

**CITY OF NEW ROADS, LOUISIANA
FINANCIAL STATEMENTS
FOR THE YEAR ENDED
DECEMBER 31, 1995**

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Release Date SEP 17 1996

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CERTIFIED PUBLIC ACCOUNTANTS
SOCIETY OF LOUISIANA
CERTIFIED PUBLIC ACCOUNTANTS

June 18, 1996

To Mayor Muckelroy and
the City Council
City of New Roads
New Roads, Louisiana

In planning and performing our audit of the general purpose financial statements of the City of New Roads, Louisiana for the year ended December 31, 1995, we considered the City's internal control structure to determine our auditing procedures for the purpose of expressing an opinion on the general purpose financial statements and not to provide assurance on the internal control structure.

However, during our audit we became aware of several matters that are opportunities for strengthening internal controls and operating efficiency. The memorandum that accompanies this letter summarizes our comments and suggestions regarding those matters. A separate report June 18, 1996, contains our report on reportable conditions in the City's internal control structure. This letter does not affect our report dated June 18, 1996, on the financial statements on the City of New Roads, Louisiana.

We will review the status of these comments during our next audit engagement. We have already discussed many of these comments and suggestions with various City personnel, and we will be pleased to discuss them in further detail at your convenience and to assist you in implementing these recommendations.

Thank you for your courtesies and cooperation extended to us during the annual examination.



MAJOR & DUCOTE
New Roads, Louisiana

Memorandum Re: Comments to Improve
the City's Operations

In connection with the examination, we offer the following comments to improve the City's operations.

1. Updating of fixed asset records

Statement of
Condition:

The City's perpetual inventory of fixed assets is not completely updated and keyed to the tagging system. Not all additions per the general ledger could not be traced to the perpetual records.

Description of
Effect:

The City does not have a detailed listing of its fixed assets, which lends them vulnerable to theft or casualty loss. It is important to have up to date records for insurance and tracking purposes.

Recommendation:

A monthly updating should be done to record all new acquisitions and dispositions (either by sale or junking). Additions and deletions per the perpetual records should be tied into those recorded in the general ledger. All fixed assets should be tagged and numbered and entered into a computerized fixed asset accounting system.

Management's
Response:

Management has begun the process of inventorying all general fixed assets and tagging them. There is a master listing of all tags which is keyed to the individual assets. However, the process is not maintained on a regular basis. Management has purchased the computerized fixed asset accounting system and plans to implement it in 1996. Once this system is online, a regular updating policy as recommended above will be implemented.

2. Purchasing of Supplies

Statement of
Condition:

Open end purchase orders are being issued for some items, such as office and janitorial supplies, from large retail stores. These purchases are made regularly and constitute a large volume of supplies.

Description of
Effect:

Purchasing large and frequent amounts of supplies on an open invoice places the City in a position whereby these supplies cannot be properly safeguarded from improper use and/or overpurchasing. Also, purchasing on an as-needed basis does not always guarantee that the best price has been paid for these items.

Recommended
Actions &
Management's
Response:

Due to the large volume of purchasing, it would be in the best interest of the City to bid out these supplies or purchase them from a state contract supplier. Also, management stated that it will institute some form of inventory control over these items to prevent improper use of these items.

CITY OF NEW ROADS, LOUISIANA
December 31, 1995

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CITY OF NEW ROADS, LOUISIANA
December 31, 1995

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Independent Auditors' Report

The Honorable Sylvester Muckelroy
and Member of the City Council
City of New Roads, Louisiana

We have audited the accompanying general purpose financial statements of City of New Roads, Louisiana, as of December 31, 1995, and for the year then ended. These general purpose financial statements are the responsibility of City of New Roads, Louisiana, management. Our responsibility is to express an opinion on these general purpose financial statements based on our audit.

We conducted our audit in accordance with generally accepted auditing standards, Government Auditing Standards, issued by the Comptroller General of the United States, and the provisions of the OMB Circular A-128, "Audits of State and Local Governments." Those standards and the provisions of OMB Circular A-128 require that we plan and perform the audit to obtain reasonable assurance about whether the general purpose financial statements are free of material misstatement. An audit includes examining, on a test purpose financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall general purpose financial statement presentation. We believe that our audit provides a reasonable basis for our opinion.

In our opinion, the general purpose financial statements referred to above present fairly, in all material respects, the financial position of City of New Roads, Louisiana, as of December 31, 1995, and the results of its operations and the cash flows of its proprietary type funds for the year then ended in conformity with generally accepted accounting principles

In accordance with Governmental Auditing Standards, we have also issued a report date June 18, 1996 on our consideration of the City of New Roads, Louisiana's internal control structure and a report dated June 18, 1996 on its compliance with laws and regulations.

Our audit was made for the purpose of forming an opinion on the financial statements taken as a whole. The accompanying financial information listed as "Supplemental Information" in the table of contents is presented for purposes of additional analysis and is not a required part of the financial statements of the City of New Roads, Louisiana. Such information has been subjected to the auditing procedures applied in the audit of the financial statements and in our opinion, is fairly stated in all material respects in relation to the financial statements taken as a whole.



Major and Ducote
New Roads, Louisiana
June 18, 1996

General Purpose Financial Statements
(Combined Statements - Overview)

CITY OF NEW ROADS, LOUISIANA
 COMBINED BALANCE SHEET
 ALL FUND TYPES AND ACCOUNT GROUPS
 December 31, 1995

	General Fund	Special Revenue Funds	Debt Service Funds	Capital Project Funds
ASSETS				
Current Assets				
Cash	\$ 988,466	\$ 624,521	\$ -	\$ -
Investments	-	-	-	-
Accounts receivable	9,823	-	-	-
Due from other funds	42,249	-	-	-
Due from other gov't. units	200,247	3,737	-	19,622
Prepaid expenses	-	-	-	-
Restricted Assets				
Cash	237,522	-	200,956	-
Investments	-	-	-	-
Property, Plant & Equipment (net of accum depr)	-	-	-	-
Other Debits				
Amount available for debt retirement	-	-	-	-
Amount to be provided for debt retirement	-	-	-	-
TOTAL ASSETS	\$ 1,478,307	\$ 628,258	\$ 200,956	\$ 19,622

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

Enterprise Funds	General Fixed Asset Group	General Long-term Debt Group	Memorandum Only Current Year	Memorandum Only Prior Year
\$ 885,979	\$ -	\$ -	\$ 2,498,966	\$ 2,087,997
10,566	-	-	10,566	205,468
710,522	-	-	720,345	590,131
492,264	-	-	534,513	362,730
-	-	-	223,606	491,999
22,773	-	-	22,773	27,314
3,021,069	-	-	3,459,547	3,085,668
585,694	-	-	585,694	559,220
9,235,328	2,823,124	-	12,058,452	12,068,999
-	-	200,956	200,956	207,902
-	-	694,044	694,044	832,595
\$ 14,964,195	\$ 2,823,124	\$ 895,000	\$ 21,009,462	\$ 20,520,023

CITY OF NEW ROADS, LOUISIANA
 COMBINED BALANCE SHEET - (continued)
 ALL FUND TYPES AND ACCOUNT GROUPS
 December 31, 1995

	General Fund	Special Revenue Funds	Debt Service Funds	Capital Project Funds
LIABILITIES AND FUND EQUITY				
LIABILITIES				
Current Liabilities				
Accounts payable	\$ 60,659	\$ -	\$ -	\$ -
Accrued liabilities	50,988	-	-	-
Due to other funds	-	-	-	19,622
Due to other gov't units	-	4,610	-	-
Curr Liab (from Restr Assets)				
Accounts payable	-	-	-	-
Other liabilities	23,824	-	-	-
Bonds payable	-	-	-	-
Deposits	-	-	-	-
Long-Term Liabilities				
Bonds payable	-	-	-	-
Capital leases	-	-	-	-
TOTAL LIABILITIES	135,471	4,610	-	19,622
FUND EQUITY				
Contributed Capital:				
Municipalities	-	-	-	-
Customers	-	-	-	-
Grants	-	-	-	-
Investment in general fixed assets	-	-	-	-
Retained Earnings:				
Reserved:				
Reserved for system upgrades	-	-	-	-
Reserved for possible refunds	-	-	-	-
Reserved for bond indenture	-	-	-	-
Unreserved:				
Designated for capital additions	-	-	-	-
Undesignated	-	-	-	-
Fund Balances:				
Reserved:				
Reserved for liability claims	42,094	-	-	-
Reserved for unemploy. claims	81,948	-	-	-
Reserved for health claims pay	85,514	-	-	-
Unreserved:				
Designated for debt service	-	-	200,956	-
Designated for grant	-	28,910	-	-
Undesignated	1,133,280	594,738	-	-
TOTAL FUND EQUITY	\$ 1,342,836	\$ 623,648	\$ 200,956	\$ -
TOTAL LIABILITIES AND FUND EQUITY	\$ 1,478,307	\$ 628,258	\$ 200,956	\$ 19,622

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

Enterprise Funds	General Fixed Asset Group	General Long-term Debt Group	Memorandum Only Current Year	Memorandum Only Prior Year
\$ 202,508	\$ -	\$ -	\$ 263,167	\$ 471,880
4,336	-	-	55,324	34,614
527,458	-	-	547,080	362,730
41,033	-	-	45,643	32,390
-	-	-	-	52,279
-	-	-	23,824	64,364
135,000	-	-	135,000	130,000
174,902	-	-	174,902	172,468
5,685,000	-	895,000	6,580,000	6,860,000
-	-	-	-	497
6,770,237	-	895,000	7,824,940	8,181,222
2,321,620	-	-	2,321,620	2,321,620
269,992	-	-	269,992	269,992
1,100,245	-	-	1,100,245	615,565
-	2,823,124	-	2,823,124	2,930,127
253,681	-	-	253,681	565,108
11,311	-	-	11,311	8,040
920,900	-	-	920,900	714,371
2,104,381	-	-	2,104,381	1,557,479
1,211,828	-	-	1,211,828	1,603,359
-	-	-	42,094	42,094
-	-	-	81,948	81,958
-	-	-	85,514	48,556
-	-	-	200,956	207,903
-	-	-	28,910	3,020
-	-	-	1,728,018	1,369,609
\$ 8,193,958	\$ 2,823,124	\$ -	\$ 13,184,522	\$ 12,338,801
\$ 14,964,195	\$ 2,823,124	\$ 895,000	\$ 21,009,462	\$ 20,520,023

CITY OF NEW ROADS, LOUISIANA
 COMBINED STATEMENT OF REVENUES, EXPENDITURES,
 AND CHANGES IN FUND BALANCES - ALL GOVERNMENTAL FUND TYPES
 Year End December 31, 1995

	General Fund	Special Revenue Funds	Debt Service Funds	Capital Project Funds
REVENUES				
Taxes	\$ 165,401	\$ 620,182	\$ -	\$ -
Licenses and permits	157,855	-	-	-
Intergovernmental revenue	179,092	83,776	-	241,126
Charges for services	4,800	-	-	-
Fines and forfeitures	30,697	-	-	-
Miscellaneous	455,621	27,352	10,575	-
TOTAL REVENUES	993,466	731,310	10,575	241,126
EXPENDITURES				
General government	772,333	300	-	-
Public safety	805,864	-	-	-
Streets and sanitation	335,679	-	-	-
Transportation	30,115	-	-	-
Culture and recreation	108,495	-	-	-
Capital outlay	127,719	-	-	218,441
Debt service	497	-	217,470	-
Welfare	-	82,148	-	-
Public works	104,582	-	-	-
TOTAL EXPENDITURES	2,285,284	82,448	217,470	218,441
Excess (deficiency) of revenues over expenditures	(1,291,818)	648,862	(206,895)	22,685
OTHER FINANCING SOURCES (USES)				
Transfers in	1,665,000	-	199,949	-
Transfers out	(199,949)	(515,000)	-	-
TOTAL OTHER FINANCING SOURCES (USES)	1,465,051	(515,000)	199,949	-
Excess (deficiency) of revenues over expenditures and other sources (uses)	173,233	133,862	(6,946)	22,685
Fund Balances/at beginning of year	1,115,082	489,786	207,902	(22,685)
Residual equity transfer in	54,521	-	-	-
Fund Balances/at end of year	\$ 1,342,836	\$ 623,648	\$ 200,956	\$ -

