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

**GENERAL PURPOSE FINANCIAL STATEMENTS
AS OF AND FOR THE YEAR ENDED DECEMBER 31, 1998
WITH SUPPLEMENTAL INFORMATION SCHEDULES**

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

Release Date 10/30/98

MAJOR & MORRISON

Certified Public Accountants

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CITY OF NEW ROADS, LOUISIANA
December 31, 1998

TABLE OF CONTENTS

	<u>Page No.</u>
INDEPENDENT AUDITORS' REPORT	1
GENERAL PURPOSE FINANCIAL STATEMENTS	
(Combined Statement - Overview)	
Combined Balance Sheet - All Fund Types and Account Groups	3 - 6
Combined Statement of Revenues, Expenditures, and Changes in Fund Balance - All Government Fund Types	7
Combined Statement of Revenues, Expenditures, and Changes in Fund Balances - Budget and Actual (GAAP Basis) - General and Special Revenue Fund Types	8 - 9
Combined Statement of Revenues, Expenses, and Changes in Retained Earnings - All Proprietary Fund Types	10
Combined Statement Cash Flows	11
NOTES TO THE FINANCIAL STATEMENTS	13 - 38
SUPPLEMENTAL INFORMATION	
COMBINING AND INDIVIDUAL FUND AND ACCOUNT GROUP STATEMENTS	
Special Revenue Funds:	
Combining Balance Sheet	42
Combining Statement of Revenues, Expenditures, and Changes in Fund Balance -- Budget (GAAP Basis) and Actual	43 - 44
Debt Service Funds:	
Combining Statement of Revenues, Expenditures, and Changes in Fund Balance	46
Capital Project Funds:	
Combining Statements of Revenues, Expenditures, and Changes in Fund Balance	48

CITY OF NEW ROADS, LOUISIANA
December 31, 1998

TABLE OF CONTENTS (Continued)

	<u>Page No.</u>
Enterprise Funds:	
Combining Balance Sheet	50
Combining Statement of Revenues, Expenses, and Changes in Retained Earnings	51
Combining Statement of Cash Flows	52
Other Reports Required by <u>Governmental Auditing Standards</u>	
Independent Auditors' Report on Compliance and Internal Control Over Financial Reporting Based on an Audit of Financial Statements Performed in Accordance With <u>Government Auditing Standards.</u>	53
Other Reports	
Schedule of Findings and Questioned Costs	54
Summary Schedule of Prior Audit Findings	55
Corrective Action Plan for Current Year Audit Findings	56
Schedule of Insurance	57
Schedule of Electrical Customers	58
Schedule of Water Customers	59

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INDEPENDENT AUDITORS' REPORT

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

We have audited the accompanying general purpose financial statements of the City of New Roads, Louisiana as of and for the year ended December 31, 1998, as listed in the table of contents. These general purpose financial statements are the responsibility of the management of the City of New Roads, Louisiana. Our responsibility is to express an opinion on these general purpose financial statements based on our audit.

Except as discussed in the following paragraph, we conducted our audit in accordance with generally accepted auditing standards and the standards applicable to financial audits contained in GOVERNMENT AUDITING STANDARDS, issued by the Comptroller General of the United States. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audit provides a reasonable basis for our opinion.

Governmental Accounting Standards Board Technical Bulletin 98-1, *Disclosures about Year 2000 Issues*, requires disclosure of certain matters regarding the Year 2000 issue. The City of New Roads, Louisiana has included such disclosures in Note 27. Because of the unprecedented nature of the Year 2000 issue, its effects and the success of related remediation efforts will not be fully determinable until the year 2000 and thereafter. Accordingly, insufficient audit evidence exists to support the City of New Roads' disclosures with respect to the Year 2000 issue made in Note 27. Further, we do not provide assurance that the City of New Roads is or will be year 2000 ready, that the City of New Roads' year 2000 remediation efforts will be successful in whole or in part, or that parties with which the City of New Roads does business will be 2000 ready.

In our opinion, except for the effects of such adjustments, if any, as might have been determined to be necessary had we been able to examine evidence regarding year 2000 disclosures, the general purpose financial statements referred to above present fairly, in all material respects, the financial position of the City of New Roads, Louisiana, as of December 31, 1998, and the results of its operations and cash flows of its proprietary fund types for the year then ended in conformity with generally accepted accounting principles.

In accordance with GOVERNMENT AUDITING STANDARDS, we have also issued a report dated June 25, 1999 on our consideration of the City of New Roads, Louisiana's internal control over financial reporting and our tests of its compliance with certain provisions of laws, regulations, contracts and grants.

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

Major and Morrison

Major and Morrison
New Roads, Louisiana
June 25, 1999

General Purpose Financial Statements

(Combined Statements - Overview)

**City of New Roads
COMBINED BALANCE SHEET
ALL FUND TYPES AND ACCOUNT GROUPS
December 31, 1998**

	<u>Governmental Fund Type</u>			
	<u>General Fund</u>	<u>Special Revenue Fund</u>	<u>Debt Service Fund</u>	<u>Capital Project Fund</u>
<u>ASSETS AND OTHER DEBITS</u>				
Current Assets				
Cash	\$ 1,013,658	\$ 1,234,699	\$ 0	\$ 29,505
Investments	0	0	0	0
Accounts receivable	156,974	0	0	0
Due from other funds	9,151	0	0	0
Due from other governmental units	879	19,337	0	0
Prepaid expenses	0	0	0	0
Restricted Assets				
Cash	346,479	0	105,640	0
Investments	0	0	0	0
Property, Plant & Equipment (net where applicable of accum depr)				
	0	0	0	0
Other Debits				
Amount available for debt retirement	0	0	0	0
Amount to be provided for debt retirement	0	0	0	0
TOTAL ASSETS	\$ 1,527,140	\$ 1,254,036	\$ 105,640	\$ 29,505

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

Proprietary Fund Type	Account Group			Total
	Enterprise Funds	General Fixed Asset Group	General Long-term Debt Group	
\$	818,098	\$ 0	\$ 0	3,095,960
	12,316	0	0	12,316
	612,134	0	0	769,107
	492,872	0	0	502,023
	0	0	0	20,216
	28,300	0	0	28,300
	3,005,071	0	0	3,457,190
	662,713	0	0	662,713
	10,398,136	3,353,818	0	13,751,954
	0	0	95,420	95,420
	0	0	1,197,730	1,197,730
<u>\$</u>	<u>16,029,641</u>	<u>\$ 3,353,818</u>	<u>\$ 1,293,150</u>	<u>\$ 23,592,929</u>

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

City of New Roads
COMBINED BALANCE SHEET
ALL FUND TYPES AND ACCOUNT GROUPS
(Continued)
December 31, 1998

	Governmental Fund Type			
	General Fund	Special Revenue Fund	Debt Service Fund	Capital Project Fund
LIABILITIES AND FUND EQUITY				
LIABILITIES				
Current Liabilities				
Accounts payable	\$ 158,465	\$ 0	\$ 0	\$ 0
Accrued liabilities	26,835	0	0	0
Due to other funds	9,945	0	0	0
Due to other governmental units	0	9,899	0	0
Current Liabilities (from Restricted Assets)				
Other liabilities	75,502	0	0	0
Bonds payable	0	0	0	0
Deposits	0	0	0	0
Long-Term Liabilities				
Capital leases payable	0	0	0	0
Bonds payable	0	0	0	0
TOTAL LIABILITIES	270,746	9,899	0	0
FUND EQUITY				
Contributed Capital:				
Municipalities	0	0	0	0
Customers	0	0	0	0
Grants	0	0	0	0
Investment in general fixed assets	0	0	0	0
Retained Earnings:				
Reserved:				
Reserved for bond indenture	0	0	0	0
Unreserved:				
Designated for capital additions	0	0	0	0
Undesignated	0	0	0	0
Fund Balances:				
Reserved:				
Reserved for liability claims	35,624	0	0	0
Reserved for unemploy. claims	96,241	0	0	0
Reserved for health claims pay	214,614	0	0	0
Unreserved:				
Designated for debt service	0	0	105,640	0
Designated for grant	0	37,691	0	0
Designated for capital projects	0	0	0	29,505
Undesignated	909,915	1,206,447	0	0
TOTAL FUND EQUITY	1,256,394	1,244,137	105,640	29,505
TOTAL LIABILITIES AND FUND EQUITY	\$ 1,527,140	\$ 1,254,036	\$ 105,640	\$ 29,505

