

CITY OF NEW ROADS, LOUISIANA

Financial Report

Year Ended December 31, 2021

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INDEPENDENT AUDITOR'S REPORT

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

Report on the Audit of the Financial Statements

Opinions

We have audited the accompanying financial statements of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of the City of New Roads, Louisiana (City) as of and for the year ended December 31, 2021, and the related notes to the financial statements, which collectively comprise the City's basic financial statements as listed in the table of contents.

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of the City, as of December 31, 2021, and the respective changes in financial position, and, where applicable, cash flows thereof for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Basis for Opinions

We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. Our responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of the Financial Statements section of our report. We are required to be independent of the City and to meet our other ethical responsibilities, in accordance with the relevant ethical requirements relating to our audit. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinions.

Responsibilities of Management for the Financial Statements

Management is responsible for the preparation and fair presentation of the financial statements in accordance with accounting principles generally accepted in the United States of America, and for the design, implementation, and maintenance of internal control relevant to the preparation and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, management is required to evaluate whether there are conditions or events, considered in the aggregate, that raise substantial doubt about the City's ability to continue as a going concern for twelve months beyond the financial statement date, including any currently known information that may raise substantial doubt shortly thereafter.

Auditor's Responsibilities for the Audit of the Financial Statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinions. Reasonable assurance is a high level of assurance but is not absolute assurance and therefore is not a guarantee that an audit conducted in accordance with generally accepted auditing standards and *Government Auditing Standards* will always detect a material misstatement when it exists. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control. Misstatements are considered material if there is a substantial likelihood that, individually or in the aggregate, they would influence the judgment made by a reasonable user based on the financial statements.

In performing an audit in accordance with generally accepted auditing standards and *Government Auditing Standards*, we:

- Exercise professional judgment and maintain professional skepticism throughout the audit.
- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, and design and perform audit procedures responsive to those risks. Such procedures include examining, on a test basis, evidence regarding the amounts and disclosures in the financial statements.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the City's internal control. Accordingly, no such opinion is expressed.
- Evaluate the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluate the overall presentation of the financial statements.
- Conclude whether, in our judgment, there are conditions or events, considered in the aggregate, that raise substantial doubt about the City's ability to continue as a going concern for a reasonable period of time.

We are required to communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit, significant audit findings, and certain internal control-related matters that we identified during the audit.

Required Supplementary Information

Accounting principles generally accepted in the United States of America require that information on pages 52 - 57 be presented to supplement the basic financial statements. Such information is the responsibility of management and, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. We have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance. Management has omitted management's discussion and analysis that accounting principles generally accepted in the United States of America require to be presented to supplement the basic financial statements. Such missing information, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board who considers it to be an essential part of financial reporting for placing the basic financial

statements in an appropriate operational, economic, or historical context. Our opinion on the basic financial statements is not affected by this missing information.

Supplementary Information

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the City’s basic financial statements. The accompanying schedules of compensation, nonmajor governmental fund and Justice System Funding Schedules are presented for purposes of additional analysis and are not a required part of the basic financial statements. Such information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the basic financial statements. The information has been subjected to the auditing procedures applied in the audit of the basic financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the basic financial statements or to the basic financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the schedules of compensation, nonmajor governmental fund and Justice System Funding Schedules are fairly stated, in all material respects, in relation to the basic financial statements as a whole.

Other Information

Management is responsible for the other information included in the financial report. The other information comprises the schedule of number of utility customers but does not include the basic financial statements and our auditor’s report thereon. Our opinions on the basic financial statements do not cover the other information, and we do not express an opinion or any form of assurance thereon.

In connection with our audit of the basic financial statements, our responsibility is to read the other information and consider whether a material inconsistency exists between the other information and the basic financial statements, or the other information otherwise appears to be materially misstated. If, based on the work performed, we conclude that an uncorrected material misstatement of the other information exists, we are required to describe it in our report.

Other Reporting Required by Government Auditing Standards

In accordance with *Government Auditing Standards*, we have also issued our report dated June 29, 2022, on our consideration of the City’s internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is solely to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the City’s internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering City’s internal control over financial reporting and compliance.

Kolder, Slaven & Company, LLC
Certified Public Accountants

Abbeville, Louisiana
June 29, 2022

BASIC FINANCIAL STATEMENTS

**GOVERNMENT-WIDE
FINANCIAL STATEMENTS (GWFS)**

CITY OF NEW ROADS, LOUISIANA

Statement of Net Position
December 31, 2021

	Governmental Activities	Business-Type Activities	Total
ASSETS			
Cash and cash equivalents	\$ 542,778	\$ 1,244,279	\$ 1,787,057
Receivables, net	437,911	720,177	1,158,088
Inventory	-	97,701	97,701
Internal balances	137,616	(137,616)	-
Due from other governmental units	143,369	-	143,369
Prepaid expenses	60,365	44,782	105,147
Restricted assets:			
Cash and cash equivalents	68,591	1,642,309	1,710,900
Capital assets:			
Non-depreciable	632,142	113,586	745,728
Depreciable, net	4,633,701	8,223,256	12,856,957
Total assets	<u>6,656,473</u>	<u>11,948,474</u>	<u>18,604,947</u>
DEFERRED OUTFLOWS OF RESOURCES			
Pension related	428,194	55,715	483,909
OPEB related	330,735	63,817	394,552
Bond refunding costs	-	120,117	120,117
Total deferred outflows of resources	<u>758,929</u>	<u>239,649</u>	<u>998,578</u>
LIABILITIES			
Accounts and other payables	575,484	692,321	1,267,805
Customer deposits payable	-	412,643	412,643
Long-term liabilities:			
Due within one year	47,197	388,428	435,625
Due in more than one year	141,592	3,661,603	3,803,195
Net pension liability	2,143,236	362,987	2,506,223
OPEB Liability	758,762	141,315	900,077
Total liabilities	<u>3,666,271</u>	<u>5,659,297</u>	<u>9,325,568</u>
DEFERRED INFLOWS OF RESOURCES			
Unearned revenue	14,324	828,469	842,793
Pension related	907,329	149,317	1,056,646
OPEB related	428,292	96,057	524,349
Total deferred inflows of resources	<u>1,349,945</u>	<u>1,073,843</u>	<u>2,423,788</u>
NET POSITION			
Net investment in capital assets	5,265,843	4,300,239	9,566,082
Restricted for:			
Debt service	-	1,229,666	1,229,666
Grants	94,595	-	94,595
Unrestricted	(2,961,252)	(74,922)	(3,036,174)
Total net position	<u>\$ 2,399,186</u>	<u>\$ 5,454,983</u>	<u>\$ 7,854,169</u>

The accompanying notes are an integral part of the basic financial statements.

CITY OF NEW ROADS, LOUISIANA

Statement of Activities
For the Year Ended December 31, 2021

Activities	Expenses	Program Revenues		Net (Expense) Revenue and Change in Net Position		
		Fees, Fines, and Charges for Services	Operating Grants and Contributions	Governmental Activities	Business-Type Activities	Total
Governmental activities:						
General government	\$ 1,709,275	\$ 5,832	\$ -	\$ (1,703,443)	\$ -	\$ (1,703,443)
Public safety	1,521,983	20,775	89,117	(1,412,091)	-	(1,412,091)
Transportation	50,000	-	-	(50,000)	-	(50,000)
Streets and sanitation	1,295,886	431,358	-	(864,528)	-	(864,528)
Public works	442,744	9,325	-	(433,419)	-	(433,419)
Culture and recreation	438,891	142,359	284,510	(12,022)	-	(12,022)
Economic development	371,974	-	-	(371,974)	-	(371,974)
Welfare	285,798	-	-	(285,798)	-	(285,798)
Interest	323	-	-	(323)	-	(323)
Total governmental activities	<u>6,116,874</u>	<u>609,649</u>	<u>373,627</u>	<u>(5,133,598)</u>	<u>-</u>	<u>(5,133,598)</u>
Business-type activities:						
Electric	3,992,557	4,834,664	-	-	842,107	842,107
Natural gas	673,161	1,113,151	-	-	439,990	439,990
Water and sewer	1,714,744	1,322,824	-	-	(391,920)	(391,920)
Total business-type activities	<u>6,380,462</u>	<u>7,270,639</u>	<u>-</u>	<u>-</u>	<u>890,177</u>	<u>890,177</u>
Total	<u>\$ 12,497,336</u>	<u>\$ 7,880,288</u>	<u>\$ 373,627</u>	<u>(5,133,598)</u>	<u>890,177</u>	<u>(4,243,421)</u>
General revenues:						
Taxes -						
Property taxes				363,894	-	363,894
Sales and use taxes				1,998,354	-	1,998,354
Franchise taxes				195,140	-	195,140
Occupational licenses				156,414	-	156,414
Video poker revenue				297,298	-	297,298
Miscellaneous				284,401	20,203	304,604
Transfers				<u>1,820,675</u>	<u>(1,820,675)</u>	<u>-</u>
Total general revenues and transfers				<u>5,116,176</u>	<u>(1,800,472)</u>	<u>3,315,704</u>
Change in net position				(17,422)	(910,295)	(927,717)
Net position, beginning				<u>2,416,608</u>	<u>6,365,278</u>	<u>8,781,886</u>
Net position, ending				<u>\$ 2,399,186</u>	<u>\$ 5,454,983</u>	<u>\$ 7,854,169</u>

The accompanying notes are an integral part of the basic financial statements.

FUND FINANCIAL STATEMENTS (FFS)

CITY OF NEW ROADS, LOUISIANA

Balance Sheet
Governmental Funds
December 31, 2021

ASSETS	General	Other Governmental Funds	Total
Cash and cash equivalents	\$ 433,859	\$ 108,919	\$ 542,778
Receivables:			
Accounts receivable, net	116,583	-	116,583
Taxes receivable	318,128	-	318,128
Due from other funds	515,647	-	515,647
Due from other governmental entities	143,369	-	143,369
Other receivables	3,200	-	3,200
Prepaid expenses	60,365	-	60,365
Restricted cash and cash equivalents	68,591	-	68,591
Total assets	<u>\$1,659,742</u>	<u>\$ 108,919</u>	<u>\$1,768,661</u>
 LIABILITIES AND FUND BALANCES			
Liabilities:			
Accounts payable	\$ 460,384	\$ -	\$ 460,384
Payroll liabilities	93,754	-	93,754
Other liabilities	21,346	-	21,346
Unearned revenue	-	14,324	14,324
Due to other funds	378,031	-	378,031
Total liabilities	<u>953,515</u>	<u>14,324</u>	<u>967,839</u>
Fund balances:			
Nonspendable - prepaids	60,365	-	60,365
Restricted for federal grants	-	94,595	94,595
Unassigned	645,862	-	645,862
Total fund balances	<u>706,227</u>	<u>94,595</u>	<u>800,822</u>
 Total liabilities and fund balances	 <u>\$1,659,742</u>	 <u>\$ 108,919</u>	 <u>\$1,768,661</u>

The accompanying notes are an integral part of the basic financial statements.

CITY OF NEW ROADS, LOUISIANA

Reconciliation of the Governmental Funds Balance Sheet
to the Statement of Net Position
December 31, 2021

Total fund balances for governmental funds		\$	800,822
Capital assets net			5,265,843
Compensated absences			(188,789)
Pension:			
Net pension liability	\$	(2,143,236)	
Deferred inflows of resources		(907,329)	
Deferred outflows of resources		<u>428,194</u>	(2,622,371)
OPEB:			
Net OPEB liability		(758,762)	
Deferred inflows of resources		(428,292)	
Deferred outflows of resources		<u>330,735</u>	<u>(856,319)</u>
Total net position of governmental activities			<u>\$ 2,399,186</u>

The accompanying notes are an integral part of the basic financial statements.

CITY OF NEW ROADS, LOUISIANA

Statement of Revenues, Expenditures, and Changes in Fund Balances-
Governmental Funds

For the Year Ended December 31, 2021

	General	Other Governmental Funds	Total
Revenues:			
Taxes	\$ 2,362,248	\$ -	\$ 2,362,248
Licenses and permits	156,414	-	156,414
Intergovernmental	392,780	278,145	670,925
Charges for services	784,014	-	784,014
Fines and forfeits	20,775	-	20,775
Miscellaneous	168,600	-	168,600
Total revenues	<u>3,884,831</u>	<u>278,145</u>	<u>4,162,976</u>
Expenditures:			
Current -			
General government	1,581,191	-	1,581,191
Public safety	1,503,681	-	1,503,681
Streets and sanitation	1,285,675	-	1,285,675
Transportation	50,000	-	50,000
Culture and recreation	438,416	-	438,416
Economic development	371,974	-	371,974
Welfare	-	285,798	285,798
Public works	425,147	-	425,147
Capital outlay	233,383	-	233,383
Debt service	323	-	323
Total expenditures	<u>5,889,790</u>	<u>285,798</u>	<u>6,175,588</u>
Deficiency of revenues over expenditures	<u>(2,004,959)</u>	<u>(7,653)</u>	<u>(2,012,612)</u>
Other financing sources (uses):			
Proceeds from sale of assets	47,380	-	47,380
Transfers in	1,840,000	-	1,840,000
Transfers out	(19,325)	-	(19,325)
Total other financing sources (uses)	<u>1,868,055</u>	<u>-</u>	<u>1,868,055</u>
Net change in fund balances	(136,904)	(7,653)	(144,557)
Fund balances, beginning, as restated	<u>843,131</u>	<u>102,248</u>	<u>945,379</u>
Fund balances, ending	<u>\$ 706,227</u>	<u>\$ 94,595</u>	<u>\$ 800,822</u>

The accompanying notes are an integral part of the basic financial statements.

CITY OF NEW ROADS, LOUISIANA

Reconciliation of the Statement of Revenues, Expenditures, and
 Changes in Fund Balances of Governmental Funds
 to the Statement of Activities
 For the Year Ended December 31, 2021

Net change in fund balances of governmental funds		\$ (144,557)
Capital assets:		
Capital outlay	\$ 79,208	
Depreciation expense	<u>(304,680)</u>	(225,472)
Change in compensated absences		(53,612)
The effect of the change in net pension liability, OPEB and deferred outflows/inflows of resources:		
Change in OPEB expense	72,366	
Change in pension expense	265,432	
Nonemployer pension contribution revenue recognized	<u>68,421</u>	<u>406,219</u>
Change in net position of governmental activities		<u>\$ (17,422)</u>

The accompanying notes are an integral part of the basic financial statements.

