year audit findings.

CITY OF NEW ROADS
New Roads, Louisiana
Schedule of Expenditures of Federal Awards
For the Year Ended December 31, 2004

Federal Grantor/ Pass-Through Grantor Federal Grants/ Program Title	Federal CFDA Number	Pass Through Grantors Number	Expenditures
United States Department of Agriculture			
Passed Through:			
State of Louisiana Department of Agriculture & Forestry	10.664	CFMS#603561	
Urban & Community Forestry Comprehensive Gr.		Project#03-25PF	\$ 20,000
United States Department of Housing And Urban Development			
Direct:			
Section 8 - Housing Assistance Program	14.871	Proj#LA205VO	\$ 165,469
Indirect:			
Passed Through: State of Louisiana			
Division of Administration- Office of Community Development			
Community Development Block Grant/ State's Program	14.228	B-01-DC-22-001 Contract#585465	\$ 596,250
United States Department of Justice			
Indirect:			
Passed Through: State of Louisiana			
Louisiana Commission on Law Enforcement			
Electronic Equipment	16.592	Project #Z03-5-001	\$ 2,250
Byrne Formula Grant Program:			
Street Sales Disruption	16.579	Project#B03-5-016	\$ 5,298
Department of the Interior - National Park Service			
Passed through:			
Louisiana Dept. of Culture, Recreation & Tourism			
CLG Main Street Program	15.904	Grant #220318218	\$ 3,833
		Grant# 04-HP-10	\$ 2,876
Main Street Facade Grant	15.904		<u>\$ 8,000</u>
Total (All Federal)			<u>\$ 803,976</u>

The accompanying notes are an integral part of this schedule

CITY OF NEW ROADS
New Roads, Louisiana
Notes to the Schedule of Expenditures of Federal Awards
For the Year Ended December 31, 2004

Note A – Basis of Accounting

The accompanying Schedule of Expenditures of Federal Awards includes the federal grant activity of the City of New Roads and is presented on the accrual basis of accounting. The information in this schedule is presented in accordance with the requirements of OMB Circular A-133, *Audits of States, Local Governments, and Non-Profit Organizations*. Therefore, some amounts presented in this schedule may differ from amounts presented in, or used in, the preparation of the basic financial statements.

Note B – Risk Based Approach

The dollar threshold used to distinguish between Type A and Type B programs is \$500,000. The city does not qualify as a low-risk auditee.

OTHER REPORTS REQUIRED BY *GOVERNMENT AUDITING STANDARDS*
AND
OMB CIRCULAR A-133

MAJOR & MORRISON
CERTIFIED PUBLIC ACCOUNTANTS

JOHN L. MORRISON III, CPA, PC
MARK A. DAVID, CPA, PC

VAN P. MAJOR, CPA, PC (RETIRED)

MEMBERS:
AMERICAN INSTITUTE OF
CERTIFIED PUBLIC ACCOUNTANTS
SOCIETY OF LOUISIANA
CERTIFIED PUBLIC ACCOUNTANTS

**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 Sylvester Muckelroy
And Members of the City Council
City of New Roads, Louisiana

We have audited 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, Louisiana, as of and for the year ended December 31, 2004, which collectively comprise the City of New Roads, Louisiana basic financial statements, and have issued our report thereon dated June 7, 2005. 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.

Internal Control Over Financial Reporting

In planning and performing our audit, we considered the City of New Roads, Louisiana's internal control over financial reporting in order to determine our auditing procedures for the purpose of expressing our opinions on the financial statements and not to provide an opinion on the internal control over financial reporting. Our consideration of the internal control over financial reporting would not necessarily disclose all matters in the internal control over financial reporting that might be material weaknesses. A material weakness is a condition in which the design or operation of one or more of the internal control components does not reduce to a relatively low level the risk that misstatements caused by error or fraud in amounts that would be material in relation to the financial statements being audited may occur and not be detected within a timely period by employees in the normal course of performing their assigned functions. We noted no matters involving the internal control over financial reporting and its operation that we consider to be material weaknesses.