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

<u>Proprietary Fund Type</u>		<u>Account Group</u>		
<u>Enterprise</u>	<u>General Fixed</u>	<u>General Long-term</u>	<u>Memorandum Only</u>	
<u>Fund</u>	<u>Asset Group</u>	<u>Debt Group</u>	<u>Current Year</u>	
\$ 235,756	\$ 0	\$ 0		394,221
13,451	0	0		40,286
492,078	0	0		502,023
17,004	0	0		26,903
0	0	0		75,502
155,000	0	0		155,000
201,734	0	0		201,734
0	0	8,150		8,150
5,240,000	0	1,285,000		6,525,000
6,355,023	0	1,293,150		7,928,819
2,321,620	0	0		2,321,620
269,992	0	0		269,992
1,100,245	0	0		1,100,245
0	3,353,818	0		3,353,818
1,119,635	0	0		1,119,635
2,152,427	0	0		2,152,427
2,710,698	0	0		2,710,698
0	0	0		35,624
0	0	0		96,241
0	0	0		214,614
0	0	0		105,640
0	0	0		37,691
0	0	0		29,505
0	0	0		2,116,361
9,674,617	3,353,818	0		15,664,110
\$ 16,029,641	\$ 3,353,818	\$ 1,293,150		\$ 23,592,929

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

City of New Roads
COMBINED STATEMENT OF REVENUES, EXPENDITURES,
AND CHANGES IN FUND BALANCE - ALL GOVERNMENTAL FUND TYPES
Year Ended December 31, 1998

	<u>General Fund</u>	<u>Special Rev. Funds</u>	<u>Debt Serv. Fund</u>	<u>Capital Proj. Fund</u>	<u>Total Memo Only</u>
REVENUES					
Taxes	\$ 176,130	\$ 777,835	\$ 0	\$ 0	\$ 953,965
Licenses and permits	160,237	0	0	0	160,237
Intergovernmental revenue	360,384	118,210	0	0	478,594
Charges for services	3,822	0	0	0	3,822
Fines and forfeitures	28,404	0	0	0	28,404
Miscellaneous	<u>728,309</u>	<u>50,718</u>	<u>3,336</u>	<u>5,159</u>	<u>787,521</u>
TOTAL REVENUES	<u>1,457,286</u>	<u>946,763</u>	<u>3,336</u>	<u>5,159</u>	<u>2,412,543</u>
EXPENDITURES					
General government	1,093,895	300	0	300	1,094,495
Public safety	860,115	0	0	0	860,115
Streets and sanitation	283,683	0	0	0	283,683
Transportation	29,238	0	0	0	29,238
Culture and recreation	61,711	0	0	0	61,711
Capital outlay	454,922	0	0	0	454,922
Debt service	0	0	195,680	0	195,680
Welfare	0	117,187	0	0	117,187
Public works	<u>306,969</u>	<u>0</u>	<u>0</u>	<u>0</u>	<u>306,969</u>
TOTAL EXPENDITURES	<u>3,090,532</u>	<u>117,487</u>	<u>195,680</u>	<u>300</u>	<u>3,403,999</u>
Excess (deficiency) of revenues over expenditures	<u>(1,633,246)</u>	<u>829,275</u>	<u>(192,344)</u>	<u>4,859</u>	<u>(991,456)</u>
OTHER FINANCING SOURCES (USES)					
Transfers in	1,430,000	0	200,985	0	1,630,985
Transfers out	<u>(200,985)</u>	<u>(600,000)</u>	<u>0</u>	<u>(847,950)</u>	<u>(1,648,935)</u>
TOTAL OTHER FINANCING SOURCES (USES)	<u>1,229,015</u>	<u>(600,000)</u>	<u>200,985</u>	<u>(847,950)</u>	<u>(17,950)</u>
Excess (deficiency) of revenues and other sources over expenditures and other uses	<u>(404,231)</u>	<u>229,275</u>	<u>8,641</u>	<u>(843,091)</u>	<u>(1,009,406)</u>
Fund Balances at beginning of year	<u>1,660,625</u>	<u>1,014,862</u>	<u>96,999</u>	<u>872,596</u>	<u>3,645,082</u>
Fund Balances at end of year	<u>\$ 1,256,394</u>	<u>\$ 1,244,137</u>	<u>\$ 105,640</u>	<u>\$ 29,505</u>	<u>\$ 2,635,676</u>

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

City of New Roads
COMBINED STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN
FUND BALANCE - BUDGET (GAAP BASIS) AND ACTUAL
GENERAL AND SPECIAL REVENUE FUND TYPES
Year Ended December 31, 1998

	<u>General Fund</u>		
	<u>Budget</u>	<u>Actual</u>	<u>Variance Favorable (Unfavorable)</u>
REVENUES			
Taxes	\$ 161,000	\$ 176,130	\$ 15,130
Licenses & permits	153,000	160,237	7,237
Intergovernmental revenue	94,084	360,384	266,300
Charges for services	4,000	3,822	(178)
Fines and forfeitures	21,500	28,404	6,904
Miscellaneous	396,100	728,309	332,209
TOTAL REVENUES	<u>829,684</u>	<u>1,457,286</u>	<u>627,602</u>
EXPENDITURES			
General government	838,250	1,093,895	(255,645)
Public safety	901,970	860,115	41,855
Streets and sanitation	333,000	283,683	49,317
Transportation	25,000	29,238	(4,238)
Culture and recreation	101,110	61,711	39,399
Capital outlay	581,500	454,922	126,578
Welfare	0	0	0
Public works	303,500	306,969	(3,469)
TOTAL EXPENDITURES	<u>3,084,330</u>	<u>3,090,532</u>	<u>(6,202)</u>
Excess (deficiency) of revenues over expenditures	<u>(2,254,646)</u>	<u>(1,633,246)</u>	<u>621,400</u>
OTHER FINANCING SOURCES (USES)			
Transfers in	1,430,000	1,430,000	0
Transfers out	(195,500)	(200,985)	(5,485)
TOTAL OTHER FINANCING SOURCES (USES)	<u>1,234,500</u>	<u>1,229,015</u>	<u>(5,485)</u>
Excess (deficiency) of revenues and other sources over expenditures and other uses	<u>\$ (1,020,146)</u>	<u>\$ (404,231)</u>	<u>\$ 615,915</u>
Fund Balances at beginning of year	<u>1,212,674</u>	<u>1,660,625</u>	<u>\$ 447,951</u>
Fund Balances at end of year	<u>\$ 192,528</u>	<u>\$ 1,256,394</u>	<u>\$ 1,063,866</u>

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

Special Revenue Funds

Budget	Actual	Variance Favorable (Unfavorable)
\$ 585,000	\$ 777,835	\$ 192,835
0	0	0
107,595	118,210	10,615
0	0	0
0	0	0
20,000	50,718	30,718
<u>712,595</u>	<u>946,763</u>	<u>234,168</u>
500	300	200
0	0	0
0	0	0
0	0	0
0	0	0
0	0	0
107,595	117,187	(9,592)
0	0	0
<u>108,095</u>	<u>117,487</u>	<u>(9,392)</u>
<u>604,500</u>	<u>829,275</u>	<u>224,775</u>
0	0	0
<u>(600,000)</u>	<u>(600,000)</u>	<u>0</u>
<u>(600,000)</u>	<u>(600,000)</u>	<u>0</u>
<u>\$ 4,500</u>	<u>229,275</u>	<u>\$ 224,775</u>
	<u>1,014,862</u>	
	<u>\$ 1,244,137</u>	

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

City of New Roads
COMBINED STATEMENT OF REVENUES, EXPENSES
AND CHANGES IN RETAINED EARNINGS - ALL PROPRIETARY FUND TYPES
Year Ended December 31, 1998

	Enterprise Funds
OPERATING REVENUES	
Charges for Services	\$ 4,810,712
Miscellaneous	149,087
Total operating revenues	4,959,798
OPERATING EXPENSES	
Personal services	346,027
Contracted services	146,419
Operating costs	2,643,014
Maintenance and supplies	242,118
Insurance	89,000
Utilities	87,849
Depreciation	416,517
Total operating expenses	3,970,943
Operating income	988,856
NONOPERATING REVENUES (EXPENSES)	
Miscellaneous	432,492
Intergovernmental revenue	204,000
Bad debts recovered	1,424
Interest and fiscal charges	(357,445)
Gain on sale of fixed assets	4,749
Bad debts written off	(43,413)
Total nonoperating revenues (expenses)	241,807
Income before operating transfers	1,230,663
OPERATING TRANSFERS	
Transfers in	847,950
Transfers out	(830,000)
Total operating transfers	17,950
Net Income	1,248,613
Retained Earnings at beginning of year	4,734,147
Retained Earnings at end of year	\$ 5,982,760

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

City of New Roads
COMBINED STATEMENT OF CASH FLOWS
ALL PROPRIETARY TYPE FUNDS
Year Ended December 31, 1998