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

Memorandum Only Current Year		Memorandum Only Prior Year	
\$	785,583	\$	754,762
	157,855		151,642
	503,994		576,987
	4,800		7,696
	30,697		28,330
	493,548		549,959
	<u>1,976,477</u>		<u>2,069,376</u>
	772,633		837,728
	805,864		674,006
	335,679		326,787
	30,115		35,556
	108,495		59,611
	346,160		614,721
	217,967		219,025
	82,148		80,685
	104,582		-
	<u>2,803,643</u>		<u>2,848,119</u>
	(827,166)		(778,743)
	1,864,949		1,737,483
	(714,949)		(721,259)
	<u>1,150,000</u>		<u>1,016,224</u>
	322,834		237,481
	1,790,085		1,515,659
	54,521		-
\$	<u>2,167,440</u>	\$	<u>1,753,140</u>

CITY OF NEW ROADS, LOUISIANA
COMBINED STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN
FUND BALANCES -- BUDGET (GAAP BASIS) AND ACTUAL
GENERAL AND SPECIAL REVENUE FUND TYPES
Year Ended June 30, 1995

	General Fund		
	Budget	Actual	Variance Favorable (Unfavorable)
REVENUES			
Taxes	\$ 155,000	\$ 165,401	\$ 10,401
Licenses and permits	151,800	157,855	6,055
Intergovernmental revenue	79,102	179,092	99,990
Charges for services	6,700	4,800	(1,900)
Fines and forfeitures	19,399	30,697	11,298
Miscellaneous	400,023	455,621	55,598
TOTAL REVENUES	812,024	993,466	181,442
EXPENDITURES			
General government	772,626	772,333	293
Public safety	762,970	805,864	(42,894)
Streets and sanitation	363,519	335,679	27,840
Transportation	25,000	30,115	(5,115)
Culture and recreation	116,784	108,495	8,289
Capital outlay	193,298	127,719	65,579
Debt service	-	497	(497)
Welfare	-	-	-
Public works	111,688	104,582	7,106
TOTAL EXPENDITURES	2,345,885	2,285,284	60,601
Excess (deficiency) of revenues over expenditures	(1,533,861)	(1,291,818)	242,043
OTHER FINANCING SOURCES (USES)			
Transfers in	1,665,000	1,665,000	-
Transfers out	(218,126)	(199,949)	18,177
TOTAL OTHER FINANCING SOURCES (USES)	1,446,874	1,465,051	18,177
Excess (deficiency) of revenues over expenditures and other sources (uses)	(86,987)	173,233	260,220
Fund Balances at beginning of year	-	1,115,082	1,115,082
Residual equity transfer in	-	54,521	-
Fund Balances at end of year	\$ (86,987)	\$ 1,288,315	\$ 1,375,302

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

Special
Revenue Funds

Budget	Actual	Variance Favorable (Unfavorable)
\$ 525,000	\$ 620,182	\$ 95,182
-	-	-
89,402	83,776	(5,626)
-	-	-
12,000	27,352	15,352
626,402	731,310	104,908
500	300	200
-	-	-
-	-	-
-	-	-
-	-	-
89,402	82,148	7,254
-	-	-
89,902	82,448	7,454
536,500	648,862	112,362
-	-	-
(515,000)	(515,000)	-
(515,000)	(515,000)	-
21,500	133,862	112,362
-	489,786	489,786
-	-	-
\$ 21,500	\$ 623,648	\$ 602,148

CITY OF NEW ROADS, LOUISIANA
 COMBINED STATEMENT OF REVENUES, EXPENSES, AND
 CHANGES IN RETAINED EARNINGS - ALL PROPRIETARY FUND TYPES
 Year Ended December 31, 1995

	Enterprise Funds	Memorandum Only Current Year	Memorandum Only Prior Year
OPERATING REVENUES			
Charges for services	\$ 4,612,298	\$ 4,612,298	\$ 4,702,163
Miscellaneous	181,952	181,952	50,352
Total operating revenues	4,794,250	4,794,250	4,752,515
OPERATING EXPENSES			
Personnel services	359,352	359,352	328,860
Contracted services	44,354	44,354	14,994
Operating costs	2,262,661	2,262,661	2,263,559
Maintenance and supplies	188,688	188,688	169,026
Insurance	105,584	105,584	73,003
Utilities	87,379	87,379	77,086
Depreciation	439,023	439,023	311,526
Interest and fiscal charges	-	-	616
Total operating expenses	3,487,041	3,487,041	3,238,670
Operating income	1,307,209	1,307,209	1,513,845
NONOPERATING REVENUES (EXPENSES)			
Miscellaneous	301,170	301,170	255,324
Bad debts recovered	2,779	2,779	(4,187)
Interest and fiscal charges	(376,846)	(376,846)	(285,707)
Loss on sale of fixed assets	(3,017)	(3,017)	-
Loss on sale of investments	(5,837)	(5,837)	-
Bad debts written off	(21,717)	(21,717)	(32,450)
Total Nonoperating revenues (expenses)	(103,468)	(103,468)	(67,020)
Income before operating transfers	1,203,741	1,203,741	1,446,825
OPERATING TRANSFERS			
Transfers in	320,254	320,254	-
Transfers out	(1,470,254)	(1,470,254)	(1,099,595)
Total operating transfers	(1,150,000)	(1,150,000)	(1,099,595)
Net Income	53,741	53,741	347,230
Retained Earnings	4,448,360	4,448,360	4,101,128
Retained Earnings	\$ 4,502,101	\$ 4,502,101	\$ 4,448,358

City of New Roads, Louisiana
COMBINED STATEMENT OF CASH FLOWS
Year Ended December 31, 1995

	Electric Utility Fund	Natural Gas Fund	Water & Sewer Fund	Memorandum Only Current Year
Cash flows from operating activities:				
Operating income (loss)	\$ 920,160	\$ 317,536	\$ (33,955)	\$ 1,203,741
Adjustments to reconcile operating income to net operating cash provided by operating activities:				
Depreciation	185,876	18,483	234,664	439,023
Loss on sale of fixed asset	3,017	-	-	3,017
Loss on sale of investment	5,837	-	-	5,837
Changes in assets and liabilities:				
(Inc) Dec in accts rec	(130,483)	-	-	(130,483)
(Inc) Dec in other rec	-	(165,819)	30,092	(135,727)
(Inc) Dec in prepaid exp	7,843	(1,483)	(1,819)	4,541
Inc (Dec) in accts pay	(2,370)	15,842	(50,653)	(37,181)
Inc (Dec) in other pay	127,048	-	46,322	173,370
Inc (Dec) in accrd exp	196	99	350	645
Inc (Dec) in meter dep	2,433	-	-	2,433
Net Cash provided (used) by operating activities	<u>1,119,557</u>	<u>184,658</u>	<u>225,001</u>	<u>1,529,216</u>
Cash flows from noncapital financing activities				
Operating transfers in	-	-	320,254	320,254
Operating transfers out	(1,215,254)	(205,000)	(50,000)	(1,470,254)
Temporary refunds returned	-	-	-	-
Net cash provided from (used) for noncapital financing activities	<u>(1,215,254)</u>	<u>(205,000)</u>	<u>270,254</u>	<u>(1,150,000)</u>
Cash flows from capital and related financing activities:				
Acquisition and const of capital assets	(18,577)	(1,431)	(528,886)	(548,894)
Contribution of asset acquired through grant	-	-	484,680	484,680
Principal payments	(60,000)	-	(70,000)	(130,000)
Net cash flows from capital and related financing activities	<u>(78,577)</u>	<u>(1,431)</u>	<u>(114,206)</u>	<u>(194,214)</u>
Cash flows from investing activities:				
Purchase of investments	(12,803)	-	(14,239)	(27,042)
Proceeds form sale of investments	189,634	-	-	189,634
Proceeds from sale of fixed asset	10,400	-	-	10,400
Net cash from investing activities	<u>187,231</u>	<u>-</u>	<u>(14,239)</u>	<u>172,992</u>
Net Increase (decrease) in cash and cash equivalents	12,957	(21,773)	366,810	357,994
Cash and cash equivalents at beginning of year	<u>2,516,954</u>	<u>680,728</u>	<u>351,369</u>	<u>3,549,051</u>
Cash and cash equivalents at end of year	<u>\$ 2,529,911</u>	<u>\$ 658,955</u>	<u>\$ 718,179</u>	<u>\$ 3,907,045</u>

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

Memorandum Only
Prior Year

\$ 1,446,825

311,526

-

(239,188)

-

(10,007)

(378,526)

-

147,469

2,261

1,280,360

-

(1,099,595)

(3,866)

(1,103,461)

(835,707)

-

(125,000)

(960,707)

-

31,428

-

31,428

(752,380)

4,301,431

\$ 3,549,051

NOTES TO FINANCIAL STATEMENTS

City of New Roads, Louisiana
Notes to the Financial Statements
December 31, 1995

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

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 a Mayor-Council form of government and provides the following services as authorized by its charter: public safety (police), highways and streets, sanitation and drainage, 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 accounting and reporting practices of the City conform to generally accepted accounting principles as applicable to governmental units. 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 Municipal Audit Guide and the industry audit guide, Audit of State and Local Government Units, published by the American Institute of Certified Public Accountants.

The Reporting Entity

Governmental Accounting Standards Board Statement 14 established criteria for determining which component units should be considered part of the City of New Roads, Louisiana 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.

Based upon the application of the above criteria, the following is a brief review of each potential component unit addressed in defining the City's reporting entity.

The following component unit has been presented as a blended component unit because the component unit's governing body is essentially the same as the governing body of the City and the component unit provides services almost entirely to the primary government.

HUD Section 8-

This program is designated to aid low-income families to obtain decent, safe, and sanitary housing through a system of rental subsidies. The City Council exercises oversight by contracting with grant specialists to administer the Program and selecting the auditors for the annual audit. The fiscal year for Section 8 is December 31.

City of New Roads, Louisiana
Notes to the Financial Statements, (Continued)
December 31, 1995

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES, (Continued)

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 general purpose financial statements of the Parish -

False River Air Park Commission
False River Park & Recreation Commission

2. Sewerage District No. 2A of the Parish of Pointe Coupee, Louisiana.

Basis of Presentation - Fund Accounting

The accounts of the City are organized on the basis of funds and account groups, each of which is considered a separate accounting entity. The operations of each fund are accounted for with a separate set of self-balancing accounts that comprise its assets, liabilities, fund equity, revenues, and expenditures, or expenses, as appropriated. Government resources are allocated to and accounted for in individual funds based upon the purposes for which they are to be spent and the means by which spending activities are controlled. The various funds are grouped, in the financial statements in this report, into five generic fund types and two broad fund categories as follows:

GOVERNMENTAL FUNDS

GENERAL FUND - This fund is established to account for resources devoted to financing the general services that the City performs for its citizens. General tax revenues and other sources of revenue used to finance the fundamental operations of the City are included in this fund. This fund is charged with all cost of operating the government for which a separate fund has not been established.

SPECIAL REVENUE FUNDS - These funds account for the proceeds of specific revenue sources that are legally restricted to expenditures for specified purposes. In addition, the General Fund of each blended component unit is reported as a special revenue fund.

DEBT SERVICE FUNDS - These funds are used to account for the accumulation of resources for, and the payment of, general long-term debt principal, interest and related costs.

CAPITAL PROJECT FUNDS - Capital Project Funds are used to account for financial resources to be used for the acquisition or construction of major capital facilities (other than those financed by proprietary funds and trust funds.)

PROPRIETARY FUNDS

ENTERPRISE FUNDS - These funds are used to account for operations (a) that are financed and operated in a manner similar to private business enterprises 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, (Continued)
December 31, 1995

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES, (Continued)

In addition to the above two broad fund types, the City also maintains two account groups as described below:

FIXED ASSETS AND LONG-TERM LIABILITIES

The accounting and reporting treatment applied to the fixed assets and long-term liabilities associated with a fund are determined by its measurement focus. All governmental funds are accounted for on a spending or "financial flow" measurement focus. This means that only current assets and current liabilities are generally included on their balance sheets. Their reported fund balance (net current assets) is considered a measure of "available spendable resources." Governmental fund operating statements present increases (revenues and other financing sources) and decreases (expenditures and other financing uses) in net current assets. Accordingly, they are said to present a summary of sources and uses of "available spendable resources" during a period.

Fixed assets used in governmental fund type operations (general fixed assets) are accounted for in the General Fixed Assets Account Group, and recorded as expenditures in the governmental fund types when purchased. The City has elected to expense, and not capitalize, public domain ("infrastructure") fixed assets consisting of certain improvements other than buildings, such as roads, bridges, curbs and gutters, streets and sidewalks, drainage and lighting systems. No depreciation has been provided on general fixed assets.