CITY OF NEW ROADS, LOUISIANA

Statement of Net Position
 Proprietary Fund - Enterprise Fund
 December 31, 2021

	Electric Utility System	Natural Gas Utility System	Water & Sewer Utility System	Total
ASSETS				
Current assets:				
Cash and cash equivalents	\$ 408,008	\$ 35,490	\$ 800,781	\$ 1,244,279
Accounts receivable, net	407,840	-	386	408,226
Unbilled utility receivables	178,346	68,631	51,653	298,630
Due from other funds	357,087	221,665	22,768	601,520
Other receivables	13,321	-	-	13,321
Inventory	97,701	-	-	97,701
Prepaid expenses	31,711	4,357	8,714	44,782
Total current assets	<u>1,494,014</u>	<u>330,143</u>	<u>884,302</u>	<u>2,708,459</u>
Noncurrent assets:				
Restricted cash and cash equivalents	667,982	382,404	591,923	1,642,309
Capital assets:				
Non-depreciable	65,586	-	48,000	113,586
Depreciable, net	3,137,007	281,558	4,804,691	8,223,256
Total noncurrent assets	<u>3,870,575</u>	<u>663,962</u>	<u>5,444,614</u>	<u>9,979,151</u>
Total assets	<u>5,364,589</u>	<u>994,105</u>	<u>6,328,916</u>	<u>12,687,610</u>
DEFERRED OUTFLOWS OF RESOURCES				
Pension related	18,257	-	37,458	55,715
OPEB Related	45,915	-	17,902	63,817
Bond refunding costs	120,117	-	-	120,117
Total deferred outflows of resources	<u>184,289</u>	<u>-</u>	<u>55,360</u>	<u>239,649</u>
LIABILITIES				
Current liabilities:				
Accounts and other payables	527,763	91,700	40,122	659,585
Compensated absences payable	5,183	-	8,245	13,428
Due to other governments	32,736	-	-	32,736
Due to other funds	245,254	122,467	371,415	739,136
Revenue bonds payable from restricted assets	325,000	-	50,000	375,000
Total current liabilities	<u>1,135,936</u>	<u>214,167</u>	<u>469,782</u>	<u>1,819,885</u>
Noncurrent liabilities:				
Customers' deposits payable	412,643	-	-	412,643
Revenue bonds	3,300,000	-	361,603	3,661,603
OPEB Liability	66,771	-	74,544	141,315
Net pension liability	207,064	-	155,923	362,987
Total noncurrent liabilities	<u>3,986,478</u>	<u>-</u>	<u>592,070</u>	<u>4,578,548</u>
Total liabilities	<u>5,122,414</u>	<u>214,167</u>	<u>1,061,852</u>	<u>6,398,433</u>
DEFERRED INFLOWS OF RESOURCES				
Unearned revenue	-	-	828,469	828,469
Pension related	108,903	-	40,414	149,317
OPEB Related	67,979	-	28,078	96,057
Total deferred inflows of resources	<u>176,882</u>	<u>-</u>	<u>896,961</u>	<u>1,073,843</u>
NET POSITION				
Net investment in capital assets	(422,407)	281,558	4,441,088	4,300,239
Restricted for debt service	255,339	382,404	591,923	1,229,666
Unrestricted	416,650	115,976	(607,548)	(74,922)
Total net position	<u>\$ 249,582</u>	<u>\$ 779,938</u>	<u>\$ 4,425,463</u>	<u>\$ 5,454,983</u>

The accompanying notes are an integral part of the basic financial statements.

CITY OF NEW ROADS, LOUISIANA

Statement of Revenues, Expenses, and Changes in Fund Net Position
 Proprietary Fund - Enterprise Fund
 Year Ended December 31, 2021

	Electric Utility System	Natural Gas Utility System	Water & Sewer Utility System	Total
Operating revenues:				
Charges for services	\$ 4,792,254	\$ 1,086,301	\$ 1,236,971	\$ 7,115,526
Other operating income	<u>42,410</u>	<u>26,850</u>	<u>85,853</u>	<u>155,113</u>
	<u>4,834,664</u>	<u>1,113,151</u>	<u>1,322,824</u>	<u>7,270,639</u>
Operating expenses:				
Personal services	394,721	-	139,141	533,862
Contracted services	50,301	49,783	170,481	270,565
Operating costs	2,866,016	514,648	64,736	3,445,400
Maintenance and supplies	341,560	73,708	712,562	1,127,830
Utilities	15,605	2,691	211,994	230,290
Depreciation expense	<u>224,884</u>	<u>32,331</u>	<u>411,682</u>	<u>668,897</u>
Total operating expenses	<u>3,893,087</u>	<u>673,161</u>	<u>1,710,596</u>	<u>6,276,844</u>
Operating income (loss)	<u>941,577</u>	<u>439,990</u>	<u>(387,772)</u>	<u>993,795</u>
Nonoperating revenues (expenses):				
Interest income	1,080	163	261	1,504
Interest expense	(99,470)	-	(4,148)	(103,618)
Other income	<u>15,372</u>	<u>-</u>	<u>3,327</u>	<u>18,699</u>
Total nonoperating revenues (expenses)	<u>(83,018)</u>	<u>163</u>	<u>(560)</u>	<u>(83,415)</u>
Income (loss) before transfers	858,559	440,153	(388,332)	910,380
Transfers in	2,558	-	-	2,558
Transfers out	<u>(935,000)</u>	<u>(552,000)</u>	<u>(336,233)</u>	<u>(1,823,233)</u>
Change in net position	(73,883)	(111,847)	(724,565)	(910,295)
Net position, beginning	<u>323,465</u>	<u>891,785</u>	<u>5,150,028</u>	<u>6,365,278</u>
Net position, ending	<u>\$ 249,582</u>	<u>\$ 779,938</u>	<u>\$ 4,425,463</u>	<u>\$ 5,454,983</u>

The accompanying notes are an integral part of the basic financial statements.

CITY OF NEW ROADS, LOUISIANA

Statement of Cash Flows
 Proprietary Fund - Enterprise Funds
 For the Year Ended December 31, 2021

	Electric Utility System	Natural Gas Utility System	Water & Sewer Utility System	Total
Cash flows from operating activities:				
Receipts from customers	\$ 5,293,223	\$ 1,133,971	\$ 1,373,725	\$7,800,919
Payments to suppliers	(3,332,170)	(611,431)	(1,175,030)	(5,118,631)
Payments to employees	(469,158)	-	(166,615)	(635,773)
Net cash provided by operating activities	<u>1,491,895</u>	<u>522,540</u>	<u>32,080</u>	<u>2,046,515</u>
Cash flows from noncapital financing activities:				
Cash paid to other funds	(1,226,147)	(445,500)	(267,000)	(1,938,647)
Other receipts	49,470	-	3,327	52,797
Net cash used by noncapital financing activities	<u>(1,176,677)</u>	<u>(445,500)</u>	<u>(263,673)</u>	<u>(1,885,850)</u>
Cash flows from capital and related financing activities:				
Capital contribution	-	-	828,469	828,469
Principal paid on bonds and notes	(235,000)	-	(50,000)	(285,000)
Interest and fiscal charges paid on bonds	(86,826)	-	(4,148)	(90,974)
Acquisition of capital assets	(381,434)	-	-	(381,434)
Net cash (used) provided by capital and related financing activities	<u>(703,260)</u>	<u>-</u>	<u>774,321</u>	<u>71,061</u>
Cash flows from investing activities:				
Interest on investments	1,080	163	261	1,504
Net change in cash and cash equivalents	(386,962)	77,203	542,989	(219,265)
Cash and cash equivalents, beginning of period	<u>1,462,952</u>	<u>340,691</u>	<u>849,715</u>	<u>2,653,358</u>
Cash and cash equivalents, end of period	<u>\$ 1,075,990</u>	<u>\$ 417,894</u>	<u>\$ 1,392,704</u>	<u>\$2,434,093</u>

(continued)

The accompanying notes are an integral part of the basic financial statements.

CITY OF NEW ROADS, LOUISIANA

Statement of Cash Flows (continued)
 Proprietary Fund - Enterprise Funds
 For the Year Ended December 31, 2021

	Electric Utility System	Natural Gas Utility System	Water & Sewer Utility System	Total
Reconciliation of operating income (loss) to net cash provided by operating activities:				
Operating income	\$ 941,577	\$ 439,990	\$ (387,772)	\$ 993,795
Adjustments to reconcile operating income to net cash provided by operating activities:				
Pension and OPEB expense	(78,088)	-	(29,578)	(107,666)
Depreciation	224,884	32,331	411,682	668,897
Bad debt expense	(6,260)	(3,393)	(40,463)	(50,116)
(Increase) decrease in current assets				
Accounts receivable, net	412,685	3,393	40,077	456,155
Unbilled utility receivables	45,874	17,427	10,824	74,125
Other assets	(26,402)	(3,531)	(4,470)	(34,403)
Increase (decrease) in current liabilities				
Accounts payable	(26,091)	36,323	21,630	31,862
Other payables	65	-	8,046	8,111
Salaries payable	3,651	-	2,104	5,755
Net cash provided by operating activities	<u>\$ 1,491,895</u>	<u>\$ 522,540</u>	<u>\$ 32,080</u>	<u>\$ 2,046,515</u>
Reconciliation of cash and cash equivalents per statement of cash flows to the statement of net position:				
Cash and cash equivalents, beginning of period -	<u>\$ 1,462,952</u>	<u>\$ 340,691</u>	<u>\$ 849,715</u>	<u>\$ 2,653,358</u>
Cash and cash equivalents, end of period -				
Cash and interest-bearing deposits - unrestricted	408,008	35,490	800,781	1,244,279
Cash and interest-bearing deposits - restricted	<u>667,982</u>	<u>382,404</u>	<u>591,923</u>	<u>1,642,309</u>
Total cash and cash equivalents	<u>1,075,990</u>	<u>417,894</u>	<u>1,392,704</u>	<u>2,886,588</u>
Net change	<u>\$ (386,962)</u>	<u>\$ 77,203</u>	<u>\$ 542,989</u>	<u>\$ 233,230</u>

The accompanying notes are an integral part of the basic financial statements.

CITY OF NEW ROADS, LOUISIANA

Notes to Basic Financial Statements

(1) Summary of Significant Accounting Policies

The accompanying financial statements of the City of New Roads (the City) have been prepared in conformity with generally accepted accounting principles (GAAP) as applied to governmental units. GAAP includes all relevant Governmental Accounting Standards Board (GASB) pronouncements. The accounting and reporting framework and the more significant accounting policies are discussed in subsequent subsections of this note.

A. Financial Reporting Entity

The City was incorporated by a special act of the Louisiana Legislature in 1875 (Act No. 34). The City operates under an elected Mayor-Council form of government, serving over 4,000 residents, consisting of the mayor and 5 council members each representing a separate district with one at-large member. All are elected to four-year terms. The City is located approximately 30 miles northwest of Baton Rouge, Louisiana and provides the following services as authorized by its charter: public safety (police), highways and streets, sanitation and drainage, culture and recreation, public improvements, planning and zoning, and general administrative services. The City also provides electrical, gas, water, and sewer utility services to its residents and to portions of areas outside the City limits.

A financial reporting entity consists of (1) the primary government, (2) organizations for which the primary government is financially accountable, and (3) other organizations for which the primary government is not accountable, but 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. Section 2100 of the 2011 Governmental Accounting Standards Board (GASB) *Codification of Governmental Accounting and Financial Reporting Standards*, "Defining the Financial Reporting Entity" establishes criteria for determining which entities should be considered a component unit and, as such, part of the reporting entity for financial reporting purposes. The basic criteria are as follows:

1. A potential component unit must have separate corporate powers that distinguish it as being legally separate from the primary government. These include the right to incur its own debt, levy its own taxes and charges, expropriate property in its own name, sue and be sued in its own name without recourse to a State or local government, and the right to buy, sell, lease, and mortgage property in its own name.
2. The primary government must be financially accountable for a potential component unit. Financial accountability may exist as a result of the primary government appointing a voting majority of the potential component unit's governing body; their ability to impose their will on the potential component unit by significantly influencing the programs, projects, activities, or level of services performed or provided by the potential component unit; or the existence of a financial benefit or burden. In addition, financial accountability may also exist as a result of a potential component unit being fiscally dependent on the primary government.

CITY OF NEW ROADS, LOUISIANA

Notes to Basic Financial Statements

In some instances, the potential component unit should be included in the reporting entity (even when the criteria in No. 2 above are not met), if exclusion would render the reporting entity's financial statements incomplete or misleading.

Based on the foregoing criteria, the City has no component units.

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

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

-False River Air Park Commission

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

B. Basis of Presentation

Government-Wide Financial Statements (GWFS)

The statement of net position and statement of activities displays information about the City, the reporting government, as a whole. They include all funds of the reporting entity. The statements distinguish between governmental and business-type activities. Governmental activities are typically financed through taxes, intergovernmental revenues, and other nonexchange revenues. Business-type activities are financed in whole or in part by fees charged to external parties for goods or services.

The statement of activities presents a comparison between direct expenses and program revenues for the business-type activities of the City and for each function of the City's governmental activities. Direct expenses are those that are specifically associated with a program or function and therefore, are clearly identifiable to a particular function. Program revenues include (a) fees, fines, and charges paid by the recipients of goods or services offered by the programs, and (b) grants and contributions that are restricted to meeting the operational or capital requirements of a particular program. Revenues that are not classified as program revenues, including all taxes, are presented as general revenues.

Fund Financial Statements

The accounts of the City are organized and operated on the basis of funds. A fund is an independent fiscal and accounting entity with a separate set of self-balancing accounts. Fund accounting segregates funds according to their intended purpose and is

CITY OF NEW ROADS, LOUISIANA

Notes to Basic Financial Statements

used to aid management in demonstrating compliance with finance-related legal and contractual provisions. The minimum number of funds is maintained consistent with legal and managerial requirements. Fund financial statements report detailed information about the City.

The various funds of the City are classified into two categories: governmental and proprietary. The emphasis on fund financial statements is on major governmental and enterprise funds, each displayed in a separate column. A fund is considered major if it is the primary operating fund of the City or meets the following criteria:

1. Total assets and deferred outflows of resources, liabilities and deferred inflows of resources, revenues or expenditures/expenses of that individual governmental or enterprise fund are at least 10 percent of the corresponding total for all funds of that category or type; and
2. Total assets and deferred outflows of resources, liabilities and deferred inflows of resources, revenues, or expenditures/expenses of the individual governmental or enterprise fund are at least 5 percent of the corresponding total of all governmental and enterprise funds combined.

The major funds of the City are described below:

Governmental Funds –

General Fund

The General fund is the general operating fund of the City. It is used to account for all financial resources except those required to be accounted for in another fund. All general tax revenues and other receipts that are not allocated by law or contractual agreement to some other fund are accounted for in this fund. General operating expenditures and the capital improvement costs that are not paid through other funds are paid from the general fund.

Proprietary Fund –

Utility Fund

The Utility fund is used to account for operations (a) that are financed and operated in a manner similar to private business enterprises - where the intent of the governing body is that the costs (expenses, including depreciation) of providing goods or services to the general public on a continuing basis be financed or recovered primarily through user charges; or (b) where the governing body has decided that periodic determination of revenues earned, expenses incurred, and/or net income is appropriate for capital maintenance, public policy, management control, accountability, or other purposes. The major utility funds are:

Electric Utility System – This fund accounts for the provision of electric services to the residents of the City. All activities necessary to provide such services are

CITY OF NEW ROADS, LOUISIANA

Notes to Basic Financial Statements

accounted for in this fund, including, but not limited to, administration, operations, maintenance, billing and collection.

Natural Gas Utility System – This fund accounts for the provision of natural gas services to the residents of the City. All activities necessary to provide such services are accounted for in this fund, including, but not limited to, administration, operations, maintenance, billing and collection.

Water & Sewer Utility Systems – This fund accounts for the provision of water and sewer services to the residents of the City. All activities necessary to provide such services are accounted for in this fund, including, but not limited to, administration, operations, maintenance, billing and collection.

