

City of Alexandria Financial Report

Alexandria, LA
April 30, 2009



Payne, Moore & Herrington, LLP
Certified Public Accountants
Alexandria, LA

City of Alexandria, Louisiana
April 30, 2009

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City of Alexandria, Louisiana
April 30, 2009

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PAYNE, MOORE & HERRINGTON, LLP

CERTIFIED PUBLIC ACCOUNTANTS

Established 1945

Independent Auditor's Report

The Honorable Mayor and City Council
City of Alexandria, Louisiana

We have audited the accompanying financial statements of the governmental activities, the business-type activities, the aggregate discretely presented component units, each major fund and the aggregate remaining fund information of the City of Alexandria, Louisiana, as of and for the year ended April 30, 2009, which collectively comprise the City's basic financial statements as listed in the table of contents. These financial statements are the responsibility of the City of Alexandria's management. Our responsibility is to express opinions on these financial statements based on our audit.

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

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, the business-type activities, the aggregate discretely presented component units, each major fund, and the aggregate remaining fund information of the City of Alexandria, Louisiana, as of April 30, 2009, and the respective changes in financial position and, where applicable, cash flows thereof for the year then ended in conformity with accounting principles generally accepted in the United States of America.

In accordance with *Government Auditing Standards*, we have also issued a report dated October 28, 2009, on our consideration of the City of Alexandria, Louisiana's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements, and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* and should be considered in assessing the results of our audit.

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PAYNE, MOORE & HERRINGTON, LLP

The Honorable Mayor and City Council
City of Alexandria, Louisiana

The management's discussion and analysis and budgetary comparison information presented on pages 3 through 16 and 70 through 72 are not a required part of the basic financial statements but are supplementary information required by accounting principles generally accepted in the United States of America. We have applied certain limited procedures, which consisted principally of inquiries of management regarding the methods of measurement and presentation of the required supplementary information. However, we did not audit the information and express no opinion on it.

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the City of Alexandria, Louisiana's basic financial statements. The accompanying schedule of expenditures of federal awards is presented for the purposes of additional analysis as required by U.S. Office of Management and Budget Circular A-133, *Audits of States, Local Governments, and Non-Profit Organizations*, and is not a required part of the basic financial statements. Such information has been subjected to the auditing procedures applied in the audit of the basic financial statements and, in our opinion, is fairly stated, in all material respects, in relation to the basic financial statements taken as a whole. The summary of utility service customers and the listing of insurance in force marked "unaudited" have not been subjected to the auditing procedures applied in the audit of the basic financial statements and, accordingly, we express no opinion on them.


Certified Public Accountants

October 28, 2009

**Required Supplemental Information –
Part I**

Management's Discussion and Analysis

City of Alexandria, Louisiana
Management's Discussion and Analysis
Year ended April 30, 2009

Our discussion and analysis of the City of Alexandria's financial performance provide an overview of the City's financial activities for the fiscal year ended April 30, 2009. Please read it in conjunction with the City's financial statements, which begin on page 17.

Financial Highlights

- The City's assets exceeded liabilities by \$282.3 million. Of this total, \$14.2 million in net assets are unrestricted, and may be used to meet future obligations of the City's creditors.
- The City's net assets increased by \$9.4 million during the 2009 Fiscal Year. This is the result of an increase of \$6.9 million in net assets from governmental activities and an increase of \$2.5 million in net assets from business activities.
- Unrestricted net assets increased by \$3.5 in Fiscal 2009. This is the net result of a decrease of \$1.8 from governmental activities and an increase of \$5.3 million from business type activities.
- Unrestricted fund balance in the General Fund is \$14.3 million, which amounts to approximately 26% of the expenditures of the General Fund in Fiscal 2009.
- The City's long-term debt increased by \$32 million, the net effect of issuing \$40 million in new debt offset by scheduled payments of existing debt.

Overview of the Financial Statements

This annual report consists of a series of financial statements. The Statement of Net Assets and the Statement of Activities (on pages 19 and 20) provide information about the activities of the City as a whole and present a longer-term view of the City's finances. Fund financial statements start on page 21. For governmental activities, these statements tell how these services were financed in the short term as well as what remains for future spending. Fund financial statements also report the City's operations in more detail than the government-wide statements by providing information about the City's most significant funds. The remaining statements provide financial information about activities for which the City acts solely as a trustee or agent for the benefit of those outside of the government.