	Enterprise Funds
Cash flows from operating activities:	
Operating income (loss)	\$ 1,230,663
Adjustments to reconcile operating income to net operating cash provided by operating activities:	
Depreciation	416,517
(Gain)loss on sale of fixed asset	(4,749)
Changes in assets and liabilities:	
(Increase) Decrease in accts rec	62,531
(Increase) Decrease in other rec	9,038
(Increase) Decrease in prepaid exp	3,930
Increase (Decrease) in accts pay	38,836
Increase (Decrease) in other pay	(21,337)
Increase (Decrease) in accrd exp	6,618
Increase (Decrease) in meter deposits	4,289
Net cash provided (used) by operating activities	1,746,335
Cash flows from noncapital financing activities:	
Operating transfers in	847,950
Operating transfers out	(830,000)
Net cash provided from (used) for noncapital financing activities	17,950
Cash flows from capital and related financing activities:	
Acquisition and const of capital assets	(1,647,412)
Principal payments	(145,000)
Net cash provided from (used) from capital and related financing activities	(1,792,412)
Cash flows from investing activities:	
Purchase of investments	(2,598,254)
Proceeds from sale of investments	2,565,858
Proceeds from sale of fixed assets	4,749
Net cash provided (used) from investing activities	(27,647)
Net increase (decrease) in cash and cash equivalents	(55,774)
Cash and cash equivalents at beginning of year	
Unrestricted cash	460,187
Restricted Cash	3,418,758
Total beginning cash	3,878,945
Cash and cash equivalents at end of year	
Unrestricted cash	818,101
Restricted Cash	3,005,071
Total ending	3,823,172

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

NOTES TO FINANCIAL STATEMENTS

City of New Roads, Louisiana
Notes to the Financial Statements
December 31, 1998

INTRODUCTION

The City of New Roads, Louisiana (City) was incorporated by a special act of the Louisiana Legislature in 1875 (Act No. 34). The City operates under 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.

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

A. BASIS OF PRESENTATION

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 Audit Guide and the industry audit guide, Audit of States, Local Governments and Non-profit Organizations, published by the American Institute of Certified Public Accountants.

B. REPORTING ENTITY

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

Governmental Accounting Standards Board Statement No. 14 established criteria for determining which component units should be considered part of the City 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.

City of New Roads, Louisiana
Notes to the Financial Statements, (Continued)
December 31, 1998

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

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

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

C. FUND ACCOUNTING

The municipality uses funds and account groups to report on its financial position and the results of its operations. Fund accounting is designed to demonstrate legal compliance and to aid financial management by segregating transactions relating to certain government functions or activities.

A fund is a separate accounting entity with a self-balancing set of accounts. On the other hand, an account group is a financial reporting device designed to provide accountability for certain assets and liabilities that are not recorded in the funds because they do not directly affect net expendable available financial resources.

Funds of the municipality are classified into two categories: governmental and proprietary. In turn each category is divided into separate fund types. The fund classifications and a description of each existing fund type follow:

GOVERNMENTAL FUNDS

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

GENERAL FUND - the general operating fund of the municipality and accounts for all financial resources, except those required to be accounted for in other funds.

SPECIAL REVENUE FUNDS - account for the proceeds of specific revenue sources that are legally restricted to expenditures for specified purposes.

DEBT SERVICE FUNDS - account for transactions relating to resources retained and used for the payment of principal and interest on those long-term obligations recorded in the general long-term obligations account group.

City of New Roads, Louisiana
Notes to the Financial Statements, (Continued)
December 31, 1998

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

CAPITAL PROJECT FUNDS - account for financial resources received and used for the acquisition, construction, or improvement of major capital facilities not reported in other governmental funds.

PROPRIETARY FUNDS

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

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

D. BASIS OF ACCOUNTING

The accounting and financial reporting treatment applied to a fund is determined by its measurement focus. All governmental funds and expendable trust funds are accounted for using a current financial resources measurement focus. With this measurement focus, only current assets and current liabilities are generally included on their balance sheets. Operating statements of these funds present increases and decreases in net current assets. All governmental funds, expendable trust funds, and agency funds use the modified accrual basis of accounting. The governmental and expendable trust funds use the following practices in recording revenues and expenditures:

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

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

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

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

City of New Roads, Louisiana
Notes to the Financial Statements, (Continued)
December 31, 1998

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

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

The Governmental Accounting Standards Board (GASB) Statement Number 20 provides guidance on accounting and financial reporting for proprietary fund types and allows proprietary fund types to chose one of two options in applying pronouncements issued by the Financial Accounting Standards Board (FASB) as of November 30, 1989. The City of New Roads has elected to use the first option for reporting its activities. This approach applies all GASB pronouncements and FASB Statements and Interpretations, Accounting Principles Board (APB) Opinions, and Accounting Research Bulletins (ARBs) issued on or before November 30, 1989, unless those pronouncements conflict with or contradict GASB pronouncements. Changes to FASB statements and interpretations, APB opinions and ARBs issued after November 30, 1989, would not apply unless adopted by GASB.

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

E. BUDGETS

The municipality uses the following budget practices:

1. The proposed budget and amendments for fiscal year December 31, 1998 were made available for public inspection in accordance with RS 39:1306. The proposed budget was published in the official journal in accordance with RS 39:1306. The public hearing was held in accordance with RS 39:1306. The budget is legally adopted and amended, as necessary.
2. All unencumbered budget appropriations, except project budgets, lapse at the end of each fiscal year.
3. Budgets are adopted on GAAP Basis.
4. Budget amendments involving the transfer of funds from one department, program or function to another or involving increases in expenditures resulting from revenues exceeding amounts estimated requires the approval of the City Council. Amendments were made to the original budget for the year ending December 31, 1998 and are reflected in the budget comparisons.

F. ENCUMBRANCES

The City does not follow the encumbrances method of accounting.

City of New Roads, Louisiana
Notes to the Financial Statements, (Continued)
December 31, 1998

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

G. CASH AND CASH EQUIVALENTS

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

H. INVESTMENTS

Investments are limited by Louisiana Revised Statute (R.S.) 33:2955 and the municipality's investment policy.

In accordance with GASB Statement No. 31, the City reports investments at amortized cost, money market investments and participating interest-bearing investment contracts that have a remaining maturity at time of purchase of one year or less, provided that the fair value of those investments is not significantly affected by the impairment of the credit standing of the issuer or by other factors. Money market investments are short-term, highly liquid debt instruments that include U.S. Treasury obligations.

I. SHORT-TERM INTERFUND RECEIVABLES/PAYABLES

During the course of operations, numerous transactions occur between individual funds for goods provided or services rendered. These receivables and payables are classified as due from other funds or due to other funds on the balance sheet. Short-term interfund loans are classified as interfund receivables/payables.

J. INVENTORIES

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

K. PREPAID ITEMS

The City records prepaid assets for any significant expenditure that can be allocable to future periods.

L. RESTRICTED ASSETS

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

City of New Roads, Louisiana
Notes to the Financial Statements, (Continued)
December 31, 1998

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

M. FIXED ASSETS

Fixed assets of governmental funds are recorded as expenditures at the time purchased or constructed, and the related assets are capitalized (reported) in the general fixed assets account group. Public domain or infrastructures are not capitalized. Interest costs incurred during construction are not capitalized. No depreciation has been provided on general fixed assets. All fixed assets are valued at historical cost or estimated cost if historical cost is not available.

Fixed assets used in the proprietary fund operations are included on the balance sheet of the funds net of accumulated depreciation. Depreciation of all exhaustible fixed assets used by proprietary fund operations is charged as an expense against operations. Depreciation is computed 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

N. COMPENSATED ABSENCES

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 remainders 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.

O. LONG-TERM OBLIGATIONS

Long-term obligations expected to be financed from governmental funds are reported in the general long-term obligations account group. Expenditures for principal and interest payments for long-term obligations are recognized in the governmental fund when due. Long-term obligations expected to be financed from proprietary fund operations are accounted for in those funds.

P. FUND EQUITY

Contributed Capital

Contributed capital is recorded in proprietary funds that have received capital grants or contributions from developers, customers, or other funds when such resources are restricted for the acquisition or construction of capital assets. Contributed capital is not amortized based on the depreciation recognized on that portion of the assets acquired or constructed from such resources.

Reserves

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

City of New Roads, Louisiana
Notes to the Financial Statements, (Continued)
December 31, 1998

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

Designated Fund Balances

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

Q. INTERFUND TRANSACTIONS

Quasi-external transactions are accounted for as revenues, expenditures, or expenses. Transactions that constitute reimbursements to a fund for expenditure/expenses initially made from it that are properly applicable to another fund are recorded as expenditures/expenses in the reimbursing fund and as reductions of expenditures/expenses in the fund that is reimbursed.

All other interfund transactions, except quasi-external transactions and reimbursements, are reported as transfers. Nonrecurring or nonroutine permanent transfers of equity are reported as residual equity transfers. All other interfund transfers are reported as operating transfers.

R. SALES TAXES

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

S. TOTAL COLUMNS ON COMBINED STATEMENTS

Total columns on the combined statements 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.