C. Measurement Focus/Basis of Accounting

Measurement focus is a term used to describe “which” transactions are recorded within the various financial statements. Basis of accounting refers to “when” transactions are recorded regardless of the measurement focus applied.

Measurement Focus

In the government-wide statement of net position and the statement of activities, both governmental and business-type activities are presented using the economic resources measurement focus as defined in item 2. below.

In the fund financial statements, the “current financial resources” measurement focus or the “economic resources” measurement focus is used as appropriate:

1. All governmental funds utilize a “current financial resources” measurement focus. Only current financial assets and liabilities are generally included on their balance sheets. Their operating statements present sources and uses of available spendable financial resources during a given period. These funds use fund balance as their measure of available spendable financial resources at the end of the period.
2. The proprietary fund utilizes an “economic resources” measurement focus. The accounting objectives of this measurement focus are the determination of operating income, changes in net position (or cost recovery), financial position, and cash flows. All assets and liabilities (whether current or noncurrent) associated with their activities are reported. Proprietary fund equity is classified as net position.

Basis of Accounting

In the government-wide statement of net position and statement of activities, both governmental and business-type activities are presented using the accrual basis of accounting. Under the accrual basis of accounting, revenues are recognized when earned and expenses are recorded when the liability is incurred or economic asset used. Revenues, expenses, gains, losses, assets, deferred outflows of resources, liabilities and

CITY OF NEW ROADS, LOUISIANA

Notes to Basic Financial Statements

deferred inflows of resources resulting from exchange and exchange-like transactions are recognized when the exchange takes place.

Governmental fund financial statements are reported using the current financial resources measurement focus and the modified accrual basis of accounting. Revenues are recognized as soon as they are both measurable and available. Revenues are considered to be available when they are collectible within the current period or soon enough thereafter to pay liabilities of the current period. For this purpose, the government considers revenues to be available if they are collected within 60 days of the end of the current fiscal period. Expenditures (including capital outlay) generally are recorded when a liability is incurred, as under accrual accounting. However, debt service expenditures are recorded only when payment is due.

Ad valorem taxes attach as an enforceable lien on property as of January 1 of each year. Taxes are levied by the City on September 1 and are actually billed to taxpayers in November. The taxes are generally collected in December of the current year and January and February of the subsequent year. Property tax revenues are recognized when levied to the extent that they result in current receivables.

The proprietary fund utilizes the accrual basis of accounting. Under the accrual basis of accounting, revenues are recognized when earned and expenses are recorded when the liability is incurred or economic asset is used.

Program revenues

Program revenues included in the statement of activities are derived directly from the program itself or from parties outside the City's taxpayers or citizenry, as a whole; program revenues reduce the cost of the function to be financed from the City's general revenues.

Allocation of indirect expenses

The City reports all direct expenses by function in the statement of activities. Direct expenses are those that are clearly identifiable with a function. Indirect expenses of other functions are not allocated to those functions but are reported separately in the statement of activities. Depreciation expense is specifically identified by function and is included in the direct expense of each function. Interest on general long-term debt is considered an indirect expense and is reported separately on the statement of activities.

D. Assets, Deferred Outflows, Liabilities, Deferred Inflows and Equity

Cash and cash equivalents

For purposes of the statements of net position, cash and cash equivalents include all demand accounts, saving accounts, and certificates of deposits of the City. For the purpose of the proprietary fund statement of cash flows, "cash and cash equivalents" include all demand and savings accounts, and certificates of deposit or short-term investments with an original maturity of three months or less when purchased.

CITY OF NEW ROADS, LOUISIANA

Notes to Basic Financial Statements

Investments

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

Interfund receivables and payables

During the course of operations, numerous transactions occur between individual funds that may result in amounts owed between funds. Those related to goods and services type transactions are classified as "due to and from other funds." Short-term interfund loans are reported as "interfund receivables and payables." Long-term interfund loans (noncurrent portion) are reported as "advances from and to other funds." Interfund receivables and payables between funds within governmental activities are eliminated in the statement of net position.

Receivables

In the government-wide statements, receivables consist of all revenues earned at year-end and not yet received. Major receivable balances for the governmental activities include ad valorem taxes. Business-type activities report customer's utility service receivables as their major receivables. Uncollectible utility service receivables are recognized as bad debts through the establishment of an allowance account at the time information becomes available which would indicate the uncollectibility of the particular receivable. The allowance amount in the General Fund and Enterprise funds was \$12,704 and \$92,073, respectively. Unbilled utility service receivable resulting from utility services rendered between the date of meter reading and billing and the end of the month are recorded at year-end.

Inventory

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

Prepaid items

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

CITY OF NEW ROADS, LOUISIANA

Notes to Basic Financial Statements

Capital Assets

Capital assets, which include property, plant, equipment, and infrastructure assets, are reported in the applicable governmental or business-type activities columns in the government-wide financial statements. Capital assets are capitalized at historical cost or estimated cost if historical is not available. Donated assets are recorded as capital assets at their estimated acquisition value at the date of donation. The City maintains a threshold level of \$2,500 or more for capitalizing capital assets.

The costs of normal maintenance and repairs that do not add to the value of the asset or materially extend assets lives are not capitalized. Prior to July 1, 2001, governmental funds' infrastructure assets were not capitalized. These assets have been valued at estimated historical cost.

Depreciation of all exhaustible capital assets is recorded as an allocated expense in the statement of activities, with accumulated depreciation reflected in the statement of net position. Depreciation is provided over the assets' estimated useful lives using the straight-line method of depreciation. The range of estimated useful lives by type of asset is as follows:

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

In the fund financial statements, capital assets used in governmental fund operations are accounted for as capital outlay expenditures of the governmental fund upon acquisition. Capital assets used in proprietary fund operations are accounted for the same as in the government-wide statements.

Compensated Absences

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

Vacation Earning Schedule
(Based on 8 hour days)

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

Employees earn 10 hours of sick leave per month beginning with the first day of employment. Sick leave can accumulate up to 1320 hours. Upon separation, retirement,

CITY OF NEW ROADS, LOUISIANA

Notes to Basic Financial Statements

or layoff with good cause employees have the option to accept a payout not to exceed a maximum of 264 hours and convert the remaining amount to the retirement system or to convert the total hours to the retirement system.

Restricted Assets

Restricted assets include cash and interest-bearing deposits of the proprietary fund that are legally restricted as to their use. The restricted assets are related to the revenue bond accounts and utility meter deposits.

Long-term debt

The accounting treatment of long-term debt depends on whether the assets are used in governmental fund operations or proprietary fund operations and whether they are reported in the government-wide or fund financial statements.

All long-term debt to be repaid from governmental and business-type resources are reported as liabilities in the government-wide statements. The long-term debt consists primarily of general obligation and revenue bonds payable.

Long-term debt for governmental funds is not reported as liabilities in the fund financial statements. The debt proceeds are reported as other financing sources and payment of principal and interest reported as expenditures. The accounting for proprietary fund long-term debt is the same in the fund statements as it is in the government-wide statements.

Deferred Outflows of Resources and Deferred Inflows of Resources

In addition to assets, the statement of net position will sometimes report a separate section for deferred outflows of resources. This separate financial statement element, deferred outflows of resources, represents a consumption of net position or fund balance that applies to a future period and thus, will not be recognized as an outflow of resources (expenses/expenditure) until then.

In addition to liabilities, the statement of net position will sometimes report a separate section for deferred inflows of resources. This separate financial statement element, deferred inflows of resources, represents an acquisition of net position or fund balance that applies to a future period and so will not be recognized as an inflow of resources (revenue) until that time.

CITY OF NEW ROADS, LOUISIANA

Notes to Basic Financial Statements

Equity Classification

In the government-wide statements, equity is classified as net position and displayed in three components:

- a. Net investment in capital assets – Consists of capital assets including restricted capital assets, net of accumulated depreciation and reduced by the outstanding balances of any bonds, mortgages, notes, or other borrowings that are attributable to the acquisition, construction, or improvement of those assets.
- b. Restricted net position – Consists of restricted assets reduced by liabilities and deferred inflows of resources related to those assets. Constraints may be placed on the use, either by (1) external groups such as creditors, grantors, contributors, or laws or regulations of other governments; or (2) law through constitutional provisions or enabling legislation.
- c. Unrestricted net position – Net amount of the assets, deferred outflows of resources, liabilities, and deferred inflows of resources that are not included in either of the other two categories of net position.

In the fund statements, governmental fund equity is classified as fund balance. Proprietary fund equity is classified the same as in the government-wide statements.

Fund balances of the governmental funds are classified as follows:

Nonspendable – amounts that cannot be spent because they are either not in a spendable form (such as inventories and prepaid amounts) or are legally or contractually required to be maintained intact.

Restricted – amounts that can be spent only for specific purposes because of constitutional provisions or enabling legislation or because of constraints that are externally imposed by creditors, grantors, contributors, or the laws or regulations of other governments.

Committed – amounts that can be spent only for specific purposes determined by a formal action of the council members. The council is the highest level of decision-making authority for the City. Commitments may be established, modified, or rescinded only through ordinances or resolutions approved by council members.

Assigned – amounts the government intends to use for specific purposes that do not meet the criteria to be classified as restricted or committed. Only council members or the City's finance committee may assign amounts for specific purposes.

Unassigned – all other amounts not included in other spendable classifications.

CITY OF NEW ROADS, LOUISIANA

Notes to Basic Financial Statements

When an expenditure is incurred for purposes for which both restricted and unrestricted fund balance is available, the City considers restricted funds to have been spent first. When an expenditure is incurred for which committed, assigned, or unassigned fund balances are available, the City considers amounts to have been spent first out of committed funds, then assigned funds, and finally unassigned funds, as needed, unless Council members or the finance committee has provided otherwise in its commitment or assignment actions.

E. Revenues, Expenditures, and Expenses

Operating Revenues and Expenses

Operating revenues and expenses for proprietary funds are those that result from providing services and producing and delivering goods and/or services. It also includes all revenue and expenses not related to capital and related financing, noncapital financing, or investing activities.

Expenditures/Expenses

In the government-wide financial statements, expenses are classified by function for both governmental and business-type activities.

In the fund financial statements, expenditures are classified as follows:

Governmental Funds - By Character
Proprietary Fund - By Operating and Nonoperating

In the fund financial statements, governmental funds report expenditures of financial resources. Proprietary funds report expenses relating to use of economic resources.

Interfund Transfers

Permanent reallocations of resources between funds of the reporting entity are classified as interfund transfers. For the purposes of the statement of activities, all interfund transfers between individual governmental funds have been eliminated.

F. Sales Taxes & Hotel/Motel Tax

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

CITY OF NEW ROADS, LOUISIANA

Notes to Basic Financial Statements

District with the proceeds to be used for economic development projects within each district. Funds have been deposited into segregated accounts to be used within each designated development district.

The City uses unrestricted resources only when restricted resources are fully depleted.

G. 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, deferred outflows or resources, liabilities, and deferred inflows of resources and disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenues and expenditures during the reported period. Actual results could differ from those estimates.

H. Postemployment Benefits Other Than Pensions (OPEB)

The net OPEB liability, deferred outflows of resources, and deferred inflows of resources related to OPEB, and OPEB expense, has been determined using the flow of economic resources measurement focus and full accrual basis of accounting. In the governmental fund financial statements contributions are recognized as expenditures when due.

I. Pensions

The net pension liability, deferred outflows of resources, and deferred inflows of resources to pensions, and pension expense has been determined using the flow of economic resources measurement focus and full accrual basis of accounting. Non-employer contributions are recognized as revenues in the government-wide and propriety fund financial statements. In the governmental fund financial statements contributions are recognized as expenditures when due.

(2) Cash and Cash Equivalents

Under state law, the City may deposit funds within a fiscal agent bank organized under the laws of the State of Louisiana, the laws of any other state in the Union, or the laws of the United States. The City may invest in certificates and time deposits of state banks organized under Louisiana law and national banks having principal offices in Louisiana. The City may also invest in shares of any homestead and building and loan association in any amount not exceeding the federally insured amount.

Custodial credit risk for deposits is the risk that in the event of the failure of a depository financial institution, the City's deposits may not be recovered or will not be able to recover the collateral securities that are in the possession of an outside party. These deposits are stated at cost, which approximates market. The City does not have a policy for custodial credit risk; however, 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 pledging financial institution. The market value of the pledged securities plus the federal deposit insurance must at all times equal the amount on deposit with the financial institution. These

CITY OF NEW ROADS, LOUISIANA

Notes to Basic Financial Statements

securities are held in the name of the pledging financial institution in a holding or custodial bank that is mutually acceptable to both parties. Deposit balances (bank balances) are as follows:

Bank balances	<u>\$ 2,453,783</u>
Deposits are secured as follows:	
Federal deposit insurance	\$ 500,000
Uninsured and collateral held by the pledging bank, not in the City's name	<u>1,953,783</u>
Total	<u>\$ 2,453,783</u>

State statutes authorize the City to invest in Louisiana Asset Management Pool (LAMP), U.S. Treasury notes and bonds, U.S. agency securities, and other governmental debt obligations with limited exceptions as noted in LA-R.S. 32.2955. Investments in time certificates of deposit can be placed with state banks, national banks or federal credit unions as permitted in state statute. The City has \$1,320,116 on deposit with LAMP which is reported as cash and cash equivalents.

LAMP is administered by LAMP, Inc., a non-profit corporation organized under the laws of the State of Louisiana. Only local government entities having contracted to participate in LAMP have an investment interest in its pool of assets. The primary objective of LAMP is to provide a safe environment for the placement of public funds in short term, high quality investments. The LAMP portfolio includes only securities and other obligations in which local governments in Louisiana are authorized to invest in accordance with LA-R.S. 33.2955.

LAMP is a governmental investment pool that reports at fair value. The following facts are relevant for investment pools:

- Credit risk: LAMP is rated AAAM by Standard & Poor's.
- Custodial credit risk: LAMP participants' investments in the pool are evidenced by shares of the pool. Investments in pools should be disclosed, but not categorized because they are not evidenced by securities that exist in physical or book-entry form. The public entity's investment is with the pool, not the securities that make up the pool; therefore, no disclosure is required.
- Concentration of credit risk: Pooled investments are excluded from the 5 percent disclosure requirement.
- Interest rate risk: LAMP is designed to be highly liquid to give its participants immediate access to their account balances. LAMP prepares its own interest rate disclosure using the weighted average maturity (WAM) method. The WAM of LAMP assets is restricted to not more than 90 days and consists of no securities with a maturity in excess of 397 days or 762 days for U.S. Government floating/variable rate investments. The WAM for LAMP's total investments is 30 days.
- Foreign currency risk: Not applicable.

CITY OF NEW ROADS, LOUISIANA

Notes to Basic Financial Statements

The investments in LAMP are stated at fair value. The fair value is determined on a weekly basis by LAMP and the value of the position in the external investment pool is the same as the net asset value of the pool shares.

LAMP, Inc. is subject to the regulatory oversight of the state treasurer and board of directors. LAMP is not registered with the SEC as an investment company. An annual audit of LAMP is conducted by an independent certified public accountant. The Legislative Auditor of the State of Louisiana has full access to the records of LAMP. LAMP issues financial reports which can be obtained by writing: LAMP, Inc., 228 St. Charles Avenue, Suite 1123, New Orleans, LA 70130.