Compliance and Other Matters

As part of obtaining reasonable assurance about whether the City of New Roads, Louisiana's financial statements are free of material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts and grant agreements, noncompliance with which could have a direct and material effect on the determination of financial statement amounts. However, providing an opinion on compliance with those provisions was not an objective of our audit and, accordingly, we do not express such an opinion. The results of our tests disclosed no instances of noncompliance that are required to be reported under *Government Auditing Standards*.

This report is intended solely for the information and use of the City of New Roads, Louisiana's mayor and council members, 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. However, this report is a matter of public record and its distribution is not limited.

Major & Morrison
New Roads, Louisiana
June 7, 2005

Major & Morrison

MAJOR & MORRISON
CERTIFIED PUBLIC ACCOUNTANTS

JORDN L. MORRISON III, CPA, PC
MARK A. DAVID, CPA, PC

VAR P. MAJOR, CPA, PC (RETIRED)

MEMBERS:
AMERICAN INSTITUTE OF
CERTIFIED PUBLIC ACCOUNTANTS
SOCIETY OF LOUISIANA
CERTIFIED PUBLIC ACCOUNTANTS

**REPORT ON COMPLIANCE WITH REQUIREMENTS APPLICABLE TO EACH MAJOR
PROGRAM AND INTERNAL CONTROL OVER COMPLIANCE IN ACCORDANCE
WITH OMB CIRCULAR A-133**

The Honorable Sylvester Muckelroy
And Members of the City Council
City of New Roads, Louisiana

Compliance

We have audited the compliance of the City of New Roads, Louisiana, with the types of compliance requirements described in the U.S. Office of Management and Budget (OMB) Circular A-133 *Compliance Supplement* that are applicable to each of its major federal programs for the year ended December 31, 2004. The City of New Roads, Louisiana's major federal programs are identified in the summary of auditor's results section of the accompanying schedule of findings and questioned costs. Compliance with the requirements of laws, regulations, contracts, and grants applicable to each of its major federal programs is the responsibility of the City of New Roads, Louisiana management. Our responsibility is to express an opinion on the City of New Roads, Louisiana's compliance based on our audit.

We conducted our audit of compliance in accordance with auditing standards generally accepted in the United States of America; the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States; and OMB Circular A-133, *Audits of States, Local Governments, and Non-Profit Organizations*. Those standards and OMB Circular A-133 require that we plan and perform the audit to obtain reasonable assurance about whether non-compliance with the types of compliance requirements referred to above that could have a direct and material effect on a major federal program occurred. An audit includes examining, on a test basis, evidence about City of New Roads, Louisiana's compliance with those requirements and performing such other procedures, as we considered necessary in the circumstances. We believe that our audit provides a reasonable basis for our opinion. Our audit does not provide a legal determination on City of New Roads, Louisiana's compliance with those requirements.

In our opinion, City of New Roads, Louisiana complied, in all material respects, with the requirements referred to above that are applicable to each of its major federal programs for the year ended December 31, 2004.

Internal Control Over Compliance

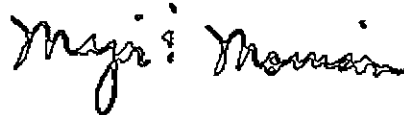
The management of City of New Roads, Louisiana is responsible for establishing and maintaining effective internal control over compliance with requirements of laws, regulations, contracts and grants applicable to federal programs. In planning and performing our audit, we considered City of New Roads, Louisiana's internal control over compliance with requirements that could have a direct and material effect on a major federal program in order to determine our auditing procedures for the purpose of expressing our opinion on compliance and to test and report on internal control over compliance in accordance with OMB Circular A-133.

Our consideration of the internal control over compliance would not necessarily disclose all matters in the internal control that might be material weaknesses. A material weakness is a reportable condition in which the

design or operation of one or more of the internal control components does not reduce to a relatively low level the risk that noncompliance with applicable requirements of laws, regulations, contracts and grants caused by error or fraud that would be material in relation to a major federal program being audited may occur and not be detected within a timely period by employees in the normal course of performing their assigned functions. We noted no matters involving the internal control over compliance and its operation that we consider to be material weaknesses.