T. USE OF ESTIMATES

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

City of New Roads, Louisiana
Notes to the Financial Statements, (Continued)
December 31, 1998

NOTE 2 - LEVIED TAXES

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

	<u>Authorized Millage</u>	<u>Levied Millage</u>
Citywide taxes:		
General Alimony -		
General Fund	6.65	6.65

The following are the principal taxpayers for the parish (amounts expressed in thousands):

<u>Taxpayer</u>	<u>Type of Business</u>	<u>Assessed Valuation</u>	<u>Percentage of Total Assessed</u>
Regions Bank	Financial	\$ 1,810	7.81%
Peoples Bank	Financial	950	4.10%
Cajun Electric	Electric	852	3.68%
Walmart	General Retail	708	3.06%
Bell South	Comunications	<u>512</u>	<u>2.21%</u>
Totals		<u>\$ 4,832</u>	<u>20.86%</u>

NOTE 3 - CASH AND CASH EQUIVALENTS

At December 31, 1998, the municipality has cash and cash equivalents (book balances) totaling \$6,553,150 as follows:

Cash on hand	\$ 595
Demand deposits	0
Interest-bearing demand deposits	6,552,555
Money market accounts	0
Times deposits	<u>0</u>
Total	<u>\$6,553,150</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 parties.

At December 31, 1998, the municipality has \$6,659,967 in deposits (collected bank balances). These deposits are secured from risk by \$400,000 of federal deposit insurance and \$7,752,845 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.

City of New Roads, Louisiana
Notes to the Financial Statements, (Continued)
December 31, 1998

NOTE 4 - INVESTMENTS

Investments are categorized into these three categories of credit risk:

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

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

<u>Description</u>	<u>Carrying Amount</u>	<u>Market Value</u>
1) Zurich Government Money Fund which invest in obligations issued or guaranteed by the United States Government or its agencies	\$ 12,316	\$ 12,316
2) United State Treasury Bills	<u>662,713</u>	<u>662,643</u>
	<u>\$675,029</u>	<u>\$646,838</u>

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

The treasury bills mature on February 12, 2000, with a par value of \$638,000.

City of New Roads, Louisiana
Notes to the Financial Statements, (Continued)
December 31, 1998

NOTE 5 - RECEIVABLES

The following is a summary of receivables at December 31, 1998.

<u>Class of Receivable</u>	<u>General Fund</u>	<u>Special Revenue Fund</u>	<u>Enterprise Fund</u>
Taxes:			
Ad valorem	\$ 154,114	\$ -	\$ -
Other	-	-	
Intergovernmental			
Federal	-	19,337	
State	-	-	
Local	879	-	
Accounts	<u>2,860</u>	<u> </u>	<u>612,134</u>
Total	\$ <u>157,853</u>	\$ <u>19,337</u>	\$ <u>612,134</u>

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

NOTE 6 - FIXED ASSETS

The changes in general fixed assets follow:

	<u>Balance January 1, 1998</u>	<u>Additions</u>	<u>Deletions</u>	<u>Balance December 31, 1998</u>
Land	\$ 401,867	\$ 115,123	\$ 0	\$ 516,990
Land Improvements	405,765	0	378,964	26,801
Construction in Progress	636,793	422,527	636,792	422,528
Buildings	806,027	978,055	0	1,784,082
Equipment	1,384,240	0	1,076,378	307,862
Furniture & Fixtures	0	16,244	0	16,244
Transportation Equipment	<u>0</u>	<u>279,311</u>	<u>0</u>	<u>279,311</u>
Totals	\$<u>3,634,692</u>	\$<u>1,811,260</u>	\$<u>2,092,134</u>	\$<u>3,353,818</u>

City of New Roads, Louisiana
Notes to the Financial Statements, (Continued)
December 31, 1998

NOTE 6 - FIXED ASSETS (continued)

A summary of proprietary property, plant, and equipment follows:

	Enterprise Funds
Land	\$ 33,895
Construction in Progress	0
Buildings	42,833
Improvements other than Building	18,516,147
Furniture & Fixtures	38,006
Transportation Equipment	287,620
Distribution Equipment	<u>338,473</u> <u>93,366</u>
Totals	\$ 19,350,340
Less accumulated depreciation	<u><\$ 8,952,204></u>
Net Fixed Assets	<u>\$ 10,398,136</u>

NOTE 7 - PENSION PLAN

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

A. Municipal Employees' Retirement System of Louisiana

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

Under Plan A, employees who retire at or after age 60 with at least 10 years of creditable service, at or after age 55 with at least 25 years of creditable service, or at any age with at least 30 years of creditable service are entitled to a retirement benefit, payable monthly for life, equal to 3 percent of their final-average salary for each year of creditable service. Final-average salary is the employee's average salary over the 36 consecutive or joined months that produce the highest average. Employees who terminate with at least the amount of creditable service stated above, and do not withdraw their employee contributions, may retire at the ages specified above and receive the benefit accrued to their date of termination. The System also provides death and disability benefits. Benefits are established or amended by state statute.

The System issues an annual publicly available financial report that includes financial statements and required supplementary information for the System. That report may be obtained by writing to the Municipal Employees Retirement System of Louisiana, 7937 Office Park Boulevard, Baton Rouge, Louisiana 70809, or by calling (504) 925-4810.

City of New Roads, Louisiana
Notes to the Financial Statements, (Continued)
December 31, 1998

NOTE 7 - PENSION PLAN , (Continued)

Funding Policy. Under Plan A, members are required by state statute to contribute 9.25 percent of their annual covered salary and the City of New Roads is required contribute at an actuarially determined rate. The current rate is 5.75% of annual covered payroll. Contributions to the System also include one-fourth of one percent (except Orleans and East Baton Rouge Parishes) of the taxes shown to be collectible by the tax rolls of each parish. These tax dollars are divided between Plan A and Plan B based proportionately on the salaries of the active members of each plan. The contribution requirements of plan members and the City of New Roads are established and may be amended by state statute. As provided by Louisiana Revised Statute 11:103, the employer contributions are determined by actuarial valuation and are subject to change each year based on the results of the valuation for the prior fiscal year. The City of New Roads contributions to the System under Plan A for the years ending December 31, 1998, 1997, and 1996, were \$40,536, \$42,192, and \$43,950, respectively, equal to the required contributions for each year.

B. Municipal Police Employees' Retirement System of Louisiana

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

The System issues an annual publicly available financial report that includes financial statements and required supplementary information for the System. That report may be obtained by writing to the Municipal Police Employees Retirement System of Louisiana, 8401 United Plaza Boulevard, Baton Rouge, Louisiana 70809-2250, or by calling (504) 929-7411.

Funding Policy. Plan members are required by state statute to contribute 7.5 percent of their annual covered salary and the City of New Roads is required to contribute at an actuarially determined rate. The current rate is 9.0 percent of annual covered payroll. The contribution requirements of plan members and the City of New Roads are established and may be amended by state statute. As provided by Louisiana Revised Statute 11:103, the employer contributions are determined by actuarial valuation and are subject to change each year based on the results of the valuation for the prior fiscal year. The City of New Roads contributions to the System for the years ending December 31, 1998, 1997, and 1996, were \$35,290, \$26,870, and \$34,220, respectively, equal to the required contributions for each year.

City of New Roads, Louisiana
Notes to the Financial Statements, (Continued)
December 31, 1998

NOTE 8 - OTHER POSTEMPLOYMENT BENEFITS

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

The City of New Roads recognizes the cost of providing these benefits as an expenditure when benefit costs are paid. The cost of retiree benefits totaled \$37,296 for the year ended December 31, 1998.

NOTE 9 - ACCOUNTS, SALARIES AND OTHER PAYABLES

The payables of \$711,743 at December 31, 1998, are as follows:

<u>Class of Payable</u>	<u>General Fund</u>	<u>Proprietary Funds</u>
Salaries & Withholdings	\$ 26,835	\$ 13,451
Accounts	158,465	235,756
Other	<u>75,502</u>	<u>201,734</u>
Total	<u>\$260,802</u>	<u>\$450,941</u>

NOTE 10 - VACATION AND SICK LEAVE

Employees earn vacation in varying amounts according to years of service and vacation days are non-cumulative. Vacation time off is paid at the employee's base pay rate.

Vacation Earning Schedule
(Based on 8 hour days)

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

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

As of December 31, 1998, the amount of unused vacation pay was considered immaterial.

City of New Roads, Louisiana
Notes to the Financial Statements, (Continued)
December 31, 1998

NOTE 11 - LEASES

The municipality records items under capital leases as assets and obligations in the accompanying financial statements. The following is an analysis of capital leases at December 31, 1998.