(3) Receivables

The aging of the accounts receivable in the enterprise funds is as follows:

Current	\$ 321,004
Over 30 days	67,685
Over 60 days	19,537
Over 90 days	92,073
Less allowances for uncollectible accounts	<u>(92,073)</u>
Total	<u>\$ 408,226</u>

(4) Restricted Assets – Enterprise Fund

Restricted assets were applicable to the following:

	<u>Governmental Activities</u>	<u>Business-Type Activities</u>
Memorial District	\$ 62,111	\$ -
Downtown District	6,480	-
Customers' deposits	-	412,643
Bond sinking funds	-	222,356
Bond reserve funds	-	411,231
Bond capital replacement funds	<u>-</u>	<u>596,079</u>
Total restricted assets	<u>\$ 68,591</u>	<u>\$ 1,642,309</u>

CITY OF NEW ROADS, LOUISIANA

Notes to Basic Financial Statements

(5) Capital Assets

Capital asset activity was as follows:

	<u>Beginning Balance</u>	<u>Additions</u>	<u>Deletions</u>	<u>Ending Balance</u>
Governmental activities:				
Capital assets not being depreciated:				
Land	\$ 632,142	\$ -	\$ -	\$ 632,142
Construction in progress	270,714	-	270,714	-
Total	<u>902,856</u>	<u>-</u>	<u>270,714</u>	<u>632,142</u>
Other capital assets:				
Land Improvements	1,517,158	-	-	1,517,158
Infrastructure	15,025,338	-	-	15,025,338
Buildings	2,449,971	311,071	-	2,761,042
Equipment, furniture and fixtures	1,781,904	38,852	-	1,820,756
Total	<u>21,677,227</u>	<u>349,923</u>	<u>270,714</u>	<u>21,756,436</u>
Less accumulated depreciation				
Land Improvements	1,243,993	35,391	-	1,279,384
Buildings	11,985,317	61,638	-	12,046,955
Infrastructure	1,671,119	97,337	-	1,768,456
Equipment, furniture and fixtures	1,285,484	110,314	-	1,395,798
Total accumulated depreciation	<u>16,185,913</u>	<u>304,680</u>	<u>-</u>	<u>16,490,593</u>
Governmental activities, capital assets, net	<u>\$ 5,491,314</u>	<u>\$ 45,243</u>	<u>\$ 270,714</u>	<u>\$ 5,265,843</u>

Depreciation expense of \$304,680 was charged to the general government function.

CITY OF NEW ROADS, LOUISIANA

Notes to Basic Financial Statements

	<u>Beginning Balance</u>	<u>Additions</u>	<u>Deletions</u>	<u>Ending Balance</u>
Business-type activities:				
Capital assets not being depreciated:				
Land	\$ 113,586	\$ -	\$ -	\$ 113,586
Other capital assets:				
Buildings	84,627	-	-	84,627
Improvements other than buildings	27,547,830	345,536	-	27,893,366
Equipment, furniture, and fixtures	498,695	35,900	-	534,595
Distribution	243,457	-	-	243,457
Total other capital assets	<u>28,488,195</u>	<u>381,436</u>	<u>-</u>	<u>28,869,631</u>
Less accumulated depreciation	<u>19,863,892</u>	<u>668,897</u>	<u>-</u>	<u>20,532,789</u>
Business-type activities, capital assets, net	<u>\$ 8,624,303</u>	<u>\$ (287,461)</u>	<u>\$ -</u>	<u>\$ 8,336,842</u>

Depreciation expense was charged to business-type activities as follows:

Electric	\$ 224,884
Gas	32,331
Water	253,682
Sewer	<u>158,000</u>
Total depreciation expense	<u>\$ 668,897</u>

(6) Accounts, Salaries, and Other Payables

Payables consist of the following:

	<u>Governmental Activities</u>	<u>Business-type Activities</u>	<u>Total</u>
Accounts	\$ 460,384	\$ 449,511	\$ 909,895
Other payables	21,346	224,801	246,147
Payroll liabilities	<u>93,754</u>	<u>18,009</u>	<u>111,763</u>
Totals	<u>\$ 575,484</u>	<u>\$ 692,321</u>	<u>\$ 1,267,805</u>

CITY OF NEW ROADS, LOUISIANA

Notes to Basic Financial Statements

(7) Compensated Absences

Changes in compensated absences were as follows:

	<u>Beginning Balance</u>	<u>Additions</u>	<u>Reductions</u>	<u>Ending Balance</u>	<u>Due Within One Year</u>
Governmental activities	\$ 135,176	\$ 115,901	\$ (62,288)	\$ 188,789	\$ 47,197
Business-type activities	<u>13,438</u>	<u>13,478</u>	<u>(13,488)</u>	<u>13,428</u>	<u>13,428</u>
Total	<u>\$ 148,614</u>	<u>\$ 129,379</u>	<u>\$ (75,776)</u>	<u>\$ 202,217</u>	<u>\$ 60,625</u>

(8) Long-Term Debt

The following is a summary of long-term debt:

	<u>Beginning Balance</u>	<u>Additions</u>	<u>Reductions</u>	<u>Ending Balance</u>	<u>Due Within One Year</u>
Business-type activities:					
Utilities Revenue Bonds					
Series 2011	\$ 461,603	\$ -	\$ (50,000)	\$ 411,603	\$ 50,000
Excess Revenue					
Refunding Bonds, Series 2013	<u>3,860,000</u>	<u>-</u>	<u>(235,000)</u>	<u>3,625,000</u>	<u>325,000</u>
Total business-type activities	<u>\$ 4,321,603</u>	<u>\$ -</u>	<u>\$ (285,000)</u>	4,036,603	<u>\$ 375,000</u>
Add: Unamortized Bond Premium				<u>120,117</u>	
				<u>\$4,156,720</u>	

CITY OF NEW ROADS, LOUISIANA

Notes to Basic Financial Statements

Bonds payable are comprised of the following individual issues:

Business-type activities –

Direct borrowing revenue bonds:

\$1,000,000 2011 Utilities Revenue Bonds due in semi-annual interest and annual principal installments of amounts from \$50,000 to \$55,000, with interest rates of .95% due through July 1, 2031. The Water and Sewer Utilities fund is used to retire these issues.	\$ 411,603
\$3,860,000 2020 Excess Revenue Refunding Bonds due in semiannual interest and annual principal installments of amounts from \$235,000 to \$405,000 with interest rates of 2.32% due through July 1, 2031. The Electric Utility System fund is used to retire these issues.	<u>3,625,000</u>
Total bonds	<u>\$4,036,603</u>

The bonds are due as follows:

Year Ending December 31,	Business-type Activities		Total
	Principal payments	Interest payments	
2022	\$ 375,000	\$ 84,240	\$ 459,240
2023	385,000	76,110	461,110
2024	390,000	67,804	457,804
2025	400,000	59,326	459,326
2026	410,000	50,614	460,614
2027 - 2031	<u>2,076,603</u>	<u>116,312</u>	<u>2,192,915</u>
	<u>\$ 4,036,603</u>	<u>\$ 454,406</u>	<u>\$ 4,491,009</u>

In the event of default on the above bonds, the bondholder may take actions as deemed necessary and appropriate as permitted by law to cause the City to comply with its obligations under the debt and compel performance.

Bond Covenants:

The various bond indentures identified above contain significant limitations and restrictions on annual debt service requirements, maintenance of and flow of monies through various restricted accounts, minimum amounts to be maintained in various sinking funds, and minimum revenue bond coverage. The City is in compliance with all such significant limitations and restrictions for the year ended December 31, 2021.

CITY OF NEW ROADS, LOUISIANA

Notes to Basic Financial Statements

Revenue Bonds:

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

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

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

Water / Sewer System Revenue Bonds:

On February 15, 2011, the City issued \$1,000,000 of Utilities Revenue Bonds, Series 2011, the bond to be purchased by the Louisiana Department of Environmental Quality in order to grant the City a loan from the Municipal Facilities Revolving Loan Fund for the purpose of constructing, acquiring, extending and/or improving the sewer portion of the combined water treatment and distribution system and sewerage collection, treatment, and disposal system. The amount and dates of the principal installment of the bonds shall be determined as of the date of delivery of the bonds in integral multiples of \$1,000 or \$5,000, so that the combined annual principal, interest and administrative fee on the bonds from and after the scheduled project completion date shall be approximately equal. If the full amount of the bond issuance is not purchased, then upon final payment of the loan, the schedule of principal payments shall be recalculated so that the actual amount of principal, interest and administrative fee due each bond year are approximately equal. The bond bears interest, payable on January and July 1 of each year, at a rate of .95% and matures on July 1 of each year beginning July 1, 2012, with the final installment due on July 1, 2031. These bonds are secured by and payable in principal and interest solely from the income and revenues earned from the water/sewer system. The bond resolution requires that the City will establish and maintain water and sewer rates and fees so that the system will provide sufficient revenues to pay the normal operating expenses of the system, the annual debt payments, and fund the reserves and/or sinking funds required by the bond agreement. The bond resolution required the establishment of the following accounts:

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Notes to Basic Financial Statements

Water and Sewer System Revenue Fund –

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

Water and Sewer System Revenue Bonds Sinking Fund –

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

Water and Sewer Revenue Bond Debt Service Fund -

This fund is to be used solely for the purpose of paying the principal and interest on the bonds payable for the Sinking Fund, if they should otherwise go into default. It is required to be funded in an amount equal to the highest combined principal and interest requirement for any succeeding sinking fund year. The Reserve Fund was initially funded with \$251,348 from the 2001 bond issuance proceeds. Monies in the reserve fund must be invested in Government Securities, maturing in five years or less from the date of investment.

Water and Sewer System Capital Additions and Contingencies Fund -

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

CITY OF NEW ROADS, LOUISIANA

Notes to Basic Financial Statements

(9) Leases

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

<u>Year Ending December 31,</u>	
2022	\$ 30,105
2023	30,105
2024	30,105
2025	30,105
2026	30,105
2027 and thereafter	<u>734,081</u>
	<u>\$ 884,606</u>

The City also has cancellable operating leases of vehicles for the administration, police department, public works, and utility departments and incurred rental expense of \$150,488 for the year.

(10) Employee Retirement

The City is a participating employer in several cost-sharing defined benefit pension plans. These plans are administered by the following public employee retirement systems: the Municipal Employees’ Retirement System of Louisiana (MERS) and the Municipal Police Employees’ Retirement System of Louisiana (MPERS).

Each of the retirement systems issue an annually publicly available stand-alone report on their financial statements and required supplementary information. These reports may be obtained on each retirement system’s website or on the Louisiana Legislative Auditor’s website as follows:

- Municipal Employees’ Retirement System – www.mersla.com
- Municipal Police Employees’ Retirement System – www.mpersla.com
- Louisiana Legislative Auditor – www.la.la.gov

Plan description:

Municipal Employees’ Retirement System of Louisiana (MERS)

Municipal Employees’ Retirement System of Louisiana (MERS) was originally established by Act 356 of 1954 regular session of the Legislature of the State of Louisiana. The System is composed of two distinct plans, Plan A and Plan B, with separate assets and benefit provisions. Employees of the City are members of Plan A.

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Notes to Basic Financial Statements

The System provides retirement benefits to employees of all incorporated villages, towns, and cities within the State which do not have their own retirement system, and which elect to become members of the System.

Eligibility Requirements: Membership is mandatory as a condition of employment beginning on the date employed if the employee is on a permanent basis working at least thirty-five hours per week. Those individuals paid jointly by a participating employer and the City are not eligible for membership in the System with exceptions as outlined in the statutes.

Any person eligible for membership whose first employment making him eligible for membership in the System occurred on or after January 1, 2013, shall become a member of the MERS Plan A Tier 2 or MERS Plan B Tier 2 of the System as a condition of employment.

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

Any member of the System who was hired before January 1, 2013, can retire providing the member meets one of the following criteria:

1. Any age with thirty (30) years of creditable service.
2. Age 60 with a minimum of ten (10) or more years of creditable service.

Any member of the System shall be eligible for retirement if he meets one of the following requirements:

1. Age 67 with seven (7) or more years of creditable service.
2. Age 62 with ten (10) or more years of creditable service.
3. Age 55 with thirty (30) or more years of creditable service.
4. Any age with twenty-five (25) years of creditable service, exclusive of military service and unused annual sick leave, with an actuarially reduced early benefit.

The monthly amount of the retirement allowance for any member shall consist of an amount equal to two percent of the member's monthly average final compensation multiplied by his years of creditable service. Final average compensation is the average monthly earnings during the highest sixty consecutive months, or joined months if service was interrupted. However, under certain conditions as outlined in the statutes, the benefits are limited to specified amounts.

Survivor Benefits: Upon death of any member with five (5) or more years of creditable service, not eligible for retirement, the plan provides for benefits for the surviving spouse as outlined in the statutes.

CITY OF NEW ROADS, LOUISIANA

Notes to Basic Financial Statements

Any member who is eligible for normal retirement at time of death and who leaves a surviving spouse will be deemed to have retired and selected Option 2 benefits on behalf of the surviving spouse on the date of death. Such benefits will begin only upon proper application and are paid in lieu of any other survivor benefits.

Deferred Retirement Option Plan (DROP) Benefits: In lieu of terminating employment and accepting a service retirement allowance, any member who is eligible to retire may elect to participate in the deferred retirement option plan (DROP) for up to three years and defer the receipt of benefits. During participation in the plan, employer contributions are payable, but employee contributions cease. The monthly retirement benefits that would be payable, had the person elected to cease employment and receive a service retirement allowance, are paid into the DROP Fund. Interest is earned when the member has completed DROP participation. Interest earnings are based upon the actual rate of return on the investments identified as DROP funds for the period. In addition, no cost-of-living increases are payable to participants until employment which made them eligible to become members of MERS has been terminated for at least one full year.

Upon termination of employment prior to or at the end of the specified period of participation, a participant in the DROP may receive, at his option, a lump sum from the account equal to the payments into the account, a true annuity based upon his account balance in that fund, or any other method of payment if approved by the board of trustees. If a participant dies during participation in the DROP, a lump sum equal to the balance in his account shall be paid to his named beneficiary or, if none, to his estate. If employment is not terminated at the end of the three years, payments into the DROP fund cease and the person resumes active contributing membership in System.

Disability Benefits: A member shall be eligible to retire and receive a disability benefit if he has at least ten years of creditable service, is not eligible for normal retirement, and has been officially certified as disabled by the State Medical Disability Board. Upon retirement caused by disability, a member be paid a disability benefit equal to the lesser of (1) an amount equal to two percent of his final average compensation multiplied by his years of creditable service, but not less than thirty percent of his final compensation, or (2) an amount equal to what the member's normal retirement benefit would be based on the member's current final compensation, but assuming the member remained in continuous service until his earliest normal retirement age and using those retirement benefit computation factors which would be applicable to the member's normal retirement.

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

Deferred Benefits: The System provides for deferred benefits for members who terminate before being eligible for retirement. Once a member reaches the appropriate age for retirement, benefits become payable. Benefits are based on statutes in effect at time of withdrawal.