This report is intended solely for the information and use of the City of New Roads, Louisiana's mayor and council members, 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. However, this report is a matter of public record and its distribution is not limited.

Major & Morrison
New Roads, Louisiana
June 7, 2005

A handwritten signature in dark ink, appearing to read "Major & Morrison", is written in a cursive style.

CITY OF NEW ROADS
New Roads, Louisiana
Schedule of Findings and Questioned Costs
As of and For the Year Ended December 31, 2004

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? yes X no
Reportable condition(s) identified not
considered to be material weaknesses? yes X none reported

Noncompliance material to financial statements
noted? yes X no

Federal Awards

Internal control over major programs:

Material weakness(es) identified? yes X no
Reportable condition(s) identified not
considered to be material weaknesses? yes X none reported

Type of auditor's report issued on compliance for major programs: Unqualified

Any audit findings disclosed that are required to be reported
in accordance with Circular A-133, Section .510(a)? yes X no

Identification of major programs:

<u>CFDA Number(s)</u>	<u>Name of Federal Program or Cluster</u>
	Department of Housing and Urban Development:
14.228	Community Development Block Grant/ State Programs

Dollar threshold used to distinguish between
Type A and Type B programs: \$500,000

Auditee qualified as low-risk auditee? yes X no

SECTION II - FINANCIAL STATEMENT FINDINGS

There were no financial statement findings.

SECTION III - FEDERAL AWARD FINDINGS AND QUESTIONED COSTS

There were no matters reported as required by Circular A-133, Section .510(a).

CITY OF NEW ROADS
New Roads, Louisiana

Summary Schedule of Prior Audit Findings
For the Year Ended December 31, 2004

<u>Ref. No.</u>	<u>Fiscal Year Finding Initially Occurred</u>	<u>Description of Finding</u>	<u>Corrective Action Taken</u>	<u>Planned Corrective Action/Partial Corrective Action Taken</u>
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Section I – Internal Control and Compliance Material to the Financial Statements:

There were no prior year findings.

Section II – Internal Control and Compliance Material to Federal Awards:

Not applicable.

Section III – Management Letter:

No management letter was issued.

CITY OF NEW ROADS
New Roads, Louisiana

Corrective Action Plan for
Current Year Audit Findings
For the Year Ended December 31, 2004

<u>Ref. No.</u>	<u>Description of Finding</u>	<u>Corrective Action Planned</u>	<u>Name of Contact Person</u>	<u>Anticipated Completion</u>
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Section I - Internal Control and Compliance Material to the Financial Statements:

There were no current year findings.

Section II - Internal Control and Compliance Material to Federal Awards:

There were no current year findings.

Section III - Management Letter:

No management letter was issued.

CITY OF NEW ROADS
New Roads, Louisiana
Schedule of Insurance
Unaudited
As of and for the Year Ended December 31, 2004

<u>Insurance Company</u>	<u>Policy Term</u>	<u>Policy Description</u>	<u>Policy Limits</u>
Hartford Steam Boiler Ind. Co.	6/1/04 to 6/1/2005	Boiler and Machinery	\$1,878,500 limit; \$5,000 deductible; transformers \$25,000 deductible (to actual cash value of equipment depending on age of equipment)
All State Insurance Co.	1/3/04 to 1/3/2005	Fire Standard Blanket Policy on Bldg. & Prop	\$3,816,500 gas warehouse, substation & equipment
Claredon American	4/9/04 to 4/9/2005	General Liability	\$2,000,000 general aggregate; \$1,000,000 each occurrence.
American International	7/21/03 to 6/21/06	Pollution	\$3,000,000 Aggregate \$25,000 deductible

CITY OF NEW ROADS
New Roads, Louisiana
Schedule of Electric, Water, & Gas Customers
Unaudited
As of and for the Year Ended December 31, 2004

Number of metered electric customers	1985
Number of non-metered electric customers	<u>-</u>
Total electric customers	<u>1985</u>
Number of metered water customers	2683
Number of non-metered water customers	<u>-</u>
Total water customers	<u>2683</u>
Number of metered gas customers	2012
Number of non-metered gas customers	<u>-</u>
Total gas customers	<u>2012</u>