All purchased fixed assets are stated at historical cost or estimated historical cost if actual historical cost is not available. Donated fixed assets are stated at their estimated fair value on the date donated.

Long-term liabilities expected to be financed from governmental funds are accounted for in the General Long-Term Debt Account Group, not in the governmental funds.

The two account groups are not "funds". They are concerned only with the measurement of financial position. They are not involved with measurement of results of operations.

Because of their spending measurement focus, expenditure recognition for governmental fund types is limited to exclude amounts represented by noncurrent liabilities. Since they do not affect net current assets, such long-term amounts are not recognized as governmental fund type expenditures or fund liabilities. They are instead reported as liabilities in the General Long-Term Debt Account Group.

The proprietary fund is accounted for on a cost of services or "capital maintenance" measurement focus and all assets and all liabilities (whether current or noncurrent) associated with their activity are included on their balance sheets. Their reported fund equity (net total assets) is segregated into contributed capital and retained earnings components. Proprietary fund type operating statements present increases (revenues) and decreases (expenses) in net total assets.

Depreciation of all exhaustible fixed assets used by the proprietary fund is charged as an expense against its operations. Deprecation has been provided over the estimated useful lives using the straight line method. The estimated useful lives are as follows:

Buildings	10 - 25 Years
Improvements Other Than Building	4 - 67 Years
Equipment	2 - 10 Years

City of New Roads, Louisiana
Notes to the Financial Statements, (Continued)
December 31, 1995

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES, (Continued)

Basis of Accounting

The accounting and reporting treatment applied to a fund is determined by its measurement focus. All Governmental Funds are accounted for on a spending or "financial flow" measurement focus. This means that only current assets and current liabilities are generally included on their balance sheets. Government fund operating statements present increases (revenues and other financing uses) in current assets. Agency funds accounting is similar to governmental funds.

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. See Note 5 for the property tax calendar.

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.

All Proprietary Funds are accounted for on a cost of services or "capital maintenance" measurement focus. Accordingly, all proprietary funds are accounted for using the accrual basis of accounting. Revenue is recognized when earned, and expenses are recognized when they are incurred.

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

Encumbrances

The City does not follow the encumbrances method of accounting.

Budget and Budgetary Accounting

The City follows these procedures in establishing the budgetary data reflected in these financial statements:

1. A proposed operating budget for the fiscal year is presented by the finance committee. The operating budget includes proposed expenditures and the means of financing them.

City of New Roads, Louisiana
Notes to the Financial Statements, (Continued)
December 31, 1995

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES, (Continued)

Budgets and Budgetary Information (continued)

2. 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 require the approval of the City Council.
3. All unencumbered budget appropriations, except project budgets, lapse at the end of each fiscal year.
4. Budgets are adopted on GAAP Basis

Cash

Cash for the City includes the payroll cash account, cash on hand, and various funds' individual operating accounts.

All cash deposits are deposited to interest bearing checking accounts.

Accounts Receivable and Bad Debts

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 uncollectibility 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.

Inventories

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

Restricted Assets

The City at its own discretion has restricted certain funds to be spent for specific purposes. These funds are accounted for in the General Fund. See subsequent paragraphs to this note for the further explanations of reservation and designation of Fund Equity.

Accumulated Unpaid Vacation and Sick Pay

Accumulated unpaid vacation and sick pay is accrued when incurred in proprietary funds. The amount of accumulated vacation and sick pay recorded in the governmental funds is that amount, adjusted to current salary costs, which is expected to be liquidated with expendable available financial resources. Only the current portion is reflected in the funds. The remainder of the liabilities are reported in the General Long-Term Debt Account Group. The guidelines of Financial Accounting Standards Board Statement (FASB) No. 43 "Accounting for Compensated Absences" were applied in determining the liability for both governmental and proprietary funds.

City of New Roads, Louisiana
Notes to the Financial Statements, (Continued)
December 31, 1995

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES, (Continued)

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 and the internal service fund, cash and cash equivalents are defined as follows:

Cash and highly liquid investments that are both:

- a. Readily convertible to known amounts of cash.
- b. So near maturity that they present insignificant risk of changes in interest rates.

Fund Equity Reservation and Designations

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 a future period. Specific reservations and designations of retained earnings are described below:

Reserve for Possible Refunds - The City received in prior years substantial refunds/rebates from a major gas supplier. Legal counsel has stated that it is possible that these monies would have to be returned at a future date. Therefore the City has placed all of the refunds into a reserved status.

Reserve for System Additions/Upgrades - This represents monies the City has set aside to provide for upgrades and expansions of its utility systems. These reservations are found in the Electric Utility System Fund and the Water & Sewer Utility System Fund.

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 \$3,000,000 revenue bonds issued in 1992 and the \$3,135,000 revenue bonds issued in 1993.

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

City of New Roads, Louisiana
Notes to the Financial Statements, (Continued)
December 31, 1995

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES, (Continued)

Fund Equity Reservation and Designations (continued)

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 14.

Reserve for Capital Projects - This reserve was created by the council to segregate funds for specific Council approved capital outlay projects.

Reserve for Health Claims - The City entered into a self-insured hospitalization plan during 1992. This represents the amount reserved for future claims. (See Note 14 for more information on the self insured plan.)

Designated for Debt Service - This reserve 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.

Designated for Grant - Funds designated by grants for future program costs. This designation occurs in both the Section 8 Fund and the LCDBG Fund.

Total Columns on Combined Statements - Overview

Total columns on the Combined Statements - Overview are captioned "Memorandum 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, (Continued)
December 31, 1995

NOTE 2 - CASH DEPOSITS WITH FINANCIAL INSTITUTIONS

Under state law, the City may deposit funds with a fiscal agent bank organized under the laws of the State of Louisiana, the laws of any other state in the union, or the laws of the United States. State statutes require that these deposits to be insured by Federal depository insurance are collateralized by securities held in the name of the City or its component by the trust department of a bank that does not hold the collateralized deposits.

Effective January 1, 1995, the City entered into a fiscal agency contract with the Bank of New Roads for the period January 1, 1995 through December 31, 1995.

The following is a summary of cash and cash equivalents (book balance) at December 31, 1995:

	<u>Primary Government</u>	<u>Component Unit</u>
Demand deposits	\$ -	\$ -
Interest-bearing demand deposits	5,924,398	33,520
Money market accounts	-	-
Times deposits	-	-
 Total	 <u>\$5,924,398</u>	 <u>\$ 33,520</u>

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 parities.

At December 31, 1995, the primary government and the blended component unit have \$6,249,015 in deposits (collected bank balances). These deposits are secured from risk by \$400,000 of federal deposit insurance and \$6,272,469 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 3 - INVESTMENTS

The City is allowed to invest in (1) United States bonds, treasury notes, certificates or other obligations of the United States of America, (2) time certificates of state banks organized under the laws of Louisiana and national banks having their principal office in Louisiana, (3) federally insured investments, or (4) mutual or trust funds registered with the Securities Exchange System that have underlying investments consisting solely of and limited to the United States government or its agencies.

City of New Roads, Louisiana
Notes to the Financial Statements, (Continued)
December 31, 1995

NOTE 3 - INVESTMENTS, (Continued)

The City held the following investments at December 31, 1995:

<u>Description</u>	<u>Carrying Amount</u>	<u>Market Value</u>
1) Kemper Money Market Fund Government Securities Portfolio which invest in obligations issued or guaranteed by the United State government or its agencies	\$ 10,566	\$ 10,566
2) United State Treasury Bills	<u>585,694</u>	<u>586,286</u>
	<u>\$596,260</u>	<u>\$596,852</u>

The Treasury Bills mature on March 21, 1996 with a par value of \$593,000.

NOTE 4 - AD VALOREM TAXES

All taxable property located within the State of Louisiana is subject by law to taxation on the basis of its assessed valuation. The assessed value is determined by the Parish Assessor, except for public utility property which is assessed by the Louisiana Tax Commission.

The 1974 Louisiana Constitution provided that, beginning in 1978, all land and residential property were to be assessed at 10% of fair market value; agricultural, horticultural, marsh lands, timber lands and certain historic buildings are to assessed at 10% of "use" value; and all other property is to be assessed at 15% of fair market value. Fair market values are determined by the elected assessor of the parish and are subject to review and final certification by the Louisiana Tax commission. The Assessor is required to reappraise all property every four years.

The Sheriff of Pointe Coupee Parish, as provided by State Law, is the official tax collector of general property taxes levied by the City. By agreement, the Sheriff relinquishes his commission of approximately 15.2% if the City supplements the policemen's salaries by this amount.

The millage rates are adopted in late October. The taxes are levied and notices are mailed out in mid November of the year. All taxes are due by December 31 of the year and are delinquent on January 1 of the next year, which is also the lien date.

State law requires the Sheriff to collect property taxes in the calendar year in which the assessment is made. If the 1995 taxes are not paid by the date due in December 31, 1995, the taxes bear interest at one and one fourth percent (1.25%) per month until the taxes are paid. After notice is given to the delinquent taxpayers, the Sheriff is required by the Constitution of the State of Louisiana to sell the least quantity of property necessary to settle the taxes and interest owed.

Property taxes are recognized as revenue in the year for which they are levied and become due. The majority of the year's taxes are collected from November 1995 to April 1996. Any amounts not collected at December 31 are shown as accounts receivable.

City of New Roads, Louisiana
Notes to the Financial Statements, (Continued)
December 31, 1995

NOTE 4 - AD VALOREM TAXES, (Continued)

Ad Valorem taxes attach as an enforceable lien on property as of January 1, of each year. Taxes are levied by the City in July or August and are actually billed to the taxpayers in November. Billed taxes become delinquent on January 1, of the following year. The Pointe Coupee Parish Sheriff Ex Officio Tax Collector bills and collects the City's property taxes using the assessed values determined by the tax assessor of Pointe Coupee Parish. Revenues from ad valorem taxes are budgeted in the year billed.

Ad valorem taxes as presented in these financial statements are as follows:

<u>Fund</u>	<u>Mills</u>	<u>Tax Year</u>	<u>Property Assessed Valuations</u>	<u>General Purposes Tax</u>
General Alimony - General Fund	7.22	1995	\$19,465,576	\$140,544

NOTE 5 - DUE FROM AND TO OTHER FUNDS

The following is a summary of interfund receivable and payable balances at December 31, 1995:

	<u>Due From Other Funds</u>	<u>Due To Other Funds</u>
Governmental Funds -		
General Fund:		
Electric Utility System	\$ 3,106	\$ -
Water & Sewer Utility System	38,300	-
1995 LCDBG Capital Project	19,622	-
1995 LCDBG Capital Project Fund:		
General Fund	-	19,622
Enterprise Funds -		
Electric Utility System:		
Natural Gas System	-	423,668
General Fund	-	3,106
Water & Sewer System	-	60,574
Water & Sewer Utility System:		
Electric Utility System	60,574	-
Natural Gas System	-	8,022
General Fund	-	38,300
Natural Gas System:		
Water & Sewer Utility System	8,022	-
Electric Utility System	<u>423,668</u>	<u>-</u>
Total	<u>\$ 553,292</u>	<u>\$ 553,292</u>

The City consolidated its utility billing system into the Electric Utility System general ledger. The amount of \$423,668 represents receivables of gas system charges and \$60,574 represents receivables of the water and sewer system charges included in the accounts receivable on the Electric Utility System financial statement. To offset these amounts a receivable is recorded in the Natural Gas Fund and the Water & Sewer System Fund.