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Notes to Basic Financial Statements

Municipal Police Employees' Retirement System of Louisiana (MPERS)

Eligibility Requirements: Membership in the MPERS is mandatory for any full-time police officer employed by a municipality of the State of Louisiana and engaged in law enforcement, empowered to make arrests, providing he or she does not have to pay social security and providing he or she meets the statutory criteria. The System provides retirement benefits for municipal police officers. The projections of benefit payments in the calculation of the total pension liability includes all benefits to be provided to current active and inactive employees through the System in accordance with benefit terms and any additional legal agreements to provide benefits that are in force at the measurement date.

Retirement Benefits: Benefit provisions are authorized within Act 189 of 1973 and amended by LRS 11:2211-11:2233. The following is a brief description of the plan and its benefits and is provided for general information purposes only. Participants should refer to the appropriate statutes for more complete information.

Membership Prior to January 1, 2013: A member is eligible for regular retirement after he has been a member of the System and has 25 years of creditable service at any age or has 20 years of creditable service and is age 50 or has 12 years creditable service and is age 55. A member is eligible for early retirement after he has been a member of the System for 20 years of creditable service at any age with an actuarially reduced benefit.

Benefit rates are three and one-third percent of average final compensation (average monthly earnings during the highest 36 consecutive months or joined months if service was interrupted) per number of years of creditable service, not to exceed 100% of final salary.

Upon the death of an active contributing member, or disability retiree, the plan provides for surviving spouses and minor children. Under certain conditions outlined in the statutes, the benefits range from forty to sixty percent of the member's average final compensation for the surviving spouse. In addition, each child under age eighteen receives benefits equal to ten percent of the member's average final compensation or \$200 per month, whichever is greater.

Membership Commencing January 1, 2013: Member eligibility for regular retirement, early retirement, disability and survivor benefits are based on Hazardous Duty and Non-Hazardous Duty sub plans. Under the Hazardous Duty sub plan, a member is eligible for regular retirement after he has been a member of the System and has 25 years of creditable service at any age or has 12 years of creditable service at age 55. Under the Non-Hazardous Duty sub plan, a member is eligible for regular retirement after he has been a member of the System and has 30 years of creditable service at any age, 25 years of creditable service at age 55, or 10 years of creditable service at age 60. Under both sub plans, a member is eligible for early retirement after he has been a member of the System for 20 years of creditable service at any age, with an actuarially reduced benefit from age 55.

Under the Hazardous and Non-Hazardous Duty sub plans, the benefit rates are three percent and two and a half percent, respectively, of average final compensation (average monthly earnings during the highest 60 consecutive months or joined months if service was interrupted) per number of years of creditable service not to exceed 100% of final salary.

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Notes to Basic Financial Statements

Upon death of an active contributing member, or disability retiree, the plan provides for surviving spouses and minor children. Under certain conditions outlined in the statutes, the benefits range from twenty-five to fifty-five percent of the member's average final compensation for the surviving spouse. In addition, each child under age eighteen receives ten percent of average final compensation or \$200 per month whichever is greater. If the deceased member had less than ten years of service, the beneficiary will receive a refund of employee contributions only.

Cost of Living Adjustments: The Board of Trustees is authorized to provide annual cost-of-living adjustments (COLA) computed on the amount of the current regular retirement, disability, beneficiary or survivor's benefit, not to exceed 3% in any given year. The Board is authorized to provide an additional 2% COLA, computed on the member's original benefit, to all regular retirees, disability, survivors and beneficiaries who are 65 years of age or older on the cut-off date which determines eligibility.

No regular retiree, survivor or beneficiary shall be eligible to receive a cost-of-living adjustment until benefits have been received at least one full fiscal year and the payment of such COLA, when authorized, shall not be effective until the lapse of at least one-half of the fiscal year. Members who elect early retirement are not eligible for a cost-of-living adjustment until they reach regular retirement age.

A COLA may only be granted if funds are available from interest earnings in excess of normal requirements, as determined by the actuary.

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

If the member elects a money market investment return, the funds are transferred to a government money market account and earn interest at the money market rate.

Initial Benefit Option Plan: In 1999, the State Legislature authorized the System to establish an Initial Benefit Option program. Initial Benefit Option is available to members who are eligible for regular retirement and have not participated in DROP. The Initial Benefit Option

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Notes to Basic Financial Statements

program provides both a one-time single sum payment of up to 36 months of regular monthly retirement benefit, plus a reduced monthly retirement benefit for life. Interest is computed on the balance based on same criteria as DROP.

Funding Policy:

Employer Contributions: According to state statute, contribution requirements for all employers are actuarially determined each year for MERS and MPERS. The contribution rates in effect for the year for the City were as follows:

Municipal Employees' Retirement System of Louisiana	29.50%
Municipal Police Employees' Retirement System of Louisiana	
Hired prior to 1/1/2013	33.75%
Hazardous Duty Members hired after 1/1/2013	33.75%
Non Hazardous Duty Members hired after 1/1/2014	33.75%
Earnable compensation is below poverty limit	36.25%

In accordance with state statute, the System receives ad valorem taxes and state revenue sharing funds. These additional sources of income are used as employer contributions and are considered support from non-employer contributing entities. None-employer contributions are recognized as revenue and excluded from pension expense. The City recognized non-employer contributions as follows:

Municipal Employees' Retirement System of Louisiana	\$ 43,205
Municipal Police Employees' Retirement System of Louisiana	<u>37,551</u>
	<u>\$ 80,756</u>

Pension Liabilities, Pension Expense, and Deferred Outflows of Resources and Deferred Inflows of Resources Related to Pensions: The following schedule lists the City's proportionate share of the net pension liability allocated by each of the pension plans based on the measurement dates. The City uses this measurement to record its net pension liability and associated amounts in accordance with GASB Statement 68. The schedule also includes the proportionate share allocation rate used at the measurement date for each plan, along with the change compared to prior year rates. The City's proportion of the net pension liability was based on a projection of the City's long-term share of contributions to the pension plan relative to the projected contributions of all participating employers, determined by an actuarial valuation as of the measurement date.

	Net Pension Liability (Asset)	Measurement Rate		Increase (Decrease)
		Current	Previous	
MERS	\$1,610,505	0.579%	0.589%	-0.010%
MPERS	<u>895,718</u>	0.168%	0.169%	-0.001%
Total	<u>\$2,506,223</u>			

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The following schedule lists each pension plan's recognized pension expense of the City for the year:

Municipal Employees' Retirement System of Louisiana	\$ 83,168
Municipal Police Employees' Retirement System of Louisiana	<u>82,148</u>
	<u>\$ 165,316</u>

The City reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

	MERS		MPERS		Total	
	Deferred Outflows	Deferred Inflows	Deferred Outflows	Deferred Inflows	Deferred Outflows	Deferred Inflows
Difference between expected and actual experience	\$ -	\$ 27,585	\$ 580	\$ 18,417	\$ 580	\$ 46,002
Change in assumption	99,197	25,552	58,854	-	158,051	25,552
Change in proportion and differences between the employer's contributions and the employer's proportionate share of contributions	74,389	39,019	-	74,080	74,389	113,099
Net differences between projected and actual earnings on plan investments	-	418,230	-	453,763	-	871,993
Contributions subsequent to the measurement date	<u>182,167</u>	<u>-</u>	<u>68,722</u>	<u>-</u>	<u>250,889</u>	<u>-</u>
Total	<u>\$ 355,753</u>	<u>\$ 510,386</u>	<u>\$ 128,156</u>	<u>\$ 546,260</u>	<u>\$ 483,909</u>	<u>\$ 1,056,646</u>

Deferred outflows of resources related to pensions resulting from the City's contributions subsequent to the measurement date will be recognized as a reduction of the net pension liability in the subsequent period as follows:

Municipal Employees' Retirement System of Louisiana	\$ 182,167
Municipal Police Employees' Retirement System of Louisiana	<u>68,722</u>
	<u>\$ 250,889</u>

Other amounts reported as deferred outflows of resources and deferred inflows of resources related to pensions will be recognized in pension expense as follows:

CITY OF NEW ROADS, LOUISIANA

Notes to Basic Financial Statements

Year Ended December 31:	MPERS	MERS	Total
2022	\$ (66,610)	\$ (120,359)	\$ (186,969)
2023	(44,720)	(95,882)	(140,602)
2024	(81,381)	(116,986)	(198,367)
2025	(144,089)	(153,599)	(297,688)
	<u>\$ (336,800)</u>	<u>\$ (486,826)</u>	<u>\$ (823,626)</u>

Actuarial Methods and Assumptions:

The net pension liability was measured as the portion of the present value of projected benefit payments to be provided through the pension plan to current active and inactive employees that is attributed to those employees' past periods of service, less the amount of the pension plan's fiduciary net position.

A summary of the actuarial methods and assumptions used in determining the total pension liability are as follows:

	MERS	MPERS
Valuation Date	June 30, 2021	June 30, 2021
Actuarial Cost Method	Entry Age Normal	Entry Age Normal
Investment Rate of Return	6.85% net of pension plan investment expense, including inflation	6.75% net of investment expense
Projected Salary Increases	6.4% for 1-4 years of service; 4.5% with more than 4 years of service	Varies from 12.30% in 1st 2 years to 4.70% with more than 2 years of service
Expected Remaining Service Lives	3 years	4 years

Mortality:

Municipal Employees' Retirement System (MERS) –

Annuitant beneficiary mortality: PubG-2010(B) Healthy Retiree Table set equal to 120% for males and females, each adjusted using their respective male and female MP2018 scales.

Employee mortality: PubG-2010(B) Employee Table set equal to 120% for males and females, each adjusted using their respective male and female MP2018 scales.

Disabled lives mortality: PubG-2010(B) Disables Retiree Table set equal to 120% for males and females with the full generational MP2018 scale.

CITY OF NEW ROADS, LOUISIANA

Notes to Basic Financial Statements

Municipal Police Employees' Retirement System (MPERS) –

Annuitants and beneficiaries, the Pub-2010 Public Retirement Plan Mortality Table for Safety Below-Median Healthy Retirees multiplied by 115% for males and 125% for females, each with full generational projection using the MP2019 scale.

Disabled lives, the Pub-2010 Public Retirement Plans Mortality Table for Safety Disable Retirees multiplied by 105% for males and 115% for females, each with full generational projection using the MP2019 scale was used.

For employees, the Pub-2010 Public Retirement Plans Mortality Table for Safety Below-Median Employees multiplied by 115% for males and 125% for females, each with full generational projection using the MP2019 scale was used.

The long-term expected rate of return on pension plan investments was determined using a building-block method in which best-estimates ranges of expected future real rates of return (expected returns, net of pension plan investment expense and inflation) are developed for each major asset class. These ranges are combined to produce the long-term expected rate of return by weighting the expected future real rates of return by the target asset allocation percentage and by adding expected inflation and an adjustment for the effect of rebalancing/diversification. Best estimates of arithmetic real rates of return for each major asset class included in the System's target asset allocation are summarized in the following table:

Asset Class	Target Allocation	
	MPERS	MERS
Equity	55.50%	53.00%
Fixed income	30.50%	38.00%
Alternatives	14.00%	9.00%
Totals	<u>100.00%</u>	<u>100.00%</u>

Asset Class	Long-Term Expected Portfolio Real Rate of Return	
	MPERS	MERS
Equity	3.47%	2.31%
Fixed income	0.59%	1.65%
Alternatives	1.01%	0.39%
Totals	<u>5.08%</u>	<u>4.35%</u>

Inflation	<u>2.22%</u>	<u>2.00%</u>
Expected Arithmetic Nominal Return	<u>7.30%</u>	<u>6.95%</u>

The projection of cash flows used to determine the discount rate assumed that contributions from plan members will be made at the current contribution rates and that contributions from participating employers will be made at the actuarially determined rates approved by PRSAC taking into consideration the recommendation of System's actuary. Based on those assumptions, System's fiduciary net position

CITY OF NEW ROADS, LOUISIANA

Notes to Basic Financial Statements

was projected to be available to make all projected future benefit payments of current plan members. Therefore, the long-term expected rate of return on pension plan investments was applied to all periods of projected benefit payments to determine the total pension liability.

Sensitivity to Changes in the Discount Rate: The following table presents the City's proportionate share of net pension liability, using the discount rate of each retirement system, as well as what the City's proportionate share of net pension liability would be if it were calculated using a discount rate that is one percentage point lower, or one percentage point higher than the current rate:

	Discount Rate	Change from Prior Year	1% Decrease	Current Rate	1% Increase
MPERS	6.75%	-0.20%	\$ 1,561,096	\$ 895,718	\$ 340,353
MERS	6.85%	-0.10%	\$ 2,385,239	\$ 1,610,505	\$ 956,133

(11) OPEB

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

Benefits Provided – Medical benefits are provided through a comprehensive medical plan and are made available to employees upon actual retirement. Employees are covered by the Parochial Employees' Retirement System of Louisiana, whose retirement eligibility (D.R.O.P. entry) provisions are as follows: 30 years of service at any age; age 55 and 25 years of service; age 60 and 10 years of service; or, age 65 and 7 years of service. For employees hired on and after January 1, 2007, retirement eligibility (D.R.O.P. entry) provisions are as follows: age 55 and 30 years of service; age 62 and 10 years of service; or, age 67 and 7 years of service.

The following employees were covered by the benefit terms:

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

CITY OF NEW ROADS, LOUISIANA

Notes to Basic Financial Statements

Total OPEB Liability

The City's total OPEB liability of \$900,077 was measured as of December 31, 2021 and was determined by an actuarial valuation as of January 1, 2020.

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

Inflation	2.0%
Salary increases	3.0%, including inflation
Discount Rate	2.12% annually (Beginning of Year to Determine ADC)
	2.06%, annually (As of End of Year Measurement Date)
Healthcare cost trend rates	5.5% annually until year 2030, then 4.5%
Mortality	SOA RP-2014 Table

The discount rate was based on the Bond Buyers' 20 Year General Obligation municipal bond index as of December 31, 2021, the end of the applicable measurement period.

The actuarial assumptions used in the December 31, 2021 valuation were based on the results of ongoing evaluations of the assumptions from January 1, 2009 to December 31, 2021.

Changes in the Total OPEB Liability

Beginning balance	<u>\$ 924,748</u>
Changes for the year:	
Service cost	14,271
Interest	19,756
Difference between expected and actual experience	21,059
Changes in assumptions	4,634
Benefit payments and net transfers	<u>(84,391)</u>
Net change	<u>(24,671)</u>
Ending balance	<u>\$ 900,077</u>

Sensitivity of the total OPEB liability to changes – The following presents the total OPEB liability of the City, as well as what the City's total OPEB liability would be if it were calculated using a discount rate that is 1-percentage-point lower or 1-percentage point higher than the current discount rate. Additionally, the following presents what the City's total OPEB liability would be if it were calculated using a healthcare cost trend rate that is 1-percentage-point lower or 1-percentage point higher than the current healthcare cost trend rate.