<u>Type</u>	<u>Recorded Amount</u>
Equipment	\$ 10,051

The following is a schedule of future minimum lease payments under capital leases and the present value of the net minimum lease payments as of December 31, 1998:

<u>Fiscal year:</u>	<u>Equipment</u>
1999	4,522
2000	4,522
2001	<u>3,393</u>
Total minimum lease payments	\$12,437
Less - amount representing interest	<u>\$ 4,287</u>
Present value of net minimum Lease payments	<u>\$ 8,150</u>

The municipality has an operating lease of the following nature:

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

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

<u>Year Ending 12/31</u>	<u>St. Mary's</u>
1999	30,105
2000	30,105
2001	30,105
2002	30,105
2003	30,105
2004-2051	<u>1,426,506</u>
	<u>\$1,577,031</u>

City of New Roads, Louisiana
Notes to the Financial Statements, (Continued)
December 31, 1998

NOTE 12 - CHANGES IN GENERAL LONG-TERM OBLIGATIONS

The following is a summary of long-term debt transactions of the City for the year ended December 31, 1998:

	<u>Bonded Debt</u>	<u>Capital Leases</u>	<u>Total</u>
Long-term obligations payable			
At December 31, 1997	\$6,950,000	\$ 9,729	\$6,959,729
Additions	0	0	0
Deductions	<u>270,000</u>	<u>1,579</u>	<u>271,579</u>
Long-term obligations payable			
At December 31, 1998	<u>\$6,680,000</u>	<u>\$ 8,150</u>	<u>\$6,688,150</u>

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

General Obligation Bonds:

\$1,530,000 1997 Certificates of Indebtedness due in semi-annual interest installments and annual principal installments of amounts from \$120,000 to \$190,000 with an interest rate of 5.225%, due through May 1, 2006. \$1,285,000
 The 1997 General Obligations Debt service fund is used to accumulate monies for the repayment.

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 from 3.80% to 7.00% due through July 1, 2017. \$2,615,000
 The Electric Utility System fund is used to retire these issues.

Water / Sewer System Upgrade:

\$3,135,000 1993 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. \$2,780,000
 The Water and Sewer Utilities System fund is used to retire these issues.

City of New Roads, Louisiana
Notes to the Financial Statements, (Continued)
December 31, 1998

NOTE 12 - CHANGES IN GENERAL LONG-TERM OBLIGATIONS, (Continued)

At December 31, 1998, the municipality has accumulated \$ 105,640 in the debt service funds for future debt requirements. The annual requirements to amortize all bonds and/or certificates outstanding at December 31, 1998, including interest payments of \$4,391,495 are as follows:

ANNUAL REQUIREMENTS TO AMORTIZE LONG-TERM DEBT

Year Ending <u>12/31</u>	General Obligation <u>Bond</u>	Electric Revenue <u>Bond</u>	Water/Sewer Revenue <u>Bond</u>	<u>Total</u>
1999	198,614	246,085	256,698	701,397
2000	196,430	246,801	257,157	700,388
2002	198,854	247,118	257,167	703,139
2002	195,886	247,019	256,755	699,660
2003	197,526	246,490	255,953	699,968
Thereafter	<u>583,368</u>	<u>3,408,349</u>	<u>3,575,226</u>	<u>7,566,943</u>
	<u>\$1,570,677</u>	<u>\$4,641,862</u>	<u>\$4,858,956</u>	<u>11,071,495</u>

General Obligation Bonds

On May 22, 1997, the City issued \$1,530,000 of General Obligation Bonds, the proceeds of which were used to refund the remaining balance of the 1990 Series \$1,530,000 General Obligation Bonds and to provide funds for making capital improvements for the City of New Roads.

The bond was issued in the form of one certificate in the amount of \$1,530,000. It bears interest payable on May 1 and November 1 of each year at the rate of 5.225% and mature on May 1 of each year beginning May 1, 1998, with the final installment due May 1, 2006. These bonds are secured by and payable in principal and interest solely from a pledge and dedication of the excess of annual revenues of the City of New Roads for the years ending December 31, 1997 to December 31, 2006.

The bond resolution required the establishment of the following accounts with the City's designated fiscal agent:

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

City of New Roads, Louisiana
Notes to the Financial Statements, (Continued)
December 31, 1998

NOTE 12 - CHANGES IN GENERAL LONG-TERM OBLIGATIONS, (Continued)

Revenue Bonds:

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

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 system.

The bond resolution requires that the City will establish and maintain electric rates and fees so that the system will provide sufficient revenues to pay the normal operating expenses of the system, the annual debt payment, and the reserves and/or sinking funds required by bond agreement.

The bond resolution required the establishment of the following accounts:

Electric System Revenue Fund -

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

Electric System Revenue Bond Sinking Fund -

This fund is to be used to pay the next required installment of interest and principal. The City is required to make monthly deposits by the 20th of each month, beginning 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.

City of New Roads, Louisiana
Notes to the Financial Statements, (Continued)
December 31, 1998

NOTE 12 - CHANGES IN GENERAL LONG-TERM OBLIGATIONS, (Continued)

Water / Sewer System Revenue Bonds:

On March 1, 1993, the City issued \$3,135,000 of Water and Sewer System Revenue Bonds, the proceeds of which were used to acquire and construct extensions and improvements to the water treatment and distribution systems and the sewer collection, treatment, and disposal system.

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

City of New Roads, Louisiana
Notes to the Financial Statements, (Continued)
December 31, 1998

NOTE 13 - INTERFUND ASSETS/LIABILITIES

The following is a summary of interfund receivable and payable balances at December 31, 1998:

	<u>Due From Other Funds</u>	<u>Due To Other Funds</u>
Governmental Funds -		
General Fund:		
Electric Utility System	\$ 0	\$ 9,019
Water & Sewer Utility System	9,151	0
Natural Gas System	0	926
Enterprise Funds -		
Electric Utility System:		
Natural Gas System	0	340,418
General Fund	9,019	0
Water & Sewer System	117,650	0
Water & Sewer Utility System:		
Electric Utility System	0	117,650
Natural Gas System	0	24,859
General Fund	0	9,151
Natural Gas System:		
Water & Sewer Utility System	24,859	0
Electric Utility System	340,418	0
General Fund	<u>926</u>	<u>0</u>
Total	<u>\$502,023</u>	<u>\$502,023</u>

NOTE 14 - INTERGOVERNMENTAL PAYABLE

The following is a summary of the intergovernmental payable due other governments at December 31, 1998:

<u>Payable to</u>	<u>Special Revenue Section 8 Program Fund</u>	<u>Enterprise- Electric Utility Fund</u>	<u>Total</u>
U. S. Department of HUD	\$ 9,899	\$ 0	\$ 9,899
P.C. Police Jury - Garbage & Sewer Fees	<u>0</u>	<u>17,004</u>	<u>17,004</u>
	<u>\$ 9,899</u>	<u>\$17,004</u>	<u>\$ 26,093</u>

City of New Roads, Louisiana
Notes to the Financial Statements, (Continued)
December 31, 1998

NOTE 15 - RESERVED AND DESIGNATED EARNINGS/FUND BALANCES

Proprietary Funds:

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

Reservations of retained earnings of enterprise funds are created by increases in assets restricted for a certain use. These increases result from earnings on restricted assets and other interfund transfers to restricted accounts. Earnings on restricted assets are included in net income of the Enterprise Funds. When reserved retained earnings are increased there is an equal reduction to the portion of retained earnings that is unreserved. Designations are established to indicate tentative plans for financial resource utilization in future periods. Specific reservations and designations of retained earnings are described below:

Reserve for Bond indentures - This represents the amounts required to be held in the sinking, reserve, and capital addition funds in accordance with the bond agreements for the \$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, the Natural Gas Fund, and the Water and Sewer Utility System Fund which are to be used for capital additions in future years.

Governmental Funds:

The unreserved fund balances for governmental funds represent the amount available for budgeting future operations. Reservations of fund balances of governmental funds are created to either (1) satisfy legal covenants that require that a portion of the fund balance be segregated or (2) identify the portion of the fund balance that is not appropriable for future expenditures. Designations are established to indicate tentative plans for financial resource utilization in a future period. Specific reservations and designations of the fund balance accounts are summarized below.

Reserve for Unreported Liability Claims - This reserve was created by the council to segregate a portion of the fund balance account to cover any costs that might be incurred due to changes in the coverage should any claims not be reported when incurred, which had the effect of reducing liability insurance premiums.

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

City of New Roads, Louisiana
Notes to the Financial Statements, (Continued)
December 31, 1998

NOTE 15 - RESERVED AND DESIGNATED EARNINGS/FUND BALANCES, (Continued)

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 20 for more information on the self-insured plan.)

Designated for Debt Service - This designation was created to segregate a portion of the fund balance account for debt service, including both principal payments and interest payments. The designation 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 the Section 8 Fund.

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

NOTE 16 - 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	\$3,242,214	\$790,728	\$ 926,856	\$4,959,798
Depreciation	159,900	16,030	240,587	416,517
Operating Income	746,138	42,299	200,419	988,856
Net Income (Loss)	316,878	219,562	712,173	1,248,613
<i>Property, Plant, and Equipment Additions</i>	129,923	298,776	1,217,205	1,645,904
Total Assets	6,688,420	1,354,075	7,987,146	16,029,641
Fund Equity	3,345,492	1,294,687	5,034,438	9,674,617
Net Working Capital	2,828,876	912,933	774,670	4,516,479

NOTE 17 - CHANGES IN CONTRIBUTED CAPITAL

The balances in contributed capital did not change from the prior year.