City of New Roads, Louisiana
Notes to the Financial Statements, (Continued)
December 31, 1995

NOTE 6 - DUE FROM AND DUE TO OTHER GOVERNMENTAL UNITS

The balance due from and due to other governments is as follows:

	<u>Due From</u>	<u>Due To</u>
General Fund:		
Louisiana - Dept of Envir Quality	\$ 28,783	\$ -
Louisiana - Beer Tax	8,894	-
Louisiana - Tobacco Tax	13,485	-
Louisiana - Dept of Culture and Tourism	8,541	-
Pointe Coupee Tax Collector - Ad Valorem	140,544	-
Special Revenue Funds:		
Sales Tax Fund:		
Louisiana Department of Public Safety	3,737	-
Section 8 Program: U. S. Department of HUD	-	4,610
Capital Project Funds :		
1995 LCDBG Street Improvements: Div of Admin (LCDBG Grant)	19,622	-
Enterprise Funds:		
Electric Utility System:		
Louisiana - 1% Sales Tax	-	10,820
Pointe Coupee Police Jury - Garbage Fees	25,559	-
Pointe Coupee Sewer District #1	-	4,654
	<u>\$ 223,606</u>	<u>\$ 45,643</u>

NOTE 7 - RESTRICTED ASSETS

Restricted assets were comprised of the following as of December 31, 1995:

	<u>Governmental Funds</u>	<u>Enterprise Funds</u>
Unreported Liability Claims Escrow	\$ 42,683	\$ -
Unemployment Compensations Escrow	85,501	-
Employee Benefits Claims Escrow	109,338	-
Consumer Meter Deposits Accounts	-	181,489
Future Gas Refunds	-	11,311
Capital Additions and Improvement	-	2,779,180
Electric Revenue Bond Reserve Funds	-	281,489
Electric Revenue Bond Sinking Fund	-	21,833
Water/Sewer Revenue Bond Reserve Funds	-	304,205
Water/Sewer Revenue Bond Sinking Fund	-	27,254
Street Improvement Bonds Sinking Fund	60,902	-
Street Improvement Bonds Reserve Fund	140,054	-
	<u>\$ 438,478</u>	<u>\$3,606,761</u>

City of New Roads, Louisiana
Notes to the Financial Statements, (Continued)
December 31, 1995

NOTE 8 - CHANGES IN FIXED ASSETS

A summary of changes in general fixed assets follows:

	Balance January 1, 1995	Additions	Deletions	Balance December 31, 1995
Land	\$ 401,867	\$ -	\$ -	\$ 401,867
Land Improvements	371,365	34,400	-	405,765
Construction in Progress	285,861	218,440	484,680	19,621
Buildings	720,493	55,952	-	776,445
Equipment	<u>1,150,541</u>	<u>72,471</u>	<u>3,586</u>	<u>1,219,426</u>
Totals	<u>\$2,930,127</u>	<u>\$ 381,263</u>	<u>\$ 488,266</u>	<u>\$2,823,124</u>

The City has elected not to capitalize infrastructure capital outlays.

A summary of changes in enterprise fund fixed assets follows:

	Balance January 1, 1995	Additions	Deletions	Balance December 31, 1995
Land	\$ 33,895	\$ -	\$ -	\$ 33,895
Buildings	42,833	-	-	42,833
Improvement other than Building	15,932,747	530,685	-	16,463,432
Equipment	<u>525,845</u>	<u>18,211</u>	<u>38,517</u>	<u>505,539</u>
Totals	\$16,535,320	<u>\$ 548,896</u>	<u>\$ (38,517)</u>	\$17,045,699
Less accumulated depreciation	<u>\$(7,396,448)</u>	<u>\$ 439,023</u>	<u>\$ 25,100</u>	<u>\$(7,810,371)</u>
Net Fixed Assets	<u>\$ 9,138,872</u>			<u>\$ 9,235,328</u>

The water system expansion project was completed during 1995.

City of New Roads, Louisiana
Notes to the Financial Statements, (Continued)
December 31, 1995

NOTE 9 - CHANGES IN FIXED ASSETS, (Continued)

Effective January 1, 1995, the use of the internal service fund was terminated. The assets, other than fixed assets and liabilities were transferred into General Fund. The net book values of the fixed assets were transferred into the General Fixed Asset Group. See note 27 for the residual equity transfer made.

A summary of changes in internal service fund fixed assets follows:

	Balance January 1, <u>1995</u>	<u>Additions</u>	<u>Deletions</u>	Balance December 31, <u>1995</u>
Buildings	\$ 99,954	\$ -	\$ 99,954	\$ -
Improvements other than buildings	847	-	847	-
Equipment	<u>7,565</u>	<u>-</u>	<u>7,565</u>	<u>-</u>
Totals	108,366	<u>\$ -</u>	<u>\$ 108,366</u>	<u>-</u>
Less accum depre	<u>(60,020)</u>	<u>\$ -</u>	<u>\$ 60,020</u>	<u>-</u>
Net Fixed Assets	<u>\$ 48,346</u>	<u>\$ -</u>	<u>\$ 48,346</u>	<u>\$ -</u>

NOTE 10 - CHANGES IN LONG-TERM DEBT

The following is a summary of long-term debt transactions of the City for the year ended December 31, 1995:

General Long-Term Debt:

	Balance January 1, <u>1995</u>	<u>Additions</u>	<u>Deletions</u>	Balance December 31, <u>1995</u>
General Obligation Bonds:				
\$1,530,000 1990 Cap. Project Bonds	\$1,040,000	\$ -	\$ 45,000	\$ 895,000
Total General Obligation Bonds	<u>1,040,000</u>	<u>-</u>	<u>145,000</u>	<u>895,000</u>
Capitalized Leases:				
Fax Machine	<u>496</u>	<u>-</u>	<u>496</u>	<u>-</u>
Total Capitalized Leases	<u>496</u>	<u>-</u>	<u>496</u>	<u>-</u>
Total General Long-Term Debt	<u>\$1,040,496</u>	<u>\$ -</u>	<u>\$145,496</u>	<u>\$ 895,000</u>

Proprietary Fund Debt:

Revenue Bonds:				
\$3,000,000 Electric Sys. Upgrade Bonds	\$2,880,000	\$ -	\$(60,000)	\$2,820,000
\$3,135,000 Sewer/Water System Upgrade Bonds	<u>3,070,000</u>	<u>-</u>	<u>(70,000)</u>	<u>3,000,000</u>
Total Revenue Bonds	<u>\$5,950,000</u>	<u>\$ -</u>	<u>\$ 130,000</u>	<u>\$5,820,000</u>

City of New Roads, Louisiana
Notes to the Financial Statements, (Continued)
December 31, 1995

NOTE 10 - CHANGES IN LONG-TERM DEBT, (Continued)

Bonds, certificates of obligation, and installment notes payable, at December 31, 1995, are comprised of the following:

General Obligation Bonds:

\$1,530,000 1990 Certificates of Indebtedness due in semi-annual interest installments and annual principal installments of amounts from \$110,000 to \$205,000 with interest rates from 6.75% to 7.5%, due through July 1, 2000. \$ 895,000

Revenue Bonds:

Electric System Upgrade:
 \$3,000,000 1992 Certificates of Indebtedness due in semi-annual interest and annual principal installments of amounts from \$60,000 to \$235,000 with interest rates 3.80% to 7.00% due through July 1, 2017. \$2,820,000

Water/Sewer System Upgrade:
 \$3,135,000 1995 Certificates of Indebtedness in semi annual interest and annual principal installments of amounts from \$65,000 to \$245,000, with interest rates from 3.50% to 6.75% due through July 1, 2017. \$3,000,000

The annual requirements to amortize all bonds outstanding as of December 31, 1995, including interest payments of \$5,591,327 are as follows:

ANNUAL REQUIREMENTS TO AMORTIZE LONG-TERM DEBT			
<u>General Obligation Bonds</u>			
Year Ending 12/31	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
1996	\$ 155,000	\$ 66,650	\$ 221,650
1997	165,000	55,335	220,335
1998	180,000	43,125	223,125
1999	190,000	29,625	219,625
2000	<u>205,000</u>	<u>15,375</u>	<u>220,375</u>
	<u>\$ 895,000</u>	<u>\$210,110</u>	<u>\$1,105,110</u>
<u>Revenue Bonds</u>			
<u>Electric System Upgrade</u>			
Year Ending 12/31	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
1996	\$ 65,000	\$ 183,491	\$ 248,491
1997	70,000	180,339	250,339
1998	70,000	176,804	246,804
1999	75,000	173,129	248,129
2000	80,000	169,041	249,041
2001	85,000	164,561	249,561
2002	90,000	159,674	249,674
2003 - 2017	<u>2,285,000</u>	<u>1,447,021</u>	<u>3,732,021</u>
	<u>\$2,820,000</u>	<u>\$2,654,060</u>	<u>\$5,474,060</u>

City of New Roads, Louisiana
Notes to the Financial Statements, (Continued)
December 31, 1995

NOTE 10 - OUTSTANDING BOND ISSUES, (Continued)

Year Ending 12/31	<u>Water/Sewer System Upgrade</u>		
	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
1996	70,000	189,583	259,583
1997	75,000	186,433	261,433
1998	75,000	182,758	257,758
1999	80,000	178,858	258,858
2000	85,000	174,538	259,538
2001	90,000	169,778	259,778
2002	95,000	164,558	259,558
2003 - 2017	<u>2,430,000</u>	<u>1,480,651</u>	<u>3,910,651</u>
	<u>\$3,000,000</u>	<u>\$2,727,157</u>	<u>\$5,727,157</u>

The January 1, 1996 installments of interest due were paid in December 1995.

General Obligation Bonds

On July 1, 1990, the City issued \$1,530,000 of General Obligation Bonds, the proceeds of which were used to acquire and construct public improvements and refund the 1985 Capital Improvement Bonds.

These bonds were issued in denominations of \$5,000. They bear interest payable on January 1 and July 1 of each year at rates of 6.75% to 7.5% and mature on July 1 of each year beginning July 1, 1991 with the fiscal installment due July 1, 2000. 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 of New Roads for the years ending December 31, 1990 to December 31, 2000.

The bond resolution required the established 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 July 1) except for a reasonable carryover as defined in the bond resolution.

Reserve 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 one-half of the highest combined principal and interest requirement for any succeeding sinking fund year. The Reserve Fund was initially funded with \$111,853 from the monies accumulated in the Reserve Fund for the 1985 Certificates.

Revenue Bonds

Electric System Revenue Bonds:

On July 1, 1992, the City issued \$3,000,000 of Electric Systems Revenue Bonds, the proceeds of which are being to acquire and construct extensions and improvements to the electric distribution system.

City of New Roads, Louisiana
Notes to the Financial Statements, (Continued)
December 31, 1995

NOTE 11 - OUTSTANDING BOND ISSUES, (Continued)

These bonds were issued in denominations of \$5,000. They bear interest payable on January 1, of each year at rates of 3.80% to 7.0% and mature on July 1 of each year beginning July 1, 1993, 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 systems.

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 the 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 July 20, 1992, equal to 1/6th of the next interest installment and 1/12th of the next principal installment.

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 \$251,450 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 are being used to acquire and construct extensions and improvements to the water treatment and distribution systems and the sewer collection, treatment, and disposal system.

City of New Roads, Louisiana
Notes to the Financial Statements, (Continued)
December 31, 1995

NOTE 11 - OUTSTANDING BOND ISSUES, (Continued)

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 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 April 1993, 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 \$275,400 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.

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

NOTE 12 - RESERVATION OF RETAINED EARNING NATURAL GAS FUND

The City received refunds during 1992 and 1993 from Panhandle based on previous gas purchases; however, legal counsel advised the City that it is possible these refunds would have to be returned to the Company. Therefore, the City placed these receipts directly into a reserve account and made a corresponding reservation of retained earnings.

City of New Roads, Louisiana
Notes to the Financial Statements, (Continued)
December 31, 1995

NOTE 13 - PRIOR YEAR DEFEASANCE OF BONDS

Revenue Bonds

On December 12, 1989, the City of New Roads defeased in-substance its \$300,000 Public Utility Revenue Bond issue. The balance of these bonds outstanding at December 31, 1995, is \$37,000. The City has deposits in an irrevocable trust account with an escrow agent. This trust account is used solely for the payment of interest and principal on these bonds as they become due.

NOTE 14 - RISK MANAGEMENT

The City is self-insured in several areas as described below:

Unemployment compensation benefits -

The City has elected the "reimbursement method" whereby each quarter the City contributed 5% of quarterly wages to the unemployment cash account in lieu of paying the State. If any claims are paid by the State, the City reimburses the State. The City has not funded this account, except for interest earnings, since April 1991 as the administration feels it is adequately funded based on past history and a relatively low payout. At year end, this account has \$85,501 available to pay future claims.

Vehicle Liability Insurance -

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 account is funded each year by the amount of its insurance premiums saved when this amount was established plus interest earnings. At year-end, this account had \$42,684 available to pay future claims.

Employee Benefits -

In December 1, 1992, the City began a self-insurance medical plan by establishing the City of New Roads Employee Benefit Plan. This plan provides employee health benefits up to a \$1,000,000 lifetime maximum benefit (with lower limits for mental and nervous/drug and alcohol service). The City purchases a commercial stop loss policy with a \$15,000 annual deductible for claims in excess of coverage provided by the Fund. The policy also provides for a cumulative aggregate monthly payment the City has to pay for claims.