CITY OF NEW ROADS, LOUISIANA

Notes to Basic Financial Statements

	<u>Current Rate</u>	<u>1% Decrease</u>	<u>Current Liability</u>	<u>1% Increase</u>
Discount Rate	2.06%	\$ 977,788	\$ 900,077	\$ 831,246
Healthcare Cost Trend Rate	5.50%	\$ 822,431	\$ 900,077	\$ 988,282

OPEB Expense and Deferred Outflows of Resources and Deferred Inflows of Resources

The City recognized OPEB expense of \$51,469 and reported deferred outflows of resources and deferred inflows of resources related to OPEB from the following sources:

	<u>Deferred Outflows of Resources</u>	<u>Deferred Inflows of Resources</u>
Difference between expected and actual experience	\$ 177,419	\$ 476,039
Change of assumptions	<u>217,419</u>	<u>48,308</u>
Total	<u>\$ 394,838</u>	<u>\$ 524,347</u>

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

<u>Year Ended December 31:</u>	
2022	\$ (38,353)
2023	(38,353)
2024	(38,353)
2025	(38,353)
2026	(38,353)
Thereafter	<u>62,256</u>
	<u>\$ (129,509)</u>

(12) Litigation and Claims

The City is subject to various lawsuits and claims, many of which arise in the normal course of business. Although their outcome is not presently determinable, it is the opinion of legal counsel and management that resolution of these matters will not have a material effect on the financial condition of the City.

CITY OF NEW ROADS, LOUISIANA

Notes to Basic Financial Statements

(13) Risk Management

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

The City decided to retain some of the risk with respect to at-fault damages to City owned vehicles. The City carries a fleet insurance policy on all City owned vehicles, but is self-insured for at-fault damage to City owned vehicles. The amount of insurance premiums saved when this account was established, plus annual interest earnings funded the cash account. In May 2001, the City increased its deductible, due to high premium costs, on its auto liability policy to \$50,000 with a maximum aggregate loss of \$500,000 and implemented self-insured retention. The City has no estimated liability for damaged vehicles or liability claims as of year-end. There have been no significant reductions in the insurance coverage during the year. The government has had no settled claims resulting from these risks that exceeded its commercial coverage in any of the past three fiscal years.

(14) Interfund Transactions

Interfund balances consist of the following:

	<u>Interfund Receivables</u>	<u>Interfund Payables</u>
General Fund	\$ 515,647	\$ 378,031
Electric Fund	357,087	245,254
Gas Fund	221,665	122,467
Water/Sewer Fund	<u>22,768</u>	<u>371,415</u>
Total	<u>\$ 1,117,167</u>	<u>\$ 1,117,167</u>

The amounts due from the General Fund to various other funds are for reimbursements owed for expenditures paid for those funds. Transfers consisted of the following:

	<u>Transfers In</u>	<u>Transfers Out</u>
General Fund	\$ 1,840,000	\$ 19,325
Electric Fund	2,558	935,000
Gas Fund	-	552,000
Water/Sewer Fund	<u>-</u>	<u>336,233</u>
Total	<u>\$ 1,842,558</u>	<u>\$ 1,842,558</u>

CITY OF NEW ROADS, LOUISIANA

Notes to Basic Financial Statements

Transfers are used to (a) move revenues from the fund that statute or budget requires to collect them to the fund that statute or budget requires to expend them and to (b) use unrestricted revenues collected in the general fund to finance various programs accounted for in other funds in accordance with budgetary authorizations.

(15) On-behalf Payments

The City has recognized \$39,167 as revenue and expenditure for on-behalf salary payments made by the State of Louisiana.

(16) Joint Venture

False River Air Park Commission

The False River Air Park Commission is 50% owned by the City. The City contributed \$50,000 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 Council because the Pointe Coupee Parish Council is the governing authority for Pointe Coupee Parish.

(17) Louisiana Energy and Power Authority Contract

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

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

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

CITY OF NEW ROADS, LOUISIANA

Notes to Basic Financial Statements

(18) Utility Service Agreements

Pointe Coupee Parish Sewerage District No. 1 & 3A

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

Pointe Coupee Parish Sewage District No. 4

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

(19) Prior Period Adjustment

During the year the City evaluated its policy on compensated absences and determined that the General Fund financial statements contained an error. As a result, the beginning balance of compensated absences and in the General Fund was reduced by \$135,176 and fund balance was increased by the same amount. This correction had no effect on the government wide financial statements.

(20) New Accounting Pronouncement

In June 2017, the Governmental Accounting Standards Board (GASB) issued Statement No. 87, Leases. The statement increased the usefulness of governments' financial statements by requiring recognition of certain lease assets and liabilities for leases that previously were classified as operating leases and recognized as inflows of resources or outflows of resources based on the payment provisions of the contract. It establishes a single model for lease accounting based on the fundamental principle that leases are financings of the right to use an underlying asset. The provisions of GASB Statement No. 87 are effective for fiscal years beginning after December 15, 2021. The effect of implementation on the City's financial statements has not yet been determined.

**REQUIRED
SUPPLEMENTARY INFORMATION**

CITY OF NEW ROADS, LOUISIANA
General Fund

Budgetary Comparison Schedule
For the Year Ended December 31, 2021

	Budget		Actual	Variance with Final Budget
	Original	Final		Positive (Negative)
Revenues:				
Taxes	\$ 1,931,000	\$ 2,385,400	\$ 2,362,248	\$ (23,152)
Licenses and permits	181,000	167,900	156,414	(11,486)
Intergovernmental	379,369	580,450	392,780	(187,670)
Charges for services	746,675	809,740	784,014	(25,726)
Fines and forfeitures	55,000	27,500	20,775	(6,725)
Miscellaneous	104,525	136,265	168,600	32,335
Total revenues	<u>3,397,569</u>	<u>4,107,255</u>	<u>3,884,831</u>	<u>(222,424)</u>
Expenditures:				
Current -				
General government	1,763,750	1,697,530	1,581,191	116,339
Public safety	1,291,400	1,514,200	1,503,681	10,519
Streets and sanitation	1,027,630	1,236,250	1,285,675	(49,425)
Transportation	46,500	56,250	50,000	6,250
Culture and recreation	188,200	403,350	438,416	(35,066)
Economic development	115,850	286,665	371,974	(85,309)
Public works	280,700	394,700	425,147	(30,447)
Capital outlay	524,949	247,050	233,383	13,667
Debt service	1,000	-	323	(323)
Total expenditures	<u>5,239,979</u>	<u>5,835,995</u>	<u>5,889,790</u>	<u>(53,795)</u>
Deficiency of revenues over expenditures	<u>(1,842,410)</u>	<u>(1,728,740)</u>	<u>(2,004,959)</u>	<u>(276,219)</u>
Other financing sources:				
Proceeds from sale of assets	14,000	49,000	47,380	(1,620)
Transfers in	2,280,000	1,840,000	1,840,000	-
Transfers out	-	-	(19,325)	(19,325)
Total other financing sources	<u>2,294,000</u>	<u>1,889,000</u>	<u>1,868,055</u>	<u>(20,945)</u>
Net change in fund balance	451,590	160,260	(136,904)	(297,164)
Fund balance, beginning, as restated	<u>843,131</u>	<u>843,131</u>	<u>843,131</u>	<u>-</u>
Fund balance, ending	<u>\$ 1,294,721</u>	<u>\$ 1,003,391</u>	<u>\$ 706,227</u>	<u>\$ (297,164)</u>

CITY OF NEW ROADS, LOUISIANA

Schedule of Employer's Share of Net Pension Liability
For the Year Ended December 31, 2021

* Year ended December 31,	Employer Proportion of the Net Pension Liability (Asset)	Employer Proportionate Share of the Net Pension Liability (Asset)	Employer's Covered Payroll	Employer's Proportionate Share of the Net Pension Liability (Asset) as a Percentage of its Covered Payroll	Plan Fiduciary Net Position as a Percentage of the Total Pension Liability
Municipal Employees' Retirement System					
2013	0.558%	\$ 1,729,665	\$ 972,943	177.8%	67.97%
2014	0.576%	\$ 1,477,908	\$ 941,903	156.9%	73.99%
2015	0.577%	\$ 2,060,002	\$ 998,475	206.3%	66.18%
2016	0.680%	\$ 2,788,480	\$1,225,969	227.5%	62.11%
2017	0.689%	\$ 2,884,381	\$1,252,138	230.4%	62.49%
2018	0.658%	\$ 2,722,761	\$1,202,780	226.4%	63.94%
2019	0.627%	\$ 2,621,717	\$1,182,813	221.7%	64.68%
2020	0.589%	\$ 2,547,608	\$1,133,351	224.8%	64.52%
2021	0.579%	\$ 1,610,504	\$1,146,525	140.5%	77.82%
Municipal Police Employees' Retirement System					
2013	0.253%	\$ 2,019,835	\$ 550,630	366.8%	66.71%
2014	0.217%	\$ 1,356,750	\$ 573,973	236.4%	75.10%
2015	0.209%	\$ 1,637,069	\$ 548,073	298.7%	70.73%
2016	0.143%	\$ 1,339,779	\$ 400,797	334.3%	66.04%
2017	0.152%	\$ 1,328,840	\$ 455,370	291.8%	70.08%
2018	0.168%	\$ 1,421,415	\$ 491,309	289.3%	71.89%
2019	0.151%	\$ 1,368,763	\$ 496,829	275.5%	71.01%
2020	0.169%	\$ 1,559,791	\$ 510,957	305.3%	70.94%
2021	0.168%	\$ 895,718	\$ 512,650	174.7%	84.09%

* The amounts presented have a measurement date of June 30.

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

CITY OF NEW ROADS, LOUISIANA

Schedule of Employer Contributions
For the Year Ended December 31, 2021

Year ended December 31	Contractually Required Contribution	Contributions in Relation to Contractual Required Contribution	Contribution Deficiency (Excess)	Employer's Covered Payroll	Contributions as a % of Covered Payroll
<u>Municipal Employees' Retirement System</u>					
2013	\$ 165,400	\$ 165,400	\$ -	\$ 972,943	17.00%
2014	\$ 176,607	\$ 176,607	\$ -	\$ 941,903	18.75%
2015	\$ 197,199	\$ 197,199	\$ -	\$ 998,475	19.75%
2016	\$ 242,129	\$ 242,129	\$ -	\$ 1,225,969	19.75%
2017	\$ 284,861	\$ 284,861	\$ -	\$ 1,252,138	22.75%
2018	\$ 297,688	\$ 297,688	\$ -	\$ 1,202,780	24.75%
2019	\$ 307,531	\$ 307,531	\$ -	\$ 1,182,813	26.00%
2020	\$ 314,505	\$ 314,505	\$ -	\$ 1,133,351	27.75%
2021	\$ 320,712	\$ 320,712	\$ -	\$ 1,121,389	28.60%
<u>Municipal Police Employees' Retirement System</u>					
2013	\$ 170,695	\$ 170,695	\$ -	\$ 550,630	31.00%
2014	\$ 177,932	\$ 177,932	\$ -	\$ 573,973	31.00%
2015	\$ 172,643	\$ 172,643	\$ -	\$ 548,073	31.50%
2016	\$ 118,235	\$ 118,235	\$ -	\$ 400,797	29.50%
2017	\$ 144,580	\$ 144,580	\$ -	\$ 455,370	31.75%
2018	\$ 151,078	\$ 151,078	\$ -	\$ 491,309	30.75%
2019	\$ 160,227	\$ 160,227	\$ -	\$ 496,829	32.25%
2020	\$ 166,061	\$ 166,061	\$ -	\$ 510,957	32.50%
2021	\$ 173,980	\$ 173,980	\$ -	\$ 524,859	33.15%

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

CITY OF NEW ROADS, LOUISIANA

Schedule of Changes in Net OPEB Liability and Related Ratios
For the Year Ended December 31, 2021

	<u>2018</u>	<u>2019</u>	<u>2020</u>	<u>2021</u>
Total OPEB Liability*				
Service cost	\$ 13,419	\$ 11,653	\$ 27,310	\$ 14,271
Interest	43,396	47,090	39,678	19,755
Changes of benefit terms	-	-	-	-
Differences between expected and actual experience	334	202,522	(634,719)	21,059
Changes of assumptions	(65,875)	139,545	138,024	4,634
Benefit payments	<u>(103,382)</u>	<u>(109,068)</u>	<u>(79,991)</u>	<u>(84,391)</u>
Net change in total OPEB liability	<u>(112,108)</u>	<u>291,742</u>	<u>(509,698)</u>	<u>(24,672)</u>
Total OPEB liability - beginning	<u>1,254,813</u>	<u>1,142,705</u>	<u>1,434,447</u>	<u>924,749</u>
Total OPEB liability - ending	<u>\$ 1,142,705</u>	<u>\$ 1,434,447</u>	<u>\$ 924,749</u>	<u>\$ 900,077</u>
Covered-employee payroll	<u>\$ 1,689,050</u>	<u>\$ 1,642,517</u>	<u>\$ 1,646,248</u>	<u>\$ 1,505,576</u>
Net OPEB liability as a percentage of covered-employee payroll	67.65%	87.33%	56.17%	59.78%

* Equal to Net OPEB Liability

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

CITY OF NEW ROADS, LOUISIANA

Notes to Required Supplementary Information

(1) Budgets and Budgetary Accounting

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

- a. The City Clerk prepares a proposed budget for the fiscal year and submits it to the Mayor and Council no later than fifteen days prior to the beginning of each fiscal year.
- b. A summary of the proposed budget is published and the public is notified that the proposed budget is available for public inspection. At the same time, a public hearing is called.
- c. A public hearing is held on the proposed budget at least ten days after publication of the call for the hearing.
- d. After the holding of the public hearing and completion of all action necessary to finalize and implement the budget, the budget is adopted through passage of a resolution prior to the commencement of the fiscal year for which the budget is being adopted.
- e. Budgetary amendments involving the transfer of funds from one department, program or function to another or involving increases in expenditures resulting from revenues exceeding amounts estimated require the approval of the Council.
- f. All budgetary appropriations lapse at the end of each fiscal year.
- g. Budgets for all funds are adopted on a basis consistent with generally accepted accounting principles (GAAP). Budgeted amounts are as originally adopted or as finally amended by the Council.

The General Fund reported excess expenditures over appropriations.