City of New Roads, Louisiana
Notes to the Financial Statements, (Continued)
December 31, 1998

NOTE 18 - JOINT VENTURES

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

	False River Air Park Commission	<u>False River Park & Recreation Commission</u> Scott Civic Center
	<u>Unaudited</u>	<u>Unaudited</u>
Balance Sheet Date	12/31/98	12/31/98
Total Assets	\$2,985,701	\$2,092,770
Total General Fixed Assets	2,658,177	2,072,101
Total Liabilities	358,059	1,383
Total Equity	2,627,935	2,091,387
Total Revenues	1,183,675	63,028
Total Expenditures	1,219,181	78,085
Total Other Financing		
Sources (Uses)	0	27,600
Net Increase (Decrease) in		
Fund Balance	<35,506>	12,543

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 \$28,000 as an operating grant to cover expenses of the facility. The False River Air Park Commission is a component unit of the Pointe Coupee Parish Police Jury because the Pointe Coupee Parish Police Jury is the governing authority for Pointe Coupee Parish.

False River Park & Recreation Commission

The False River Park & Recreation Commission is 50% owned by the City. For the year covered by the financial statement above, the City contributed \$25,000 as an operating grant to cover expenses of the park facility and parish multi-use facility. The False River Park & Recreation Commission is a component unit of the Pointe Coupee Parish Police Jury because the Pointe Coupee Parish Police Jury is the governing authority for Pointe Coupee Parish.

NOTE 19 - LITIGATION AND CLAIMS

The City is a 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. Claims and litigation costs of \$33,766 were incurred in the current year and recorded as current-year expenditure in the General Fund.

NOTE 20 - RISK MANAGEMENT

The City is exposed to various risks of loss related to torts; theft of, damage to, and destruction of assets; errors and omissions; injuries to employees; health benefits; and natural disasters. The City currently reports all of its risk management activities in its General Fund. Claim expenditures and liabilities are reported when it is probable that a loss has occurred and the amount of that loss can be reasonably estimated. These losses include an estimate of claims that have been incurred but not reported.

City of New Roads, Louisiana
Notes to the Financial Statements, (Continued)
December 31, 1998

NOTE 20 - RISK MANAGEMENT (continued)

In a previous year, the City elected the "reimbursement method" for unemployment compensation benefits whereby each quarter the City contributes 5% of quarterly wages to the unemployment cash account in lieu of paying contributions to the State. If any claims are paid by the State, the City reimburses the State from this account. The City has no estimated liability unemployment compensation as of year end. At year end, the cash account had \$96,241 held for purposes of funding future unemployment claims liabilities. As a result, \$96,241 of General Fund balance is designated for payment of future unemployment claims liabilities.

In a previous year, the City decided to retain some of the risk with respect to at fault damages to City owned vehicles. The City carries a fleet insurance policy on all City owned Vehicles, but is self-insured for at-fault damage to City owned vehicles. Cash account was funded by the amount of insurance premiums saved when this account was established, plus annual interest earnings. The City has no estimated liability for damaged vehicles as of year end. At year-end, this cash account had \$35,624 held for purposes of funding future claims. As a result, \$35,624 of General Fund balance is designated for payment of future vehicle liability claims.

On 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 of the City used 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 claims liability of \$75,502 reported in the General Fund at December 31, 1998, 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.

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

	<u>Unemployment Compensation</u>	<u>Vehicle Liability</u>	<u>Health Benefits</u>	<u>Totals</u>
Beginning of Fiscal Year Liability	\$ 0	\$ 0	\$ 46,483	\$ 46,483
Current Year Claims And Changes in Estimates	0	0	262,189	262,189
Claim Payments	0	<u>0</u>	<u><233,170></u>	<u><233,170></u>
End of Fiscal Year Liability	<u>\$ 0</u>	<u>\$ 0</u>	<u>\$ 75,502</u>	<u>\$ 75,502</u>

City of New Roads, Louisiana
Notes to the Financial Statements, (Continued)
December 31, 1998

NOTE 20 - RISK MANAGEMENT (continued)

At December 31, 1998, the Employee Benefits cash account had a balance of \$214,614 held for purposes of funding the City's future claims liabilities. As a result, \$214,614 of General Fund balance is designated for payment of future health claims liabilities.

NOTE 21 - FEDERAL FINANCIAL ASSISTANCE PROGRAMS

The City of New Roads participates in the following federal financial assistance programs:

<u>Pass-Through Federal Grants/ Program Title</u>	<u>CFDA Number</u>	<u>Grantors Number</u>	<u>Expenditures</u>
United States Forest Service			
Indirect:			
Passed Through:			
State of Louisiana			
Department of Agriculture & Forestry	10.644	CFMS#513405 Project#97-49	\$ 3,000
United States Department of Housing And Urban Development			
Direct:			
Section 8 – Housing Assistance Program	14.156	Proj#LA205CE	\$ 118,210
United States Department of Justice Office of Community Oriented Policing Services			
Indirect:			
Passed Through:			
State of Louisiana			
Louisiana Commission on Law Enforcement	16.592	Grant #: 96Z5Z1C0618	\$ 5,611
Direct:			
COPS Grant	16.710	Grant #: 95CFWX5036 ORI #: LA03901	\$ 14,472
Total (All Federal)			\$ 141,293

NOTE 22 - LOUISIANA ENERGY AND POWER AUTHORITY CONTRACT

The Louisiana Energy and Power Authority (LEPA), a political subdivision of the State of Louisiana, has joined nineteen Louisiana municipalities together in order to provide the members facilities for the generation and transmission of electric power. LEPA has obtained a 20% undivided ownership interest in a coal-fired steam electric generating unit under a Joint Ownership Agreement. The other two members of the agreement, Central Louisiana Electric Company, Inc. (CLECO) and Lafayette Public Power Authority (LPPA) have ownership interests of 30% and 50%, respectively. An Owner Committee consisting of LEPA, CLECO, and LPPA was formed to make recommendations to CLECO, the plant operator, and to decide on various issues including construction and operating budgets.

City of New Roads, Louisiana
Notes to the Financial Statements, (Continued)
December 31, 1998

On October 1, 1992, 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 23 - 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 \$1.50 per customer as a billing fee. The amount owed to the Sewerage District is reflected in Note 14.

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 effect for the month of October 1985. Under the terms of the agreement, the City retains \$1.50 per customer as a billing fee. The amount owed to the Solid Waste Disposal System is reflected in Note 14.

NOTE 24- CONSTRUCTION COMMITMENTS

On April 6, 1998 the City of New Roads entered into a contract with Gill's Crane & Dozer Service, Inc. to improve the Morrison Parkway retaining wall and dock in the amount of \$602,210 of which \$366,759 had been billed as of December 31, 1998.

City of New Roads, Louisiana
Notes to the Financial Statements, (Continued)
December 31, 1998

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
Kurt Kellerman	7,200
Marsha Langlois	7,200
Walter Warr, Jr.	<u>7,200</u>
Total Compensation	<u>\$68,000</u>

NOTE 26 - RECONCILIATION OF FUND BALANCE

Capital Projects:	
Fund Balance, December 31, 1997	\$235,803
Prior Enterprise capital additions transferred	<u>636,793</u>
Fund Balance, December 31, 1998 Prior To Net Income	<u>\$872,596</u>

NOTE 27 - YEAR 2000 ISSUE

The year 2000 issue is the result of shortcomings in many electronic data processing systems and other electronic equipment that may adversely affect the government's operations as early as fiscal year 1999.

The City of New Roads has not inventoried computer systems and other electronic equipment that may be affected by the year 2000 issue and that are necessary to conducting the City of New Roads operations. It is unknown as of June 25, 1999, what effects, if any, failing to remediate any such systems will have upon the City of New Roads operations and financial reporting.

Because of the unprecedented nature of the Year 2000 issue, its effects and the success of related remediation efforts will not be fully determinable until the year 2000 and thereafter. Management cannot assure that the City of New Roads is or will be Year 2000 ready, that the City of New Roads' remediation efforts will be successful in whole or in part, or that parties with whom the City of New Roads does business will be year 2000 ready.

NOTE 28 - DEFINITION OF CASH AND CASH EQUIVALENTS USED IN THE STATEMENT OF CASH FLOWS

For the purpose of the Statement of Cash Flows presented in the proprietary type funds, cash and cash equivalents are defined as unrestricted and restricted cash.