All funds of the City participate in the plan and make payments to the City of New Roads Employee Benefit Plan based on actuarial estimates of the amounts needed to pay prior and current year claims and to establish a reserve for catastrophe losses. The reserve was \$85,514 at December 31, 1995, and is shown as a reservation of fund balance. The claims liability of \$23,824 reported in the General Fund at December 31, 1995, is based on the requirements of Governmental Accounting Standards Board Statement Number 10, which requires that a liability for claims be reported if information prior to the issuance of the financial statements indicates that it is probable that a liability has been incurred at the date of the financial statements and the amount of the loss can be reasonably estimated. The City currently does not discount its claims liabilities.

City of New Roads, Louisiana
Notes to the Financial Statements, (Continued)
December 31, 1995

NOTE 14 - RISK MANAGEMENT, (continued)

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 is shown below.

Reconciliation of Claims Liabilities

	1995
Unpaid claims and claim adjustment expense at beginning of year	\$ 64,364
Incurred claims and claim adjustment expenses:	
Provisions for insured events of the current year	350,304
Increases in provisions for insured events of prior years	-
	350,304
Payments:	
Claims and claim adjustment expenses attributable to insured events of the current year	326,480
Claims and claim adjustment expenses attributable to insured events of prior years.	64,364
	390,844
Total unpaid claims and claim adjustments at end of year	\$ 23,824

NOTE 15 - GRANTS FROM OTHER GOVERNMENTAL UNITS

Federal grant programs represent an important source of funding which is beneficial to the City. The City received four federal grants in 1995:

- 1.) Section 8 Housing which is recorded in a special revenue fund.
- 2.) Louisiana Community Development Block Grant funds granted in 1993 to make repairs to the City's water system. This grant is accounted for in a capital projects fund and was completed in 1995.
- 3.) Louisiana Community Development Block Grant funds granted in 1995 to make repairs to the City's streets. This grant is accounted for in a capital projects fund and is reported construction in progress in the general fixed asset group.
- 4.) Department of Agriculture Grant to provide funds for the planting of trees. The funds are accounted for in the general fund.
- 5.) Louisiana Department of Culture, Recreation and Tourism grant to provide funds to add equipment, shelter, and landscaping to the 10th Street Community Park. The funds are accounted for in the general fund.

The grants normally specify the purpose for which funds may be used and are audited annually in accordance with Office of Management and Budget Circular A-128 under the Single Audit Act.

City of New Roads, Louisiana
Notes to the Financial Statements, (Continued)
December 31, 1995

NOTE 15 - GRANTS FROM OTHER GOVERNMENTAL UNITS, (Continued)

The following grant revenues are recorded in accompanying financial statements.

General Fund:	
Tree Grant	\$ 5,000
10th Street Community Park Grant	8,541
Special Revenue Funds :	
HUD Section 8	83,776
Capital Fund Project:	
1993 LCBDG Water System Repairs	<u>19,622</u>
	<u>\$ 116,939</u>

NOTE 16 - 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. ownership interest 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, 1982, the City of New Roads 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.

NOTE 17 - LEASE COMMITMENTS

Operating Leases:

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.

City of New Roads, Louisiana
Notes to the Financial Statements, (Continued)
December 31, 1995

NOTE 17 - LEASE COMMITMENTS, (continued)

On March 23, 1988, the City entered into a lease agreement with the New Roads Lions Club for surface rental of Lot 10 on Oak Street near the Power Plant for storage purposes. The lease is for a one year period with an option to renew at \$350 per month.

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

Year Ending <u>12/31</u>	<u>St. Mary's</u>	<u>Lions Club</u>	<u>Memo Total</u>
1996	30,105	350	30,455
1997	30,105	-	30,105
1998	30,105	-	30,105
1999-2051	<u>1,577,032</u>	<u>-</u>	<u>1,557,032</u>
	<u>\$1,667,347</u>	<u>\$ 350</u>	<u>\$1,667,697</u>

NOTE 18 - UTILITY SERVICE AGREEMENTS

Pointe Coupee Parish Sewerage District No. 1

An agreement between the Sewerage District No. 1 of Pointe Coupee Parish and the City of New Roads 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 term of the agreement, the City retains \$.50 per customer as a billing fee. The amount owed to the Sewerage District is reflected in Note 6.

Solid Waste Disposal

An Agreement between the Solid Waste Disposal System of the Parish of Pointe Coupee and the City of New Roads provides for the billing of customers on the City's system. This billing agreement went into affect for the month of October 1985. Under the terms of the agreement, the City retains \$.50 per customer as a billing fee. The amount owed to the Solid Waster Disposal System is reflected in Note 6.

City of New Roads, Louisiana
Notes to the Financial Statements, (Continued)
December 31, 1995

NOTE 19 - INTERFUND TRANSFERS

Transfers between funds for the year ended December 31, 1995 were:

	<u>Transfers In</u>	<u>Transfers Out</u>
General Fund:		
Sales Tax Fund	\$ 515,000	\$ -
Electric Utility System	895,000	-
Natural Gas System	205,000	-
Water & Sewer System	50,000	-
\$1,530,000 Debt Service Fund	-	199,949
Special Revenue Funds:		
Sales Tax Fund: General Fund	-	515,000
Debt Service Funds:		
\$1,530,000 Debt Service Fund: General Fund	199,949	-
Enterprise Funds:		
Electric Utility System:		
General Fund	-	895,000
Water & Sewer System	-	320,254
Natural Gas System:		
General Fund	-	150,000
Water & Sewer System:		
General Fund	-	50,000
Electric Utility System	<u>320,254</u>	<u>-</u>
	<u>\$2,185,203</u>	<u>\$2,185,203</u>

City of New Roads, Louisiana
Notes to the Financial Statements, (Continued)
December 31, 1995

NOTE 20 - SEGMENT INFORMATION

Some services provided by the City are financed by user charges - electric, water, sewer, and natural gas. The significant financial data for these enterprises are as follows:

	<u>Electric</u>	<u>Natural Gas</u>	<u>Water Sewer</u>	<u>Total</u>
Operating revenues	\$3,868,295	\$ 907,706	\$ 800,249	\$ 4,794,250
Depreciation	185,876	18,483	234,664	439,023
Operating income	921,717	272,423	113,069	1,307,209
Net Income (loss)	(295,094)	112,536	236,299	53,741
Property, Plant, and Equipment Additions	18,579	1,431	528,886	548,896
Total assets	6,946,490	1,227,654	6,790,051	14,964,195
Fund Equity	3,307,086	1,157,560	3,729,312	8,193,958
Net Working Capital	2,660,686	1,025,464	957,480	4,643,630

NOTE 21 - 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 Audited</u>	<u>False River Park & Recreation Commission Unaudited</u>
Balance Sheet Date	12/31/95	12/31/95
Total Assets	\$1,314,542	\$2,085,344
Total General Fixed Assets	1,311,215	2,072,102
Total Liabilities	27,323	5,352
Total Equity	1,287,219	2,079,992
Total Revenues	66,209	64,231
Total Expenditures	91,361	84,331
Total Other Financing Sources (Uses)	-	20,000
Net Increase (Decrease) in Fund Balance	(25,152)	(100)

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 \$26,238 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 since the Pointe Coupee Parish Police Jury is the governing authority for Pointe Coupee Parish.

False River Park & Recreation Commission

The False River Park & Recreation Park Commission is 50% owned by the City. For the year covered by the financial statement above, the City contributed \$44,997 as an operating grant to cover expenses of the park facility parish multi use facility. The False River Park & Recreation commission is a component unit of the Pointe Coupee Parish Police Jury since the Pointe Coupee Parish Police Jury is the governing authority for Pointe Coupee Parish.

City of New Roads, Louisiana
Notes to the Financial Statements, (Continued)
December 31, 1995

NOTE 22 - VACATION AND SICK LEAVE

Employees earn vacation in varying amounts according to years of service and vacation days are non-cumulative and unused days are paid at the employee's current rate of pay.

after 1 year of service	1 week
after 2 years of service	2 weeks
after 15 years of service	3 weeks
after 20 years of service	4 weeks

Employees earn 15 days of sick leave each year beginning with the first day of employment. Sick leave can accumulate up to 45 days and may be accumulated up to 90 days with Council approval. Employees are not compensated for accrued sick leave upon termination of employment.

As of December 31, 1995, the amount of unused vacation pay was considered immaterial.

NOTE 23 - PENSION PLAN AND RETIREMENT COMMITMENTS

Municipal Employees' Retirement System -

Substantially all employees of the City of New Roads are members of Plan A of the Municipal Employees' Retirement System, a multiple-employer public employee retirement system, controlled and administered by a separate board of trustees. All permanent employees working at least 35 hours per week, who are not participating in another public funded retirement system and are under age 60 at date of employment and elected municipal officials are eligible to participate in the Municipal Employees' Retirement System. The System is a cost-sharing, multiple-employer, statewide retirement system which is administered and controlled by a separate board of trustees. The System is financed by contributions from the member based on their earnable compensation, deducted from their wages by the employing municipalities and remitted quarterly to the System, together with contributions from all parishes in the State, excepting Orleans and East Baton Rouge, equal to 1/4 of 1% of ad valorem taxes collected within the respective parishes. Effective October 1, 1978, under Act #788, the "regular plan" and the "supplemental plan" were replaced, and are now known as Plan "A" and Plan "B".

On July 9, 1987, legislation was enacted which proposed a constitutional amendment to require the legislature commencing with the fiscal year 1989-1990 to provide an amount necessary to fund the employer portion of the System's "normal cost" and the amortization, by the year 2029, of the System's accrued liability existing as of June 30, 1988. The constitutional amendment was approved by the voters of the State of Louisiana.

City of New Roads, Louisiana
Notes to the Financial Statements, (Continued)
December 31, 1995

NOTE 23 - PENSION PLAN AND RETIREMENT COMMITMENTS, (Continued)

As provided by Louisiana Revised Statute 11:103 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. Each employee in Plan "A" contributes 9.25% of monthly earnings. Any member of Plan "A" can retire providing he meets one of the following criteria:

1. Any age with 30 or more years of creditable service
2. Age 55 with 25 years of creditable service
3. Age 60 with a minimum of 10 years of creditable service.
4. Under age 60 with 5 years of creditable service eligible for disability benefits.
5. Survivor's benefits require 5 years creditable service at death of a member.

In lieu of terminating employment and accepting a service retirement allowance, any member of Plan A or B who has been an active contributing member for one full year after becoming eligible for normal retirement may elect to participate in the differed retirement option plan (DROP) for up to three years and defer the receipt of benefits. Upon commencement of participation in the plan, membership in the System terminates. During participation in the plan, employee contributions cease, but employer contributions continue. The monthly retirement benefits that would be payable, had the person elected to cease employment and receive a service retirement allowance, are paid into the DROP Fund. This fund does not earn interest until the member terminates employment. In addition, no cost-of-living increases are payable to participants until employment which made them eligible to become members of the System has been terminated for at least one full year.

Employees who retire at or after age 60 with at least 10 years of credited service are entitled to a retirement benefit, payable monthly for life, equal to 3% of the member's final compensation multiplied by his years of creditable service earnings. Benefits are not to exceed 100% of an employees final compensation. The system provides death and disability benefits.

Municipal Police Employees' Retirement System of Louisiana

The Municipal Police Employees's Retirement System covers any full-time police officer, empowered to make arrests, who is employed by a municipality of the State and engaged in law enforcement, earns at least \$375.00 per month, excluding state supplemental pay, or an elected chief of police whose salary is at least \$100.00 per month. The System is a cost-sharing multiple-employer, statewide retirement system which is administered by a Board of Trustees.

LRS 11:103 requires the employer contribution to be actuarially determined. Contributions in the current year for all employers are actuarially determined at 9% of employee's earnable compensation excluding overtime by including state supplemental pay. The system also receives a percentage of insurance premiums which is used as an additional employer contribution.

City of New Roads, Louisiana
Notes to the Financial Statements, (Continued)

December 31, 1995

NOTE 23 - PENSION PLAN AND RETIREMENT COMMITMENTS (continued)

A member is eligible for normal retirement benefits after 25 years of service at any age, after 20 years of service and is over age 50 or 12 years of service and is age 55. A member is eligible upon receiving 25 years of credit regardless of age or 20 years of credit and attaining the age of 50, to elect to enter the differed retirement option plan (DROP). Upon filing the application for the program, the employee's active membership in the system is terminated. At the entry date into the DROP, the employee and employer contributions cease. The amount to be deposited into the DROP account is equal to the benefit computed under the retirement plan elected by the participant at date of application. The duration of participation in the DROP is specified for a period of three years or less. If employment is terminated after the three year period the participant may receive his benefits by lump sum payment or a true annuity. If employment is not terminated, active contributing membership into the system shall resume and upon later termination, he shall receive additional retirement benefits based on the additional service. DROP accounts shall earn interest subsequent to the termination of DROP participation at a rate of half of one percentage point below the percentage rate of return of the System's investment portfolio as certified by the actuary on an annual basis.