(2) OPEB

- 1) Assets – There are no assets accumulated in a trust that meets the criteria in paragraph 44 of GASB Statement No. 75.
- 2) Changes of benefit terms – There were no changes of benefit terms.
- 3) Changes of assumptions –

Year Ended December 31,	Measurement Date December 31,	Discount Rate	Trend Rate	Mortality Table
2018	2018	4.10%	5.5%	RP-2000
2019	2019	2.74%	5.5%	RP-2000
2020	2020	2.12%	Variable	RP-2014
2021	2021	2.06%	Variable	RP-2014

CITY OF NEW ROADS, LOUISIANA

Notes to Required Supplementary Information

(3) Retirement Systems

- 1) Changes of benefit terms – There were no changes of benefit terms for either plan.
- 2) Changes of assumptions –

MERS							
Year Ended December 31,	Measurement Date June 30,	Discount Rate	Investment Rate of Return	Inflation Rate	Expected Remaining Service Lives	Projected Salary Increase	
						Lower Range	Upper Range
2015	2015	7.500%	7.500%	2.875%	3	-	5.00%
2016	2016	7.500%	7.500%	2.875%	3	-	5.00%
2017	2017	7.400%	7.400%	2.775%	3	-	5.00%
2018	2018	7.275%	7.275%	2.600%	3	-	5.00%
2019	2019	7.000%	7.000%	2.500%	3	4.50%	6.40%
2020	2020	6.950%	6.950%	2.500%	3	4.50%	6.40%
2021	2021	6.850%	6.850%	2.500%	3	4.50%	6.40%

MPERS							
Year Ended December 31,	Measurement Date June 30,	Discount Rate	Investment Rate of Return	Inflation Rate	Expected Remaining Service Lives	Projected Salary Increase	
						Lower Range	Upper Range
2015	2015	7.500%	7.500%	2.875%	4	4.25%	9.75%
2016	2016	7.500%	7.500%	2.875%	4	4.25%	9.75%
2017	2017	7.325%	7.325%	2.700%	4	4.25%	9.75%
2018	2018	7.200%	7.200%	2.600%	4	4.25%	9.75%
2019	2019	7.125%	7.125%	2.500%	4	4.25%	9.75%
2020	2020	6.950%	6.950%	2.500%	4	4.70%	12.30%
2021	2021	6.750%	6.750%	2.500%	4	4.70%	12.30%

SUPPLEMENTARY INFORMATION

NONMAJOR GOVERNMENTAL FUNDS

Special Revenue Fund

HUD-Section 8 Program Fund

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

CITY OF NEW ROADS, LOUISIANA

Nonmajor Governmental Fund
Balance Sheet
December 31, 2021

ASSETS	
Cash and interest -bearing deposits	<u>\$ 108,919</u>
LIABILITIES AND FUND BALANCES	
Liabilities:	
Unearned revenue	\$ 14,324
Fund balances:	
Restricted	<u>94,595</u>
Total liabilities and fund balances	<u>\$ 108,919</u>

CITY OF NEW ROADS, LOUISIANA

Nonmajor Governmental Fund
Statement of Revenues, Expenditures and Changes in Fund Balances
Year Ended December 31, 2021

Revenues:	
Intergovernmental	\$ 278,145
Expenditures:	
Current -	
Welfare	<u>285,798</u>
Deficiency of revenues over expenditures	(7,653)
Fund balances, beginning	<u>102,248</u>
Fund balances, ending	<u>\$ 94,595</u>

CITY OF NEW ROADS, LOUISIANA

Schedules of Compensation
Year Ended December 31, 2021

A detail of compensation paid to the Council for the year ended was as follows:

Theron Smith	\$ 15,600
Vernell Davis	14,400
Kurt Kellerman	14,400
Joy Nelson	14,400
Kirk White	<u>14,400</u>
Total	<u>\$ 73,200</u>

A detail of compensation, benefits, and other payments paid to Mayor Cornel Dukes for the year ended was as follows:

<u>Purpose</u>	<u>Amount</u>
Salary	\$ 62,000
Retirement	18,290
Benefits- insurance	5,604
Car allowance	22,505
Conference travel	1,609
Registration fees	825
Reimbursements	1,654
Other	<u>1,146</u>
Total	<u>\$ 113,633</u>

CITY OF NEW ROADS, LOUISIANA

Justice System Funding Schedule
 Collecting/Disbursing Entity Schedule
 Year Ended December 31, 2021

Cash Basis Presentation	First Six Month Period Ended 6/30/2021	Second Six Month Period Ended 12/31/2021
Beginning balance of cash on hand	\$ -	\$ -
Add: Collections		
Criminal fines - other	<u>12,445</u>	<u>9,758</u>
Less: Disbursements to Governments & Nonprofits		
Treasurer, State of Louisiana - Criminal Fines, other	165	234
Louisiana Commission on Law Enforcement - Criminal Fines, other	110	156
Louisiana Supreme Court - Criminal Fines, other	28	39
Louisiana Department of Health - Criminal Fines, other	<u>250</u>	<u>415</u>
Less: Amounts Retained by Collecting Agency		
Amounts self-disbursed - Criminal Fines, other	<u>11,892</u>	<u>8,914</u>
Total Disbursements	<u>12,445</u>	<u>9,758</u>
Ending Balance of Amounts Collected but not Disbursed	<u>\$ -</u>	<u>\$ -</u>

CITY OF NEW ROADS, LOUISIANA
Utility Fund

Schedule of Number of Electric, Water, and Gas Customers
For the Year Ended December 31, 2021

Records maintained by the City indicated the following number of customers were being serviced during the month of December

<u>Department</u>	<u>2021</u>
Electric	2,147
Gas	2,008
Water	3,010

**INTERNAL CONTROL, COMPLIANCE
AND
OTHER MATTERS**

KOLDER, SLAVEN & COMPANY, LLC

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

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

We have audited, in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States, the financial statements of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of the City of New Roads, Louisiana (City), as of and for the year ended December 31, 2021, and the related notes to the financial statements, which collectively comprise City's basic financial statements and have issued our report thereon dated June 29, 2022.

Report on Internal Control Over Financial Reporting

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

A *deficiency in internal control* exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct, misstatements on a timely basis. A *material weakness* is a deficiency, or combination of deficiencies, in internal control such that there is a reasonable possibility that a material misstatement of the entity's financial statements will not be prevented or detected and corrected on a timely basis. A *significant deficiency* is a deficiency, or a combination of deficiencies, in internal control that is less severe than a material weakness, yet important enough to merit attention by those charged with governance.

Our consideration of internal control was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control that might be material weaknesses or significant deficiencies and therefore, material weaknesses or significant deficiencies may exist that were not identified. We identified certain deficiencies in internal control, described in the accompanying schedule of current and prior year audit findings and management's corrective action plan as items 2021-001 and 2021-002 that we consider to be material weaknesses.

Report on Compliance and Other Matters

As part of obtaining reasonable assurance about whether City's financial statements are free of material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements, noncompliance with which could have a direct and material effect on the financial statements. 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 or other matters that are required to be reported under *Government Auditing Standards*.

City of New Roads, Louisiana's Response to Findings

The City's response to the findings identified in our audit is described in the accompanying schedule of current and prior year audit findings and management's corrective action plan. The City's response was not subjected to the auditing procedures applied in the audit of the financial statements and, accordingly, we express no opinion on it.

Purpose of this Report

The purpose of this report is solely to describe the scope of our testing of internal control and compliance and the results of that testing and not to provide an opinion on the effectiveness of the entity's internal control or on compliance. This report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the entity's internal control and compliance. Accordingly, this communication is not suitable for any other purpose. However, under Louisiana Revised Statute 24:513, this report is distributed by the Legislative Auditor as a public document.

Kolder, Slaven & Company, LLC
Certified Public Accountants

Abbeville, Louisiana
June 29, 2022

CITY OF NEW ROADS, LOUISIANA

Schedule of Current and Prior Year Audit Findings
And Management's Corrective Action Plan (Continued)
Year Ended December 31, 2021

2021-002 Controls over Service Providers

<u>Condition:</u>	The City uses service providers in various aspects of their operations. In some instances, the City was operating without a contract or other operating agreement with the organization or individuals and/or was not monitoring the services being provided to the City.
<u>Criteria:</u>	Committee of Sponsoring Organizations (COSO) Internal Control Integrated Framework and the Louisiana Legislative Auditor's Government Auditing Guide.
<u>Cause:</u>	The City was operating without a contract or other operating agreement with various organizations or individuals and/or was not monitoring the services being provided to the City.
<u>Effect:</u>	Obtaining services without a contract or operating agreement could limit the City's ability to appropriately monitor the services being provided and could result in being overcharged for expenses or not receiving all revenues entitled to the City.
<u>Recommendation:</u>	Management should review existing services providers and ensure that current and appropriate contracts or other operating agreements are in effect.
<u>Management's Response:</u>	The City will evaluate current policies and procedures for service providers and make enhancements where considered necessary. All new service provider will be required to comply with City policy and perform their services in accordance with the City's missions and objectives. Additionally, the City will review existing service provider relationships and inform them of the City policy.

B. Compliance and other matters

None reported.

CITY OF NEW ROADS, LOUISIANA

Schedule of Current and Prior Year Audit Findings
And Management's Corrective Action Plan (Continued)
Year Ended December 31, 2021

Part II: Prior Year Findings:

A. Internal Control Over Financial Reporting

2020-001 Use of City Vehicles

Condition:

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

Recommendation:

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

Current Status:

Resolved.

2020-002 Overtime Documentation

Condition:

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

Recommendation:

Requests for overtime to work Mayor security details should provide documentation of the City business purpose or event attended where it is deemed necessary that the Mayor have security. The Council has recently passed a resolution regarding security details for the Mayor limiting the annual allowance of overtime that can be used without formal

CITY OF NEW ROADS, LOUISIANA

Schedule of Current and Prior Year Audit Findings
And Management's Corrective Action Plan (Continued)
Year Ended December 31, 2021

approval of the Council. Although a resolution is not binding on the Mayor, if additional conflict regarding security remains, the Council might consider passing an ordinance regarding security details.

Current Status: Unresolved. See Finding 2021-001

2020-003 Timesheet Approvals

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

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

Current Status: Unresolved. See Finding 2021-001

B. **Compliance and other matters**

2020-004 Budget Compliance

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

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

Current Status: Resolved.

CITY OF NEW ROADS, LOUISIANA

Schedule of Current and Prior Year Audit Findings
And Management's Corrective Action Plan (Continued)
Year Ended December 31, 2021

2020-005 Bank Collateralization Compliance

<u>Condition:</u>	The City's Electric Fund Capital Additions & Contingency bank account with B1 Bank was not collateralized at the end current fiscal year for the funds in excess of FDIC insurance coverage of \$250,000.
<u>Recommendation:</u>	Management should timely monitor the collateralization of its bank deposits at various times of the year to verify that the security agreements with each bank is being performed according to La. Revised Statutes.
<u>Current Status:</u>	Resolved.

City of New Roads
New Roads, Louisiana

Statewide Agreed-Upon Procedures

Fiscal period January 1, 2021 through December 31, 2021

KOLDER, SLAVEN & COMPANY, LLC

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INDEPENDENT ACCOUNTANT'S REPORT ON APPLYING AGREED-UPON PROCEDURES

To Mayor Dukes,
Members of the City Council
and the Louisiana Legislative Auditor:

We have performed the procedures enumerated below on the control and compliance (C/C) areas identified in the Louisiana Legislative Auditor's (LLA's) Statewide Agreed-Upon Procedures (SAUPs) for the fiscal period January 1, 2021 through December 31, 2021. The City of New Roads's (the City) management is responsible for those C/C areas identified in the SAUPs.

The City has agreed to and acknowledged that the procedures performed are appropriate to meet the intended purpose of the engagement, which is to perform specified procedures on the C/C areas identified in LLA's SAUPs for the fiscal period January 1, 2021 through December 31, 2021. Additionally, LLA has agreed to and acknowledged that the procedures performed are appropriate for its purposes. This report may not be suitable for any other purpose. The procedures performed may not address all the items of interest to a user of this report and may not meet the needs of all users of this report and, as such, users are responsible for determining whether the procedures performed are appropriate for their purposes.

The procedures and associated findings are as follows:

Written Policies and Procedures

1. Obtain and inspect the entity's written policies and procedures and observe whether they address each of the following categories and subcategories (if applicable to public funds and the entity's operations):
 - a) **Budgeting**, including preparing, adopting, monitoring, and amending the budget.
 - b) **Purchasing**, including (1) how purchases are initiated; (2) how vendors are added to the vendor list; (3) the preparation and approval process of purchase requisitions and purchase orders; (4) controls to ensure compliance with the Public Bid Law; and (5) documentation required to be maintained for all bids and price quotes.
 - c) **Disbursements**, including processing, reviewing, and approving.
 - d) **Receipts/Collections**, including receiving, recording, and preparing deposits. Also, policies and procedures should include management's actions to determine the completeness of all collections for each type of revenue or agency fund additions (e.g. periodic confirmation with outside parties, reconciliation to utility billing after cutoff procedures, reconciliation of traffic ticket number sequences, agency fund forfeiture monies confirmation).

- e) **Payroll/Personnel**, including (1) payroll processing, and (2) reviewing and approving time and attendance records, including leave and overtime worked, and (3) approval process for employees(s) rate of pay or approval and maintenance of pay rate schedules.
- f) **Contracting**, including (1) types of services requiring written contracts, (2) standard terms and conditions, (3) legal review, (4) approval process, and (5) monitoring process.
- g) **Credit Cards (and debit cards, fuel cards, P-Cards, if applicable)**, including (1) how cards are to be controlled, (2) allowable business uses, (3) documentation requirements, (4) required approvers of statements, and (5) monitoring card usage (e.g., determining the reasonableness of fuel card purchases).
- h) **Travel and expense reimbursement**, including (1) allowable expenses, (2) dollar thresholds by category of expense, (3) documentation requirements, and (4) required approvers.
- i) **Ethics**, including (1) the prohibitions as defined in Louisiana Revised Statute (R.S.) 42:1111-1121, (2) actions to be taken if an ethics violation takes place, (3) system to monitor possible ethics violations, and (4) a requirement that documentation is maintained to demonstrate that all employees and officials were notified of any changes to the entity's ethics policy.
- j) **Debt Service**, including (1) debt issuance approval, (2) continuing disclosure/EMMA reporting requirements, (3) debt reserve requirements, and (4) debt service requirements.
- k) **Information Technology Disaster Recovery/Business Continuity**, including (1) identification of critical data and frequency of data backups, (2) storage of backups in a separate physical location isolated from the network, (3) periodic testing/verification that backups can be restored, (4) use of antivirus software on all systems, (5) timely application of all available system and software patches/updates, and (6) identification of personnel, processes, and tools needed to recover operations after a critical event.
- l) **Sexual Harassment**, including R.S. 42:342-344 requirements for (1) agency responsibilities and prohibitions, (2) annual employee training, and (3) annual reporting.

Board or Finance Committee

- 2. Obtain and inspect the board/finance committee minutes for the fiscal period, as well as the board's enabling legislation, charter, bylaws, or equivalent document in effect during the fiscal period, and:
 - a) Observe that the board/finance committee met with a quorum at least monthly, or on a frequency in accordance with the board's enabling legislation, charter, bylaws, or other equivalent document.
 - b) For those entities reporting on the governmental accounting model, observe that the minutes referenced or included monthly budget-to-actual comparisons on the general fund, quarterly budget-to-actual, at a minimum, on proprietary funds, and semi-annual budget-to-actual, at a minimum on all special revenue funds. *Alternatively, for those entities reporting on the non-profit accounting model, observe that the minutes referenced or included financial activity relating to public funds if those public funds comprised more than 10% of the entity's collections during the fiscal period.*
 - c) For governmental entities, obtain the prior year audit report and observe the unassigned fund balance in the general fund. If the general fund had a negative ending unassigned fund balance in the prior year audit report, observe that the minutes for at least one meeting during the fiscal period referenced or included a formal plan to eliminate the negative unassigned fund balance in the general fund.

Bank Reconciliations

3. Obtain a listing of entity bank accounts for the fiscal period from management and management's representation that the listing is complete. Ask management to identify the entity's main operating account. Select the entity's main operating account and randomly select 4 additional accounts (or all accounts if less than 5). Randomly select one month from the fiscal period, obtain and inspect the corresponding bank statement and reconciliation for each selected account, and observe that:
 - a) Bank reconciliations include evidence that they were prepared within 2 months of the related statement closing date (e.g., initialed and dated, electronically logged);
 - b) Bank reconciliations include evidence that a member of management/board member who does not handle cash, post ledgers, or issue checks has reviewed each bank reconciliation (e.g., initialed and dated, electronically logged); and
 - c) Management has documentation reflecting that it has researched reconciling items that have been outstanding for more than 12 months from the statement closing date, if applicable.