SUPPLEMENTARY INFORMATION

COMBINING AND INDIVIDUAL FUND STATEMENTS

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

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
SPECIAL REVENUE FUNDS
COMBINING BALANCE SHEET
December 31, 1998**

	<u>Sales Tax Fund</u>	<u>HUD-Section 8 Program Fund</u>	<u>Total Memorandum Only</u>
ASSETS			
Current Assets			
Cash	\$ 1,206,447	\$ 28,253	\$ 1,234,699
Due from other governmental units	0	19,337	19,337
TOTAL ASSETS	\$ 1,206,447	\$ 47,590	\$ 1,254,036
 LIABILITIES AND FUND BALANCE			
LIABILITIES			
Current Liabilities			
Due to other governmental units	\$ 0	\$ 9,899	\$ 9,899
TOTAL LIABILITIES	0	9,899	9,899
 FUND BALANCE			
Unreserved			
Designated for grant	0	37,691	37,691
Undesignated	1,206,447	0	1,206,447
TOTAL FUND BALANCE	1,206,447	37,691	1,244,137
TOTAL LIABILITIES AND FUND BALANCE	\$ 1,206,447	\$ 47,590	\$ 1,254,036

HUD-Section 8 Program Fund			Total Memorandum Only		
Budget	Actual	Variance Favorable (Unfavorable)	Budget	Actual	Variance Favorable (Unfavorable)
\$ 0	\$ 0	\$ 0	\$ 585,000	\$ 777,835	\$ 192,835
107,595	118,210	10,615	107,595	118,210	10,615
0	2,327	2,327	20,000	50,718	30,718
107,595	120,537	12,942	712,595	946,763	234,168
0	0	0	500	300	200
107,595	117,187	(9,592)	107,595	117,187	(9,592)
107,595	117,187	(9,592)	108,095	117,487	(9,392)
0	3,350	3,350	604,500	829,275	224,775
0	0	0	(600,000)	600,000	0
0	0	0	(600,000)	600,000	0
<u>\$ 0</u>	<u>3,350</u>	<u>\$ 3,350</u>	<u>\$ 4,500</u>	<u>229,275</u>	<u>\$ 224,775</u>
	34,341			1,014,862	
	<u>\$ 37,691</u>			<u>\$ 1,244,137</u>	

DEBT SERVICE FUNDS

Debt Service Funds account for the accumulation of resources for, and the payment of, general long-term debt principal, interest and related costs.

1997 \$1,530,000 General Obligation Bonds

The 1997 General Obligation Bonds Debt Service Fund is used to accumulate monies for the repayment of the \$1,530,000 1990 Certificates of Indebtedness. General Fund revenues finance these bonds. These Certificates mature on May 1 of each year beginning in 1998, with the final payment due in the year 2006, with an interest rate of 5.225%. The bonds were issued to defease the 1990 Series Bonds and to provide resources for various City capital improvement projects.

City of New Roads
DEBT SERVICE FUNDS
COMBINING STATEMENT OF REVENUES, EXPENDITURES
AND CHANGES IN FUND BALANCES
Year ended December 31, 1998

	<u>1996 \$1.53 Bonds</u> <u>Debt Service Fund</u>
REVENUES	
Interest	\$ <u>3,336</u>
TOTAL REVENUES	<u>3,336</u>
EXPENDITURES	
Debt service	<u>195,680</u>
TOTAL EXPENDITURES	<u>195,680</u>
Excess (deficiency) of revenues over expenditures	<u>(192,344)</u>
OTHER FINANCING SOURCES (USES)	
Operating transfers in	200,985
Operating transfers out	<u>0</u>
TOTAL OTHER FINANCING SOURCES (USES)	<u>200,985</u>
Excess (deficiency) of revenues and other sources over expenditures and other uses	8,641
Fund Balances at beginning of year	<u>96,999</u>
Fund Balances at end of year	<u>\$ 105,640</u>

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.

Capital Projects Fund -

To account for various City capital improvement projects funded with monies derived from the \$1,530,000 1997 refunding bond issue and transfers of excess monies from various City funds.

City of New Roads
CAPITAL PROJECT FUNDS
COMBINING STATEMENT OF REVENUES, EXPENDITURES
AND CHANGES IN FUND BALANCES
Year ended December 31, 1998

	Capital Projects Fund
REVENUES	
Intergovernmental revenue	\$ 0
Interest	<u>5,159</u>
TOTAL REVENUES	<u>5,159</u>
 EXPENDITURES	
General government	\$ 300
Capital outlay	<u>0</u>
TOTAL EXPENDITURES	<u>300</u>
Excess (deficiency) of revenues over expenditures	<u>4,859</u>
 OTHER FINANCING SOURCES(USES)	
Transfers out	<u>(847,950)</u>
TOTAL OTHER FINANCING SOURCES(USES)	<u>(847,950)</u>
Excess (deficiency) of revenues and other sources over expenditures and other uses	(843,091)
 Fund Balances at beginning of year	<u>872,596</u>
 Fund Balances at end of year	<u>\$ 29,505</u>

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 had 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 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 Utilities 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
ENTERPRISE FUNDS
COMBINING BALANCE SHEET
December 31, 1998**

	<u>Electric Utility System</u>	<u>Natural Gas Utility System</u>	<u>Water & Sewer Utility System</u>	<u>Total Memo Only</u>
ASSETS				
Current Assets				
Cash	\$ 400,360	\$ 285,541	\$ 132,197	\$ 818,098
Investments	12,316	0	0	12,316
Accounts receivable	611,263	0	870	612,134
Due from other funds	126,668	366,203	0	492,872
Prepaid expenses	15,279	4,050	8,971	28,300
Restricted Assets				
Cash	2,149,486	316,527	539,058	3,005,071
Investments	316,431	0	346,282	662,713
Property, Plant & Equipment (net of accum depreciation)	3,056,616	381,752	6,959,768	10,398,136
TOTAL ASSETS	\$ 6,688,419	\$ 1,354,075	\$ 7,987,146	\$ 16,029,641
LIABILITIES AND FUND EQUITY				
LIABILITIES				
Current Liabilities				
Accounts payable	\$ 162,474	\$ 56,894	\$ 16,389	\$ 235,756
Accrued liabilities	6,297	2,494	4,660	13,451
Due to other funds	340,418	0	151,660	492,078
Due to other gov't units	17,004	0	0	17,004
Curr Liab (from Restr Assets)				
Bonds payable	75,000	0	80,000	155,000
Deposits	201,734	0	0	201,734
Long-Term Liabilities				
Bond payable	2,540,000	0	2,700,000	5,240,000
TOTAL LIABILITIES	3,342,927	59,388	2,952,708	6,355,023
FUND EQUITY				
Contributed Capital:				
Municipalities	526,568	6,512	1,788,540	2,321,620
Customers	269,992	0	0	269,992
Grants	615,565	0	484,680	1,100,245
Retained Earnings:				
Reserved				
Reserved for bond indenture	553,537	0	566,098	1,119,635
Unreserved				
Designated for capital addns	1,596,657	316,527	239,242	2,152,427
Unreserved	(216,826)	971,648	1,955,877	2,710,698
TOTAL FUND EQUITY	3,345,492	1,294,687	5,034,438	9,674,617
TOTAL LIABILITIES AND FUND EQUITY	\$ 6,688,419	\$ 1,354,075	\$ 7,987,146	\$ 16,029,641

City of New Roads
ENTERPRISE FUNDS
COMBINING STATEMENT OF REVENUES, EXPENSES
AND CHANGES IN RETAINED EARNINGS
Year Ended December 31, 1998

	<u>Electric Utility System</u>	<u>Natural Gas Utility System</u>	<u>Water & Sewer Utility Systems</u>	<u>Total Memo Only</u>
OPERATING REVENUES				
Charges for services	\$ 3,094,261	\$ 789,595	\$ 926,856	\$ 4,810,712
Miscellaneous	147,953	1,134	0	149,087
Total operating revenues	<u>3,242,214</u>	<u>790,729</u>	<u>926,856</u>	<u>4,959,798</u>
OPERATING EXPENSES				
Personal services	141,787	73,288	130,951	346,027
Contracted services	105,579	18,076	22,763	146,419
Operating costs	1,956,810	600,712	85,492	2,643,014
Maintenance and supplies	87,551	25,672	128,894	242,118
Insurance	42,878	14,650	31,472	89,000
Utilities	1,569	0	86,280	87,849
Depreciation	159,900	16,030	240,586	416,517
Total operating expenses	<u>2,496,076</u>	<u>748,430</u>	<u>726,437</u>	<u>3,970,943</u>
Operating income	<u>746,138</u>	<u>42,299</u>	<u>200,419</u>	<u>988,856</u>
NONOPERATING REVENUES (EXPENSES)				
Miscellaneous	315,472	32,125	84,894	432,492
Intergovernmental revenue	0	0	204,000	204,000
Bad debts recovered	1,424	0	0	1,424
Interest and fiscal charges	(175,658)	0	(181,787)	(357,445)
Gain on sale of fixed assets	0	12	4,737	4,749
Bad debts written off	(30,499)	(5,015)	(7,899)	(43,413)
Total nonoperating revenues (expenses)	<u>110,740</u>	<u>27,122</u>	<u>103,945</u>	<u>241,807</u>
Income before operating transfers	<u>856,878</u>	<u>69,421</u>	<u>304,364</u>	<u>1,230,663</u>
OPERATING TRANSFERS				
Transfers in	0	270,141	577,809	847,950
Transfers out	(540,000)	(120,000)	(170,000)	(830,000)
Total operating transfers	<u>(540,000)</u>	<u>150,141</u>	<u>407,809</u>	<u>17,950</u>
Net Income	<u>316,878</u>	<u>219,562</u>	<u>712,173</u>	<u>1,248,613</u>
Retained Earnings at beginning of year	<u>1,616,490</u>	<u>1,068,613</u>	<u>2,049,045</u>	<u>4,734,147</u>
Retained Earnings at end of year	<u>\$ 1,933,367</u>	<u>\$ 1,288,175</u>	<u>\$ 2,761,218</u>	<u>\$ 5,982,760</u>