Benefit rates are three and one third percent of average final compensation per number of years of creditable service, not to exceed 100% of final salary.

	<u>Municipal Employees</u>		<u>Municipal Police</u>	
	<u>Plan A</u>			
Total Current Year Payroll	<u>\$ 775,578</u>		<u>\$ 408,700</u>	
Total Current Year Covered Payroll	<u>\$ 678,789</u>		<u>\$ 393,621</u>	
Contributions:				
Required by Statute:	<u>1/1/95-6/30/95</u>	<u>7/1/95-12/31/95</u>	<u>1/1/95-6/30/95</u>	<u>7/1/95-12/31/95</u>
Employees	9.25% 31,678	9.25% 31,109	7.5% 12,542	7.5% 16,981
Employers	5.50% 18,836	6.75% 22,701	9.0% 15,050	9.0% 20,376
Total				
Actual:				
Employees	9.25% 31,678	9.25% 31,109	7.5% 12,542	7.5% 16,981
Employers	5.50% 18,836	6.75% 22,701	9.0% 15,050	9.0% 20,376

City of New Roads, Louisiana
Notes to the Financial Statements, (Continued)
December 31, 1995

NOTE 23 - PENSION PLAN AND RETIREMENT COMMITMENTS (continued)

	Year Ended June 30, 1995	
	Municipal Employees Plan A	Municipal Police
Retirement System:		
Net Assets	\$ 276,390,971	\$ 755,464,738
Pensions Benefit Obligation	321,901,732	736,846,804
Unfunded Pension Benefit Obligation	\$ 45,510,761	\$ -
Excess Assets	-	\$ 18,617,934

The "pension benefit obligation" is a standard disclosure of the present value of pension benefits, adjusted for the effects of projected salary increases and step-rate benefits, estimated to be payable in the future as a result of employee service to date. The measure, which is the actuarial present value of credited projected measure, which is the actuarial present value of credited projected benefits, is intended to help users assess the System's funding status on a going-concern basis, assess progress made in accumulating sufficient assets to pay benefits when due, and make comparisons among public employee retirement systems and employers. The system does not make separate measurements of assets and pension benefit obligations for individual employers.

Historical trend information showing the System's progress in accumulating insufficient assets to pay benefits when due is presented in the System's June 30, 1995 comprehensive annual financial report. The City does not guarantee the benefits granted by the System.

NOTE 24 - COMMITMENTS AND CONTINGENCIES

The City is defendant in several pending lawsuits. It is in the City attorney's opinion that in each case 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.

NOTE 25 - COMPENSATION PAID TO BOARD MEMBERS

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

Mayor - Sylvester Muckelroy	\$32,000
Council	
Charlie Bonnette	7,200
Raymond Garrett	7,200
Patrick Witty	7,200
Kurt Kellerman	7,200
Marsha Langlois	7,200
Total Compensation	\$68,000

City of New Roads, Louisiana
Notes to the Financial Statements, (Continued)
December 31, 1995

NOTE 26 - RECONCILIATION OF FUND BALANCE

General Fund:	
Fund Balance, December 31, 1994	\$1,078,135
Claims paid on auto liability	(1,976)
Claims Paid for unemployment	(500)
Additional fundings of self-insurance programs	<u>39,423</u>
 Fund Balance, December 31, 1995	
Prior to Net Income	<u>\$1,115,082</u>

NOTE 27 - RESIDUAL EQUITY TRANSFERS

On January 1, 1995, the use of the internal service fund was discontinued. The assets, other than fixed assets, and liabilities were transferred into General Fund and the net book value of the fixed assets were transferred into the General Fixed Asset Group through the use of residual equity transfers.

Internal Service Fund:	
Fund equity December 31, 1994	\$102,867
Residual Equity Transfers to:	
General Fund	(54,521)
General Fixed Asset Group	<u>(48,346)</u>
 Fund Equity, December 31, 1995	<u>\$ -</u>

NOTE 28 - SUBSEQUENT EVENTS

On May 22, 1996, the City issued Certificated of Indebtedness in the amount of \$1,530,000. The proceeds of these bonds will be used to defease the outstanding balance of the 1990 \$1,530,000 bond issue and for various capital improvements within the City.

SPECIAL REVENUE FUNDS

Special Revenue Funds account for the proceeds of specific revenue sources (other than expendable trusts, or for major capital projects) that are legally restricted to expenditure for specific purposes.

Sales Tax Fund

The Sales Tax Fund accounts for the receipt of a one per cent (1%) sales and use tax and its subsequent disbursement in accordance with the sales tax dedication.

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/of fire department stations and any work or permanent public improvement, including equipment and furnishings therefore, title to which shall be in the public; or for any one of more such purposes, or for any other lawful corporate purposes.

HUD-Section 8 Program Fund -

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

CITY OF NEW ROADS, LOUISIANA
 COMBINING BALANCE SHEET
 SPECIAL REVENUE FUNDS
 December 31, 1995

	Sales Tax Fund	HUD-Section 8 Program Fund	Memorandum Only Current Year	Memorandum Only Prior Year
ASSETS				
Current Assets				
Cash	\$ 591,001	\$ 33,520	\$ 624,521	\$ 485,586
Due from other gov't. units	3,737	-	3,737	4,201
TOTAL ASSETS	\$ 594,738	\$ 33,520	\$ 628,258	\$ 489,787
LIABILITIES AND FUND BALANCE				
LIABILITIES				
Current Liabilities				
Due to other gov't units	\$ -	\$ 4,610	\$ 4,610	\$ -
TOTAL LIABILITIES	-	4,610	4,610	-
FUND BALANCE				
Unreserved:				
Designated for grant	-	28,910	28,910	25,705
Undesignated	594,738	-	594,738	464,082
TOTAL FUND BALANCE	594,738	28,910	623,648	489,787
TOTAL LIABILITIES AND FUND BALANCE	\$ 594,738	\$ 33,520	\$ 628,258	\$ 489,787

CITY OF NEW ROADS, LOUISIANA
 COMBINING STATEMENT OF REVENUES, EXPENDITURES,
 AND CHANGES IN FUND BALANCE - BUDGET (GAAP BASIS) AND ACTUAL
 SPECIAL REVENUE FUNDS
 Year Ended December 31, 1995

	Sales Tax Fund		
	Budget	Actual	Variance Favorable (Unfavorable)
REVENUES			
Taxes	\$ 525,000	\$ 620,182	\$ 95,182
Intergovernmental revenue	-	-	-
Miscellaneous	12,000	25,775	13,775
TOTAL REVENUES	537,000	645,957	108,957
EXPENDITURES			
General government	500	300	200
Welfare	-	-	-
TOTAL EXPENDITURES	500	300	200
Excess (deficiency) of revenues over expenditures	536,500	645,657	109,157
OTHER FINANCING SOURCES (USES)			
Transfers out	(515,000)	(515,000)	-
TOTAL OTHER FINANCING SOURCES (USES)	(515,000)	(515,000)	-
Excess (deficiency) of revenues over expenditures and other sources (uses)	21,500	130,657	109,157
Fund Balances at beginning of year	-	464,081	464,081
Fund Balances at end of year	\$ 21,500	\$ 594,738	\$ 573,238

CAPITAL PROJECT FUNDS

Capital projects funds are used to account for the acquisition and construction of major capital facilities other than those financed by proprietary funds and trust funds.

- 1993 LCDBG - To account for the \$546,970 1993 LCDBG Grant, the proceeds of which are used to upgrade the water system. The project was completed and closed out in 1995.
- 1995 LCDBG - To account for the \$283,425 1995 LCDBG Grant awarded to the City, the proceeds of which are to be used to repair streets within the City of New Roads.

CITY OF NEW ROADS, LOUISIANA
 COMBINING BALANCE SHEET
 CAPITAL PROJECT FUNDS
 December 31, 1995

	LCDBG Street Improvements	Memorandum Only Current Year	Memorandum Only Prior Year
ASSETS			
Current Assets			
Cash	\$ -	\$ -	\$ 10
Due from other gov't. units	19,622	19,622	220,002
TOTAL ASSETS	\$ 19,622	\$ 19,622	\$ 220,012
LIABILITIES AND FUND BALANCE			
LIABILITIES			
Current Liabilities			
Accounts payable	\$ -	\$ -	\$ 242,697
Due to other funds	19,622	19,622	-
TOTAL LIABILITIES	19,622	19,622	242,697
FUND BALANCE			
Unreserved:			
Designated for grant	-	-	(22,685)
TOTAL FUND BALANCE	-	-	(22,685)
TOTAL LIABILITIES AND FUND BALANCE	\$ 19,622	\$ 19,622	\$ 220,012

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

CITY OF NEW ROADS, LOUISIANA
 COMBINING STATEMENT OF REVENUES, EXPENDITURES,
 AND CHANGES IN FUND BALANCES
 CAPITAL PROJECT FUNDS
 Year Ended December 31, 1995

	LCDBG Water Improvements	LCDBG Street Improvements	Memorandum Only Current Year	Memorandum Only Prior Year
REVENUES				
Intergovernmental revenue	\$ 221,504	\$ 19,622	\$ 241,126	\$ 257,863
TOTAL REVENUES	221,504	19,622	241,126	257,863
EXPENDITURES				
Capital outlay	198,819	19,622	218,441	280,046
TOTAL EXPENDITURES	198,819	19,622	218,441	280,046
Excess (deficiency) of revenues over expenditures	22,685	-	22,685	(22,183)
Fund Balances at beginning of year	(22,685)	-	(22,685)	(502)
Fund Balances at end of year	\$ -	\$ -	\$ -	\$ (22,685)

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

Enterprise Funds

Enterprise Funds account for operations (a) that are financed and operated in a manner similar to private business enterprise where that intent of governing body is that the costs (expenses, including the 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 appropriated for capital maintenance, public policy, management control, accountability, or other purposes.

Electric Utility System Fund -

The Electric Utility System Fund is used to account for the provisions of electric, electric services to the residents of the City and some residents of the Parish. All activities necessary to provide such services are accounted for in this fund, including, but not limited to, debt service, and billing and collections.

Natural Gas Utility System Fund -

The Natural Gas Utility System Fund is used to account for the provision of natural gas service to the residents of the City and some residents of the Parish. All activities necessary to provide such services are accounted for in this fund, including, but not limited to, administration, operations, maintenance, financing, billing, and collections.

Water and Sewer Utilities System Fund -

The Water and Sewer System Fund is used to account for the provisions of the water and sewer services to the residents of the City and some residents of the Parish. All activities necessary to provide such services are accounted for in this fund, including, but not limited to, debt service, and billing and collections.