Collections (excluding EFTs)

4. Obtain a listing of deposit sites for the fiscal period where deposits for cash/checks/money orders (cash) are prepared and management's representation that the listing is complete. Randomly select 5 deposit sites (or all deposit sites if less than 5).
5. For each deposit site selected, obtain a listing of collection locations and management's representation that the listing is complete. Randomly select one collection location for each deposit site (i.e. 5 collection locations for 5 deposit sites), obtain and inspect written policies and procedures relating to employee job duties (if no written policies and procedures, inquire of employees about their job duties) at each collection location, and observe that job duties are properly segregated at each collection location such that:
 - a) Employees that are responsible for cash collections do not share cash drawers/registers.
 - b) Each employee responsible for collecting cash is not responsible for preparing/making bank deposits, unless another employee/official is responsible for reconciling collection documentation (e.g. pre-numbered receipts) to the deposit.
 - c) Each employee responsible for collecting cash is not responsible for posting collection entries to the general ledger or subsidiary ledgers, unless another employee/official is responsible for reconciling ledger postings to each other and to the deposit.
 - d) The employee(s) responsible for reconciling cash collections to the general ledger and/or subsidiary ledgers, by revenue source and/or agency fund additions, are not responsible for collecting cash, unless another employee/official verifies the reconciliation.
6. Obtain from management a copy of the bond or insurance policy for theft covering all employees who have access to cash. Observe that the bond or insurance policy for theft was enforced during the fiscal period.
7. Randomly select two deposit dates for each of the 5 bank accounts selected for procedure #3 under "Bank Reconciliations" above (select the next deposit date chronologically if no deposits were made on the dates randomly selected and randomly select a deposit if multiple deposits are made on the same day). *Alternately, the practitioner may use a source document other than bank statements when selecting the deposit dates for testing, such as a cash collection log, daily revenue report, receipt book, etc.* Obtain supporting documentation for each of the 10 deposits and:
 - a) Observe that receipts are sequentially pre-numbered.
 - b) Trace sequentially pre-numbered receipts, system reports, and other related collection documentation to the deposit slip.

- c) Trace the deposit slip total to the actual deposit per the bank statement.
- d) Observe that the deposit was made within one business day of receipt at the collection location (within one week if the depository is more than 10 miles from the collection location or the deposit is less than \$100 and the cash is stored securely in a locked safe or drawer).
- e) Trace the actual deposit per the bank statement to the general ledger.

Non-Payroll Disbursements (excluding card purchases/payments, travel reimbursements, and petty cash purchases)

- 8. Obtain a listing of locations that process payments for the fiscal period and management's representation that the listing is complete. Randomly select 5 locations (or all locations if less than 5).
- 9. For each location selected under #8 above, obtain a listing of those employees involved with non-payroll purchasing and payment functions. Obtain written policies and procedures relating to employee job duties (if the agency has no written policies and procedures, inquire of employees about their job duties), and observe that job duties are properly segregated such that:
 - a) At least two employees are involved in initiating a purchase request, approving a purchase, and placing an order/making the purchase.
 - b) At least two employees are involved in processing and approving payments to vendors.
 - c) The employee responsible for processing payments is prohibited from adding/modifying vendor files, unless another employee is responsible for periodically reviewing changes to vendor files.
 - d) Either the employee/official responsible for signing checks mails the payment or gives the signed checks to an employee to mail who is not responsible for processing payments.

[Note: Exceptions to controls that constrain the legal authority of certain public officials (e.g., mayor of a Lawrason Act municipality); should not be reported.]]
- 10. For each location selected under #8 above, obtain the entity's non-payroll disbursement transaction population (excluding cards and travel reimbursements) and obtain management's representation that the population is complete. Randomly select 5 disbursements for each location, obtain supporting documentation for each transaction and:
 - a) Observe that the disbursement matched the related original itemized invoice and that supporting documentation indicates that deliverables included on the invoice were received by the entity.
 - b) Observe that the disbursement documentation included evidence (e.g., initial/date, electronic logging) of segregation of duties tested under #9, as applicable.

Credit Cards/Debit Cards/Fuel Cards/P-Cards

- 11. Obtain from management a listing of all active credit cards, bank debit cards, fuel cards, and P-cards (cards) for the fiscal period, including the card numbers and the names of the persons who maintained possession of the cards. Obtain management's representation that the listing is complete.
- 12. Using the listing prepared by management, randomly select 5 cards (or all cards if less than 5) that were used during the fiscal period. Randomly select one monthly statement or combined statement for each card (for a debit card, randomly select one monthly bank statement), obtain supporting documentation and:
 - a) Observe that there is evidence that the monthly statement or combined statement and supporting documentation (e.g., original receipts for credit/debit card purchases, exception reports for excessive fuel card usage) was reviewed and approved, in writing (or electronically approved), by someone other than the authorized card holder. [Note: requiring such approval may constrain the

legal authority of certain public officials (e.g., mayor of a Lawrason Act municipality); these instances should not be reported]

- b) Observe that finance charges and late fees were not assessed on the selected statements.
13. Using the monthly statements or combined statements selected under #12 above, excluding fuel cards, randomly select 10 transactions (or all transactions if less than 10) from each statement, and obtain supporting documentation for the transactions (i.e. each card should have 10 transactions subject to testing). For each transaction, observe that it is supported by (1) an original itemized receipt that identifies precisely what was purchased, (2) written documentation of the business/public purpose, and (3) documentation of the individuals participating in meals (for meal charges only). For missing receipts, the practitioner should describe the nature of the transaction and note whether management had a compensating control to address missing receipts, such as a “missing receipt statement” that is subject to increased scrutiny.

Travel and Travel-Related Expense Reimbursements (excluding card transactions)

14. Obtain from management a listing of all travel and travel-related expense reimbursements during the fiscal period and management’s representation that the listing or general ledger is complete. Randomly select 5 reimbursements, obtain the related expense reimbursement forms/prepaid expense documentation of each selected reimbursement, as well as the supporting documentation. For each of the 5 reimbursements selected:
- a) If reimbursed using a per diem, observe that the approved reimbursement rate is no more than those rates established either by the State of Louisiana or the U.S. General Services Administration (www.gsa.gov).
 - b) If reimbursed using actual costs, observe that the reimbursement is supported by an original itemized receipt that identifies precisely what was purchased.
 - c) Observe that each reimbursement is supported by documentation of the business/public purpose (for meal charges, observe that the documentation includes the names of those individuals participating) and other documentation required by written policy (procedure #1h).
 - d) Observe that each reimbursement was reviewed and approved, in writing, by someone other than the person receiving reimbursement.

Contracts

15. Obtain from management a listing of all agreements/contracts for professional services, materials and supplies, leases, and construction activities that were initiated or renewed during the fiscal period. *Alternately, the practitioner may use an equivalent selection source, such as an active vendor list.* Obtain management’s representation that the listing is complete. Randomly select 5 contracts (or all contracts if less than 5) from the listing, excluding the practitioner’s contract, and:
- a) Observe that the contract was bid in accordance with the Louisiana Public Bid Law (e.g., solicited quotes or bids, advertised), if required by law.
 - b) Observe that the contract was approved by the governing body/board, if required by policy or law (e.g. Lawrason Act, Home Rule Charter).
 - c) If the contract was amended (e.g. change order), observe that the original contract terms provided for such an amendment and that amendments were made in compliance with the contract terms (e.g. if approval is required for any amendment was approval documented).
 - d) Randomly select one payment from the fiscal period for each of the 5 contracts, obtain the supporting invoice, agree the invoice to the contract terms, and observe that the invoice and related payment agreed to the terms and conditions of the contract.

Payroll and Personnel

16. Obtain a listing of employees and officials employed during the fiscal period and management's representation that the listing is complete. Randomly select 5 employees or officials, obtain related paid salaries and personnel files, and agree paid salaries to authorized salaries/pay rates in the personnel files.
17. Randomly select one pay period during the fiscal period. For the 5 employees or officials selected under #16 above, obtain attendance records and leave documentation for the pay period, and:
 - a) Observe that all selected employees or officials documented their daily attendance and leave (e.g., vacation, sick, compensatory). (Note: Generally, officials are not eligible to earn leave and do not document their attendance and leave. However, if the official is earning leave according to policy and/or contract, the official should document his/her daily attendance and leave.)
 - b) Observe that supervisors approved the attendance and leave of the selected employees/officials.
 - c) Observe that any leave accrued or taken during the pay period is reflected in the entity's cumulative leave records.
 - d) Observe that the rate paid to the employees or officials agree to the authorized salary/pay rate found within the personnel file.
18. Obtain a listing of those employees or officials that received termination payments during the fiscal period and management's representation that the list is complete. Randomly select two employees or officials, obtain related documentation of the hours and pay rates used in management's termination payment calculations and the entity policy on termination payments. Agree the hours to the employee or officials' cumulate leave records, agree the pay rates to the employee or officials' authorized pay rates in the employee or officials' personnel files, and agree the termination payment to entity policy.
19. Obtain management's representation that employer and employee portions of third-party payroll related amounts (e.g. payroll taxes, retirement contributions, health insurance premiums, garnishments, workers' compensation premiums, etc.) have been paid, and any associated forms have been filed, by required deadlines.

Ethics

20. Using the 5 randomly selected employees/officials from procedure #16 under "Payroll and Personnel" above, obtain ethics documentation from management, and:
 - a. Observe that the documentation demonstrates each employee/official completed one hour of ethics training during the fiscal period.
 - b. Observe that the entity maintains documentation which demonstrates each employee and official were notified of any changes to the entity's ethics policy during the fiscal period, as applicable.

Debt Service

21. Obtain a listing of bonds/notes and other debt instruments issued during the fiscal period and management's representation that the listing is complete. Select all debt instruments on the listing, obtain supporting documentation, and observe that State Bond Commission approval was obtained for each bond/note issued.
22. Obtain a listing of bonds/notes outstanding at the end of the fiscal period and management's representation that the listing is complete. Randomly select one bond/note, inspect debt covenants, obtain supporting documentation for the reserve balance and payments, and agree actual reserve balances and payments to those required by debt covenants (including contingency funds, short-lived asset funds, or other funds required by the debt covenants).

Fraud Notice

23. Obtain a listing of misappropriations of public funds and assets during the fiscal period and management's representation that the listing is complete. Select all misappropriations on the listing, obtain supporting documentation, and observe that the entity reported the misappropriation(s) to the legislative auditor and the district attorney of the parish in which the entity is domiciled.
24. Observe that the entity has posted on its premises and website, the notice required by R.S. 24:523.1 concerning the reporting of misappropriation, fraud, waste, or abuse of public funds.

Information Technology Disaster Recovery/Business Continuity

25. Perform the following procedures, verbally discuss the results with management, and report "We performed the procedure and discussed the results with management."
 - a. Obtain and inspect the entity's most recent documentation that it has backed up its critical data (if no written documentation, inquire of personnel responsible for backing up critical data) and observe that such backup occurred within the past week. If backups are stored on a physical medium (e.g., tapes, CDs), observe evidence that backups are encrypted before being transported.
 - b. Obtain and inspect the entity's most recent documentation that it has tested/verified that its backups can be restored (if no written documentation, inquire of personnel responsible for testing/verifying backup restoration) and observe evidence that the test/verification was successfully performed within the past 3 months.
 - c. Obtain a listing of the entity's computers currently in use, and their related locations, and management's representation that the listing is complete. Randomly select 5 computers and observe while management demonstrates that the selected computers have current and active antivirus software and that the operating system and accounting system software in use are currently supported by the vendor.

Sexual Harassment

26. Using the 5 randomly selected employees/officials from procedure #16 under "Payroll and Personnel" above, obtain sexual harassment training documentation from management, and observe that the documentation demonstrates each employee/official completed at least one hour of sexual harassment training during the calendar year.
27. Observe that the entity has posted its sexual harassment policy and complaint procedure on its website (or in a conspicuous location on the entity's premises if the entity does not have a website).
28. Obtain the entity's annual sexual harassment report for the current fiscal period, observe that the report was dated on or before February 1, and observe that it includes the applicable requirements of R.S. 42:344:
 - a. Number and percentage of public servants in the agency who have completed the training requirements;
 - b. Number of sexual harassment complaints received by the agency;
 - c. Number of complaints which resulted in a finding that sexual harassment occurred;
 - d. Number of complaints in which the finding of sexual harassment resulted in discipline or corrective action; and
 - e. Amount of time it took to resolve each complaint.

Findings:

No exceptions were found as a result of procedures list above with the exception of:

Written Policies and Procedures:

Written policies and procedures could not be obtained addressing Ethics, including (1) the prohibitions as defined in Louisiana Revised Statutes (R.S.) 42:1111-1121, (2) actions to be taken if an ethics violation takes place, (3) system to monitor possible ethics violations, and (4) a requirement that documentation is maintained to demonstrate that all employees and officials were notified of any changes to the entity's ethics policy.

Written policies and procedures could not be obtained addressing Information Technology Disaster Recovery/Business Continuity, including (1) identification of critical data and frequency of data backups, (2) storage of backups in a separate physical location isolated from the network, (3) periodic testing/verification that backups can be restored, (4) use of antivirus software on all systems, (5) timely application of all available system and software patches/updates, and (6) identification of personnel, processes, and tools needed to recover operations after a critical event.

Written policies and procedures could not be obtained addressing Sexual Harassment, including annual employee training, and annual reporting.

Collections (excluding electronic funds transfers):

6 of 6 deposits tested included multiple collection dates with some dates exceeding one business day before the deposit date.

Credit Cards:

2 of 3 credit cards tested were assessed finance charges.

Ethics:

3 of 5 employees tested did not have certificates for completion of ethics training during the year.

The City did not maintain documentation demonstrating each employee and official were notified of any changes to the entity's ethics policy during the fiscal year.

Sexual Harassment:

The City did not submit a sexual harassment report on or before February 1, 2022.

3 of 5 employees tested did not have certificates for completions of sexual harassment training during the year.

Management's Response:

Management of the City of New Roads concurs with the exceptions and is working to address the deficiencies identified.

We were engaged by the City to perform this agreed-upon procedures engagement and conducted our engagement in accordance with attestation standards established by the American Institute of Certified Public Accountants and applicable standards of *Government Auditing Standards*. We were not engaged to and did not conduct an examination or review engagement, the objective of which would be the expression of an opinion or conclusion, respectively, on those C/C areas identified in the SAUPs. Accordingly, we do not express such an opinion or conclusion. Had we performed additional procedures, other matters might have come to our attention that would have been reported to you.

We are required to be independent of the City and to meet our other ethical responsibilities, in accordance with the relevant ethical requirements related to our agreed-upon procedures engagement.

This report is intended solely to describe the scope of testing performed on those C/C areas identified in the SAUPs, and the result of that testing, and not to provide an opinion on control or compliance. Accordingly, this report is not suitable for any other purpose. Under Louisiana Revised Statute 24:513, this report is distributed by the LLA as a public document.

Kolder, Slaven & Company, LLC
Certified Public Accountants

Abbeville, Louisiana
June 29, 2022