City of New Roads
COMBINING STATEMENT OF CASH FLOWS
ENTERPRISE FUNDS
Year Ended December 31, 1998

	<u>Electric</u> <u>Utility Fund</u>	<u>Natural</u> <u>Gas Fund</u>	<u>Water &</u> <u>Sewer Fund</u>	<u>Total</u> <u>Memo Only</u>
Cash flows from operating activities:				
Operating income (loss)	\$ 856,878	\$ 69,421	\$ 304,364	\$ 1,230,663
Adjustments to reconcile operating income to net operating cash provided by operating activities:				
Depreciation	159,900	16,030	240,586	416,517
Gain on sale of fixed asset	0	(12)	(4,737)	(4,749)
Changes in assets and liabilities:				
(Increase) Decrease in accts rec	62,982	0	(451)	62,531
(Increase) Decrease in other rec	(21,147)	29,568	617	9,038
(Increase) Decrease in prepaid exp	49	1,490	2,391	3,930
Increase (Decrease) in accts pay	30,847	53,391	(45,402)	38,836
Increase (Decrease) in other pay	(50,046)	0	28,709	(21,337)
Increase (Decrease) in accrd exp	3,254	1,018	2,346	6,618
Increase (Decrease) in meter deposits	4,289	0	0	4,289
Net cash provided (used) by operating activities	<u>1,047,006</u>	<u>170,907</u>	<u>528,423</u>	<u>1,746,335</u>
Cash flows from noncapital financing activities:				
Operating transfers in	0	270,141	577,809	847,950
Operating transfers out	(540,000)	(120,000)	(170,000)	(830,000)
Net cash provided from (used) for noncapital financing activities	<u>(540,000)</u>	<u>150,141</u>	<u>407,809</u>	<u>17,950</u>
Cash flows from capital and related financing activities:				
Acquisition and const of capital assets	(131,432)	(298,775)	(1,217,205)	(1,647,412)
Principal payments	(70,000)	0	(75,000)	(145,000)
Net cash provided from (used) from capital and related financing activities	<u>(201,432)</u>	<u>(298,775)</u>	<u>(1,292,205)</u>	<u>(1,792,412)</u>
Cash flows from investing activities:				
Purchase of investments	(1,241,537)	0	(1,356,717)	(2,598,254)
Proceeds from sale of investments	1,226,634	0	1,339,224	2,565,858
Proceeds from sale of fixed assets	0	12	4,737	4,749
Net cash provided (used) from investing activities	<u>(14,903)</u>	<u>12</u>	<u>(12,756)</u>	<u>(27,647)</u>
Net increase (decrease) in cash and cash equivalents	290,671	22,284	(368,729)	(55,774)
Cash and cash equivalents at beginning of year				
Unrestricted cash	120,702	271,612	67,873	460,187
Restricted Cash	2,138,474	308,174	972,110	3,418,758
Total beginning cash	<u>2,259,176</u>	<u>579,786</u>	<u>1,039,983</u>	<u>3,878,945</u>
Cash and cash equivalents at end of year				
Unrestricted cash	400,360	285,544	132,197	818,101
Restricted Cash	2,149,486	316,527	539,058	3,005,071
Total ending cash	<u>2,549,846</u>	<u>602,071</u>	<u>671,255</u>	<u>3,823,172</u>

MAJOR & MORRISON
CERTIFIED PUBLIC ACCOUNTANTS

VAN P. MAJOR, CPA, PC
JOHN L. MORRISON III, CPA, PC
JOHN H. CAZAYOUX, CPA, PC

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

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

The Honorable Sylvester Muckelroy
And Members of the City Council
City of New Roads, Louisiana 70760

We have audited the general purpose financial statements of the City of New Roads, Louisiana, as of and for the year ended December 31, 1998 and have issued our report thereon dated June 25, 1999, which was qualified because insufficient audit evidence exists to support the City of New Roads' disclosures with respect to the year 2000 issue. Except as discussed in the preceding sentence, we conducted our audit in accordance with generally accepted auditing standards and the standards applicable to financial audits contained in GOVERNMENT AUDITING STANDARDS, issued by the Comptroller General of the United States.

Compliance

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

Internal Control Over Financial Reporting

In planning and performing our audit, we considered the City of New Roads, Louisiana's internal control over financial reporting in order to determine our auditing procedures for the purpose of expressing our opinion on the general purpose financial statements and not to provide assurance on the internal control over financial reporting. Our consideration of the internal control over financial reporting would not necessarily disclose all matters in the internal control over financial reporting that might be material weaknesses. A material weakness is a condition in which the design or operation of one or more of the internal control components does not reduce to a relatively low level the risk that misstatements 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. We noted no matters involving the internal control over financial reporting and its operation that we consider to be material weaknesses.

This report is intended for the information of the City of New Roads, Louisiana, federal awarding agencies, pass-through entities, and the legislative auditor. However, this report is a matter of public record and its distribution is not limited.

Major and Morrison

Major & Morrison
New Roads, Louisiana
June 25, 1999

CITY OF NEW ROADS, LOUISIANA
New Roads, Louisiana
Schedule of Findings and Questioned Costs
For the Year Ended December 31, 1998

SECTION I - SUMMARY OF AUDITOR'S RESULTS

Financial Statements

Type of auditor's report issued:	Qualified
Internal control over financial reporting:	
Material weakness(es) identified?	___yes <u>X</u> no
Reportable condition(s) identified not considered to be material weaknesses?	___yes <u>X</u> none reported
Noncompliance material to financial statements noted?	___yes <u>X</u> no

SECTION II - FINANCIAL STATEMENT FINDINGS

There were no financial statement findings

CITY OF NEW ROADS, LOUISIANA
New Roads, Louisiana

Summary Schedule of Prior Audit Findings
For the Year Ended December 31, 1998

<u>Ref. No.</u>	<u>Fiscal Year Finding Initially Occurred</u>	<u>Description of Finding</u>	<u>Corrective Action Taken</u>	<u>Planned Corrective Action/Partial Corrective Action Taken</u>
Section I – Internal Control and Compliance Material to the Financial Statements:				
97-1	FY97	Compliance-R.S.42:111 to purchasing policies.	Yes	Trained & advised Employees.
97-2	FY97	Untimely completion of Audit.	Yes	Completed timely.
97-3	FY97	Incomplete fixed asset Records.	Yes	Records updated.

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

Not applicable.

Section III – Management Letter:

No management letter was issued.

CITY OF NEW ROADS, LOUISIANA
New Roads, Louisiana

Corrective Action Plan for
Current Year Audit Findings
For the Year Ended December 31, 1998

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

There were no current year audit findings.

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

Not applicable.

Section III – Management Letter:

No management letter was issued.

**City of New Roads, Louisiana
Schedule of Insurance
Unaudited
December 31, 1998**

<u>Insurance Company</u>	<u>Policy Term</u>	<u>Policy Description</u>	<u>Policy Limits</u>
Hartford Steam Boiler Ind. Co.	6/1/98 to 6/1/99	Boiler and Machinery	\$1,500,000 limit; \$2,000 deductible (to actual cash value of equipment depending on age of equipment)
All State Insurance Co.	1/3/98 to 1/3/99	Fire Standard Blanket Policy on Bldg. & Prop	\$2,992,670 limit; 90% Coinsurance; \$1,041,150 Blanket; \$1,000 Deductible
National Union	4/9/98 to 4/9/99	General Liability	\$1,000,000; no deductible

City of New Roads, Louisiana
Schedule of Electric Customers
Unaudited
December 31, 1998

Number of metered electric customers	1964
Number of nonmetered electric customers	<u>-</u>
Total electric customers	<u>1964</u>

**City of New Roads, Louisiana
Schedule of Water Customers
Unaudited
December 31, 1998**

Number of metered water customers	2538
Number of nonmetered water customers	<u> -</u>
Total water customers	<u>2538</u>