CITY OF NEW ROADS, LOUISIANA
ENTERPRISE FUNDS
COMBINING BALANCE SHEET
December 31, 1995

	Electric Utility System	Natural Gas Utility System	Water & Sewer Utility Systems	Memorandum Only Current Year
ASSETS				
Current Assets				
Cash	\$ 385,977	\$ 265,360	\$ 234,642	\$ 885,979
Investments	10,566	-	-	10,566
Accounts receivable	710,522	-	-	710,522
Due from other funds	-	431,690	60,574	492,264
Prepaid expenses	12,600	4,913	5,260	22,773
Restricted Assets				
Cash	2,143,936	393,595	483,538	3,021,069
Investments	281,489	-	304,205	585,694
Property, plant, & Equipment (net of accum depreciation)	3,401,400	132,096	5,701,832	9,235,328
TOTAL ASSETS	\$ 6,946,490	\$ 1,227,654	\$ 6,790,051	\$ 14,964,195
LIABILITIES AND FUND EQUITY				
LIABILITIES				
Current Liabilities				
Accounts payable	123,925	65,546	13,037	202,508
Accrued liabilities	1,960	996	1,380	4,336
Due to other funds	481,136	-	46,322	427,458
Due to other gov't units	41,033	-	-	41,033
Curr Liab (from Restr Assets)				
Accounts payable	-	-	-	-
Bonds payable	65,000	-	70,000	135,000
Deposits	171,350	3,552	-	174,902
Long-Term Liabilities				
Bonds payable	2,755,000	-	2,930,000	5,685,000
TOTAL LIABILITIES	3,639,404	70,094	3,060,739	6,770,237
FUND EQUITY				
Contributed Capital:				
Municipalities	526,568	6,512	1,788,540	2,321,620
Customers	269,992	-	-	269,992
Grants	615,565	-	484,680	1,100,245
Retained Earnings:				
Unreserved				
Designated for capital addns	1,722,097	382,284	-	2,104,381
Unreserved	(283,974)	757,453	738,349	1,211,828
Reserved				
Reserved for elec dist upgrade	-	-	-	-
Reserved for ftr take/pay bill	-	11,311	-	11,311
Reserved for bond indenture	456,838	-	464,062	920,900
Res for water/sewer upgrade	-	-	253,681	253,681
TOTAL FUND EQUITY	3,307,086	1,157,560	3,729,312	8,193,958
TOTAL LIABILITIES AND FUND EQUITY	\$ 6,946,490	\$ 1,227,654	\$ 6,790,051	\$ 14,964,195

Memorandum Only
Prior Year

\$ 908,258
205,468
580,040
356,537
27,314

2,640,793
559,220

9,138,872

\$ 14,416,502

187,410
3,691
362,730
32,390

52,279
130,000
172,468

5,820,000

6,760,968

2,321,620
269,992
615,565

1,557,478
1,603,359

443,049
8,040
714,371
122,060

7,655,534

\$ 14,416,502

CITY OF NEW ROADS, LOUISIANA
ENTERPRISE FUNDS
COMBINING STATEMENT OF REVENUES, EXPENSES
AND CHANGES IN RETAINED EARNINGS
Year Ended December 31, 1995

	Electric Utility System	Natural Gas Utility System	Water & Sewer Utility Systems	Memorandum Only Current Year
OPERATING REVENUES				
Charges for services	\$ 2,908,401	\$ 903,648	\$ 800,249	\$ 4,612,298
Miscellaneous	177,894	4,058	-	181,952
Total operating revenues	3,086,295	907,706	800,249	4,794,250
OPERATING EXPENSES				
Personnel services	153,423	85,310	120,619	359,352
Contracted services	828	3,948	39,578	44,354
Operating costs	1,698,107	472,972	91,582	2,262,661
Maintenance and supplies	65,922	40,221	82,545	188,688
Insurance	60,005	14,349	31,230	105,584
Utilities	417	-	86,962	87,379
Depreciation	185,876	18,483	234,664	439,023
Interest and fiscal charges	-	-	-	-
Total operating expenses	2,164,578	635,283	687,180	3,487,041
Operating income	921,717	272,423	113,069	1,307,209
NONOPERATING REVENUES (EXPENSES)				
Miscellaneous	200,351	48,534	52,285	301,170
Bad debts recovered	2,779	-	-	2,779
Interest and fiscal charges	(185,278)	-	(191,568)	(376,846)
Loss on sale of fixed assets	(3,017)	-	-	(3,017)
Loss on sale of investments	(5,837)	-	-	(5,837)
Bad debts written off	(10,555)	(3,421)	(7,741)	(21,717)
Total Nonoperating revenues (expenses)	(1,557)	45,113	(147,024)	(103,468)
Income before operating transfers	920,160	317,536	(33,955)	1,203,741
OPERATING TRANSFERS				
Transfers in	-	-	320,254	320,254
Transfers out	(1,215,254)	(205,000)	(50,000)	(1,470,254)
Total operating transfers	(1,215,254)	(205,000)	270,254	(1,150,000)
Net Income	(295,094)	112,536	236,299	53,741
Retained Earnings	2,190,055	1,038,512	1,219,793	4,448,360
Retained Earnings	\$ 1,894,961	\$ 1,151,048	\$ 1,456,092	\$ 4,502,101

Memorandum Only
Prior Year

\$ 4,702,163
50,352

4,752,515

328,860
14,994
2,263,559
169,026
73,003
77,086
311,526
616

3,238,670

1,513,845

255,324
(4,187)
(285,707)

(32,450)

(67,020)

1,446,825

(1,099,595)

(1,099,595)

347,230

4,101,128

4,448,358

**OTHER REPORTS REQUIRED BY
GOVERNMENTAL AUDITING STANDARDS**

The following pages contain reports on the internal control structure and compliance with laws and regulations required by Governmental Auditing Standards, issued by the Comptroller General of the United States. The report on internal control structure is based on the audit of the financial statements and includes, where appropriate, any reportable conditions and/or material weaknesses. The report on compliance with laws and regulations is, likewise, based solely on the audit of the presented financial statements and presents, where applicable, compliance matters that would be material to the presented financial statements.

Major & Ducote

Certified Public Accountants

VAN P. MAJOR, CPA, PC
ALOYSIA C. DUCOTE, CPA, PC
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MEMBERS:
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SOCIETY OF LOUISIANA
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INDEPENDENT AUDITORS' REPORT ON INTERNAL CONTROL
STRUCTURE BASED ON AN AUDIT OF GENERAL PURPOSE
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 general purpose financial statements of City of New Roads, Louisiana, for the year ended December 31, 1995, and have issued our report thereon dated June 18, 1996.

We conducted our audit in accordance with generally accepted auditing standards, Government Auditing Standards, issued by the Comptroller General of the United States, and the provisions of the Office of Management and Budget Circular A-128, "Audits of State and Local Governments." Those standards and OMB Circular A-128 require that we plan and perform the audit to obtain reasonable assurance about whether the general purpose financial statements are free of material misstatement.

The management of City of New Roads, Louisiana, is responsible for establishing and maintaining an internal control structure. In fulfilling this responsibility, estimates and judgments by management are required to assess the expected benefits and related costs of internal control structure policies and procedures. The objectives of an internal control structure are to provide management with reasonable, but not absolute, assurance that assets are safeguarded against loss from unauthorized use or disposition, and that transactions are executed in accordance with management's authorization and recorded properly to permit the preparation of financial statements in accordance with generally accepted accounting principles. Because of inherent limitations in any internal control structure, errors or irregularities may nevertheless occur and not be detected. Also, projection of any evaluation of the structure to future periods is subject to the risk that procedures may become inadequate because of changes in conditions or that the effectiveness of the design and operation of policies and procedures may deteriorate.

In planning and performing our audit of the general purpose financial statements of City of New Roads, Louisiana, for the year ended December 31, 1995, we considered its internal control structure

With respect to the internal control structure, we obtained an understanding of the design of relevant policies and procedures and whether they have been placed in operation, and we assessed control risk in order to determine our auditing procedures for the purpose of expressing our opinion on the general purpose financial statements and not to provide an opinion on the internal control structure. Accordingly we do not express such an opinion.

Mayor Muckelroy
Page 2
June 18, 1996

We noted certain matters involving the internal control structure and its operation that we consider to be a reportable conditions under standards established by the American Institute of Certified Public Accountants. Reportable conditions involve matters coming to our attention relating to significant deficiencies in the design or operation of the internal control structure that, in our judgment, could adversely affect the entity's ability to record, process, summarize, and report financial data consistent with the assertions of management in the general purpose financial statements.

Condition #1:

During the course of the audit several instances in which the improper period, account, or department was used in posting.

Criteria and Effect:

This causes the financials to not properly reflect that periods' transactions and cause an improper cutoff of accounting periods. Also, these errors caused delays in the audit process, as each item had to be identified and corrected and the identification process of this type error is time consuming.

Management's Response:

Management will exercise more caution in reviewing accounting records, especially at period end, to ensure a proper and accurate cutoff. Also, management intends to implement the use of the integrated, computerized bank reconciliation module which will help prevent this situation from occurring.

Condition #2:

Several instances were noted where the disbursement for the cellular phone bills did adhere to City policy regarding cellular phones. The current city policy concerning cellular phones and the respective phone bills provides that the statements come directly to City Hall under the individual employee's name. The Secretary/Treasurer delivers the bills to the individual employees. The employee calculates the personal usage and attaches their check/money order to the statement. The difference is assumed to be City use. The Secretary/Treasurer submits the City's portion of the bill to the Mayor and he reviews and approves the bills for payment. The bills are then processed for payment through the accounts payable system.

Criteria and Effect:

Several instances were noted where payment by the employee for the personal use could not be verified since only a copy of a hand filled money order receipt was attached to the bill and not a copy of the actual money order. It was also extremely difficult to track payment of the bills. The bills have a normal cutoff date of around the 17th of the month and are normally due by the 11th of the next month. The bills are not being submitted in time to be processed through that month's 25th accounts payable run.

The conditions above make it difficult to maintain internal controls over the usage of cellular phones and the segregation of personal use from City use.

Management's Response:

Management will more closely monitor the adherence to the cellular phone policy and will require that a copy of the actual money order or check for personal use be attached to the phone bill. Also, all cellular phone bills will be processed on a more timely basis and will be paid with the 25th of each month accounts payable processing.


Mayor Muckelroy
Page 3
June 18, 1996

A material weakness is a reportable condition in which the design or operation of one or more of the internal control structure elements does not reduce to a relatively low level the risk that errors or irregularities in amounts that would be material in relation to the general purpose 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.

Our consideration of the internal control structure would not necessarily disclose all matters in the internal control structure that might be reportable conditions and, accordingly, would not necessarily disclose all reportable conditions that are also considered to be material weaknesses as defined above. However, we believe the reportable conditions described above to be material weaknesses.

We noted certain matters involving the internal control structure and its operation that we have reported to the management of City of New Roads, Louisiana, in a separate letter dated June 18, 1996.

This report is intended for the information of the City Council and the Legislative Auditor of the State of Louisiana. However, this report is a matter of public record and its distribution is not limited.


MAJOR & DUCOTE
New Roads, Louisiana
June 18, 1996

Major & Ducote
Certified Public Accountants

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**INDEPENDENT AUDITORS' REPORT ON COMPLIANCE
BASED ON AN AUDIT OF GENERAL PURPOSE
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 general purpose financial statements of City of New Roads, Louisiana, as of and for the year ended December 31, 1995, and have issued our report thereon dated June 18, 1996.

We conducted our audit in accordance with generally accepted auditing standards, Government Auditing Standards, issued by the Comptroller General of the United States, and the provisions of Office of Management and Budget Circular A-128, "Audits of State and Local Governments." Those standards and OMB Circular A-128 require that we plan and perform the audit to obtain reasonable assurance about whether the general purpose financial statements are free of material misstatement.

Compliance with laws, regulations, contracts, and grants applicable to City of New Roads, Louisiana, is the responsibility of City of New Roads, Louisiana, management. As part of obtaining reasonable assurance about whether the general purpose financial statements are free of material misstatement, we performed tests of the City's compliance with certain provisions of laws, regulations, contracts, and grants. However, our objective was not to provide an opinion on overall compliance with such provisions. Accordingly, we not express such an opinion.

The results of our tests disclosed the following instances of noncompliance that are required to be reported under Government Auditing Standards for which the ultimate resolution cannot be presently determined. Accordingly, no provision for any liability that may result has been recognized in City of New Roads, Louisiana's 1995 financial statements.

Mayor Muckelroy
Page 2
June 18, 1996

Condition:

The Sinking Funds for the \$1,530,000 General Obligation Bonds, the \$3,135,000 Water & Sewer Revenue Bonds, and the \$3,000,000 Electric Revenue Bonds are required to be funded at certain level by the bond indenture. All three sinking funds were underfunded at December 31, 1995.

Criteria and Possible Effect:

The bond indentures require specific levels of funding for these sinking funds. The City is not in compliance with the bond agreements which violates the contracts with the bond holders and could allow them to exercise certain rights as described in the bond resolutions.


Management's Response:

There was some confusion over the exact funding requirements for these sinking funds. After further explanation, management now understands exactly what funding levels are required and will continue to monitor these funds on a monthly basis. Management will make the necessary transfers to bring the sinking funds into compliance with the bond agreements. Also, excess funds existed in the reserve funds for these three bond issues and per the bond agreements these monies could be used in the event of the default of the sinking fund.

We considered these instances of noncompliance in forming our opinion on whether City of New Roads, Louisiana's December 31, 1995 general purpose financial statements are presented fairly, in all material respects, in conformity with generally accepted accounting principles, and this report does not affect or report dated June 18, 1996 on those general purpose financial statements.

We noted certain immaterial instances of noncompliance that we have reported to the management of the City of New Roads in a separate letter dated June 18, 1996.

This report is intended for the information of City Council and the State of Louisiana Legislative Auditor. However, this report is a matter of public record and its distribution is not limited.


MAJOR & DUCOTE
New Roads, Louisiana
June 18, 1996

**OTHER REPORTS REQUIRED BY
OFFICE OF MANAGEMENT AND BUDGET (OMB) CIRCULAR A-128**

The following pages contain reports on internal control and compliance with laws and regulations required by OMB Circular A-128. The report on internal accounting and administrative controls relates to matters that could be significant and/or material to federal financial assistance programs. The report on compliance with laws and regulations is, likewise, related to test of compliance with laws and regulations relating to federal financial assistance programs.

Major & Ducote
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**INDEPENDENT AUDITORS' REPORT ON SCHEDULE OF FEDERAL
FINANCIAL ASSISTANCE**

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

We have audited the general purpose financial statements of City of New Roads, Louisiana, for the year ended December 31, 1995, and have issued our report thereon dated June 23, 1996. These general purpose financial statements are the responsibility of City of New Roads, Louisiana, management. Our responsibility is to express an opinion on these general purpose financial statements based on our audit.

We conducted our audit in accordance with generally accepted auditing standards, Government Auditing Standards, issued by the Comptroller General of the United States, and the provisions of the Office of Management and Budget Circular A-128, "Audits of State and Local Governments." Those standards and OMB Circular A-128 require that we plan and perform the audit to obtain reasonable assurance about whether the general purpose financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the general purpose 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 opinion.

Our audit was conducted for the purpose of forming an opinion on the general purpose financial statements of City of New Roads, Louisiana, taken as a whole. The accompanying Schedule of Federal Financial Assistance is presented for purpose of additional analysis and is not a required part of the general purpose financial statements. The information in that schedule has been subjected to the auditing procedures applied in the audit of the general purpose financial statements and, in our opinion, is fairly presented in all material respects in relation to the general purpose financial statements taken as a whole.

Major & Ducote
MAJOR & DUCOTE
New Roads, Louisiana
June 18, 1996

City of New Roads, Louisiana
SCHEDULE OF FEDERAL FINANCIAL ASSISTANCE
For Year Ended December 31, 1995

<u>Federal Grantor/ Pass-Through Grantor/ Program Name</u>	<u>Federal CFDA Number</u>	<u>Expenditures</u>
United States Forest Service Indirect: Passed Through: State of Louisiana Office of Forestry Cooperative Forestry Program	10.644	\$ 5,000
United States Dept of Housing and Urban Development Direct: Section 8 - Housing Assistance Program	14.156	82,148
Indirect: Passed Through: State of Louisiana Division of Administration 1993 Comm. Dev. Block Grant	14.228	198,819
1995 Comm. Dev. Block Grant	14.228	19,622
United States Dept of the Interior Indirect: Passed Through: State of Louisiana Dept of Culture, Recreation & Tourism 10th Street Community Park	15.916	<u>8,541</u>
Total (All Federal)		<u>\$ 314,130</u>

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JOHN L. MORRISON, III, CPA, PC

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

**INDEPENDENT AUDITORS' REPORT ON THE INTERNAL CONTROL
STRUCTURE USED IN ADMINISTERING FEDERAL
FINANCIAL ASSISTANCE PROGRAMS**

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

We have audited the general purpose financial statements of City of New Roads, Louisiana, for the year ended December 31, 1995 and have issued our report thereon dated June 18, 1996.

We conducted our audit in accordance with generally accepted auditing standards; Government Auditing Standards, issued by the Comptroller General of the United States; and Office of Management and Budget (OMB) Circular A-128, Audits of State and Local Governments. Those standards and OMB Circular A-128 require that we plan and perform the audit to obtain reasonable assurance about whether the general purpose financial statements are free of material misstatement.

In planning and performing our audit for the year ended December 31, 1995, we considered the City's internal control structure in order to determine our auditing procedures for the purpose of expressing our opinion on the City's general purpose financial statements and to report on the internal control structure in accordance with OMB Circular A-128. This report addresses our consideration of internal control structure policies and procedures relevant to compliance with requirements applicable to federal financial assistance programs. We have addressed the internal control structure policies and procedures relevant to our audit of the general purpose financial statements in a separate report dated June 18, 1996.

The management of the City of New Roads, Louisiana, is responsible for establishing and maintaining an internal control structure. In fulfilling this responsibility, estimates and judgments by management are required to assess the expected benefits and related costs of internal control structure policies and procedures. The objectives of an internal control structure are to provide management with reasonable, but not absolute, assurance that assets are safeguarded against loss from unauthorized use or disposition, that transactions are executed in accordance with management's authorization and recorded properly to permit the preparation of general purpose financial statements in accordance with generally accepted accounting principles, and that federal financial assistance programs are managed in compliance with applicable laws and regulations. Because of inherent limitations in any internal control structure, errors, irregularities, or instances of noncompliance may nevertheless occur and not be detected. Also, projection of any evaluation of the structure to future periods is subject to the risk that procedures may become inadequate because of changes in conditions or that the effectiveness of the design and operation of policies and procedures may deteriorate.

Mayor Muckelroy
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June 18, 1996

For the purposes of this report, we have classified the significant internal control structure policies and procedures used in administering federal financial assistance programs in the following categories:

General Requirements:

- ..Political activity
- ..Davis-Bacon Act
- ..Civil rights
- ..Cash management
- ..Federal financial reports
- ..Allowable costs
- ..Drug-free workplace
- ..Administrative requirements

Specific Requirements:

- ..Types of services allowed or not allowed
- ..Eligibility
- ..Reporting
- ..Claims for reimbursement

For all of the internal control structure categories listed above, we obtained an understanding of the design of relevant policies and procedures and determined whether they have been place in operation, and we assessed control risk.

During the year ended December 31, 1995, the City of New Roads, Louisiana had no major federal financial assistance programs and expended 63% of its total federal financial assistance under the following nonmajor federal financial assistance programs:

1993 Community Development Block Grant

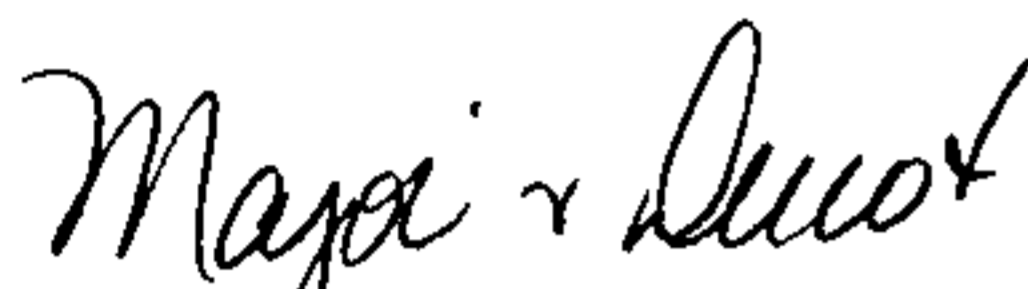
We performed tests of controls, as required by OMB Circular A-128, to evaluate the effectiveness of the design and operation of internal control structure policies and procedures that we have considered relevant to preventing or detecting material noncompliance with specific requirements, general requirements, and requirements governing claims for reimbursements that are applicable to the aforementioned nonmajor programs. Our procedures were less in scope than would be necessary to render an opinion on these internal control structure policies and procedures. Accordingly, we do not express such an opinion.

Our consideration of the internal control structure policies and procedures used in administering federal financial assistance would not necessarily disclose all matters in the internal control structure that might constitute material weaknesses under standards established by the American Institute of Certified Public Accountants. A material weakness is a condition in which the design or operation of one or more of the internal control structure elements does not reduce to a relatively low level risk that noncompliance with laws and regulations that would be material to a federal financial assistance program 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 structure and its operations that we consider to be material weaknesses as defined above.

Mayor Muckelroy
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However, we noted certain matters involving the internal control structure and its operation that we have reported to the management of the City of New Roads, in a separate letter dated June 18, 1996.

This report is intended solely for the use of the City Council and the Legislative Auditor of the State of Louisiana. However, this report is a matter of public record and its distribution is not limited.



MAJOR & DUCOTE
New Roads, Louisiana
June 18, 1996

Major & Ducote
Certified Public Accountants

VAN P. MAJOR, CPA, PC
ALOYSIA C. DUCOTE, CPA, PC
JOAN S. DUCOTE, CPA, PC
JOHN L. MORRISON, III, CPA, PC

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**INDEPENDENT AUDITORS' REPORT ON COMPLIANCE
WITH THE GENERAL REQUIREMENTS APPLICABLE TO
FEDERAL FINANCIAL ASSISTANCE PROGRAMS**

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

We have audited the general purpose financial statements of City of New Roads, Louisiana, as of and for the year ended December 31, 1995, and have issued our report thereon dated June 18, 1996.

We have applied procedures to test City of New Roads, Louisiana's compliance with the following requirements applicable to its federal financial assistance programs, which are identified in the Schedule of Federal Financial Assistance, for the year ended December 31, 1995.

- General Requirements
- * Political Activity
 - * Davis-Bacon Act
 - * Civil Rights
 - * Cash Management
 - * Federal financial reports
 - * Allowable Costs
 - * Drug-free Workplace
 - * Administrative Requirements

Our procedures were limited to the applicable procedures described in the Office of Management and Budget's "Compliance Supplement for Single Audits of State and Local Governments". Our procedures were substantially less in scope than an audit, the objective of which is the expression of an opinion on City of New Roads, Louisiana's compliance with the requirements listed in the preceding paragraph. Accordingly we do not express such an opinion.

With respect to the items tested, the results of those procedures, disclosed no material instances of noncompliance with the requirements listed in the second paragraph of this report. With respect to items not tested nothing came to our attention that caused us to believe that City of New Roads, Louisiana, had not complied, in all material respects, with those requirements. Also, the results of our procedures did not disclose any immaterial instances of noncompliance with those requirements.

This report is intended for the information of City Council and the State of Louisiana Legislative Auditor. However, this report is a matter of public record and its distribution is not limited.

Major & Ducote
MAJOR & DUCOTE
New Roads, Louisiana
June 18, 1996

Major & Ducote
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**INDEPENDENT AUDITORS' REPORT ON COMPLIANCE
WITH SPECIFIC REQUIREMENTS APPLICABLE TO NONMAJOR
FEDERAL FINANCIAL ASSISTANCE PROGRAM TRANSACTIONS**


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

We have audited the general purpose financial statements of City of New Roads, Louisiana, as of and for the year ended December 31, 1995, and have issued our report thereon dated June 18, 1996.

In connection with our audit of the 1995 general purpose financial statements of City of New Roads, Louisiana, and with our consideration of City of New Roads, Louisiana, control structure used to administer federal financial assistance programs, as required by Office of Management and Budget Circular A-128, "Audits of State and Local Governments," we selected certain transactions applicable to certain nonmajor federal financial assistance programs for the year ended December 31, 1995. As required by OMB Circular A-128, we have performed auditing procedures to test compliance with the requirements governing types of services and costs allowed or unallowed and eligibility. Our procedures were substantially less in scope than an audit, the objective of which is the expression of an opinion on City of New Roads, Louisiana's, compliance with these requirements. Accordingly, we do not express such an opinion.

With respect to the items tested, the results of those procedures disclosed no material instances of noncompliance with the requirements listed in the preceding paragraph. With respect to items not tested, nothing came to our attention that caused us to believe that City of New Roads, Louisiana, had not complied, in all material respects, with those requirements. Also, the results of our procedures did not disclose any immaterial instances of noncompliance with those requirements.

This report is intended for the information of City Council and the State of Louisiana Legislative Auditor. However, this report is a matter of public record and its distribution is not limited.


MAJOR & DUCOTE
New Roads, Louisiana
June 18, 1996

City of New Roads, Louisiana
Schedule of Insurance
Unaudited
December 31, 1995

<u>Insurance Company</u>	<u>Policy Term</u>	<u>Policy Description</u>	<u>Policy Limits</u>
Hartford Steam Boiler Ins. Co.	4/1/95- 6/1/96	Boiler and Machinery	\$500,000 limit; \$1,000 deductible
All State Insurance Co.	1/3/95- 1/3/96	Fire Standard Blanket Policy on Bld & Prop	\$2,992,670 limit; 90% Coinsurance; \$1,041,150 Blanket; \$1,000 Deductible
Titan Insurance	4/9/95- 4/9/96	General Liability	\$1,000,000; no deductible

City of New Roads, Louisiana
Schedule of Electric Customers
Unaudited
December 31, 1995

Number of metered electric customers	1,974
Number of nonmetered electric customers	<u> -</u>
Total electric customer	<u> 1,974</u>