Reporting On the City as a Whole

One of the most important questions asked about the City's finances is, "Is the City as a whole better off or worse off as a result of the year's activities?" The Statement of Net Assets and the Statement of Activities report information about the City as a whole and about its activities in a way that helps answer this question. These statements include *all* assets and liabilities using the *accrual basis of accounting*, which is similar to the accounting used by most private-sector companies. All of the current year's revenues and expenses are taken into account regardless of when cash is received or paid.

These two statements report the City's *net assets* and changes in them. You can think of the City's net assets—the difference between assets and liabilities—as one way to measure the City's financial health, or *financial position*. Over time, *increases or decreases* in the City's net assets are one indicator of whether its *financial health* is improving or deteriorating. You will need to consider other non-financial factors, however, such as changes in the City's property tax base and the condition of the City's roads, to assess the *overall health* of the City.

City of Alexandria, Louisiana
Management's Discussion and Analysis
Year ended April 30, 2009

In the Statement of Net Assets and the Statement of Activities we divide the City into three kinds of activities:

- Governmental activities - Most of the City's basic services are reported here, including the police, fire, public works and parks departments, and general administration. Property taxes, sales taxes, franchise fees, and state and federal grants finance most of these activities.
- Business-type activities - The City charges a fee to customers to help it cover all or most of the cost of certain services it provides. The City's utilities, sanitation and transit are reported here.
- Component units - The City includes two separate legal entities, the City Court and City Marshal. Although legally separate, these "component units" are important because the City is financially accountable for them. These component units present separately issued audit reports that may be obtained from their administrative offices located at 515 Washington Street, Alexandria, Louisiana.

Reporting the City's Most Significant Funds

Fund Financial Statements

The fund financial statements begin on page 21 and provide detailed information about the most significant funds - not the City as a whole. Some funds are required to be established by State law and by bond covenants. However, the City Council establishes many other funds to help it control and manage money for particular purposes or to show that it is meeting legal responsibilities for using certain taxes, grants, and other money (like grants received from the U.S. Department of Housing and Urban Development). The City's two kinds of funds - *governmental* and *proprietary* - use different accounting approaches.

- *Governmental funds* - Most of the City's basic services are reported in governmental funds, which focus on how money flows into and out of those funds and the balances left at year-end that are available for spending. These funds are reported using an accounting method called *modified accrual* accounting, which measures cash and all other *financial* assets that can readily be converted to cash. The governmental fund statements provide a detailed *short-term view* of the City's general government operations and the basic services it provides. Governmental fund information helps you determine whether there are more or fewer financial resources that can be spent in the near future to finance the City's programs. We describe the relationship (or differences) between governmental *activities* (reported in the Statement of Net Assets and the Statement of Activities) and governmental *funds* in a reconciliation following these fund financial statements.
- *Proprietary funds* - When the City charges customers for the services it provides - whether to outside customers or to other units of the City - these services are generally reported in proprietary funds. Proprietary funds are reported in the same way that all activities are reported in the Statement of Net Assets and the Statement of Activities. In fact, the City's enterprise funds (a component of proprietary funds) are the same as the business-type activities we report in the government-wide statements but provide more detail. We use internal service funds (the other component of proprietary funds) to report activities that provide supplies and services for the City's other programs and activities, such as the City's Risk Management.

**City of Alexandria, Louisiana
Management's Discussion and Analysis
Year ended April 30, 2009**

The City as Trustee

Reporting the City's Fiduciary Responsibilities

The City is the trustee, or *fiduciary*, for its employees' pension plans. It is also responsible for other assets that, because of a trust arrangement, can be used only for the trust beneficiaries. All of the City's fiduciary activities are reported in separate Statements of Fiduciary Net Assets and Changes in Fiduciary Net Assets on pages 31 and 32. We exclude these activities from the City's other financial statements because the City cannot use these assets to finance its operations. The City is responsible for ensuring that the assets reported in these funds are used for their intended purposes.

Government Wide Financial Analysis

The following table reflects a condensed version of the Statement of Net Assets displaying 2008 and 2009:

**City of Alexandria, LA
Condensed Statement of Net Assets (in millions)
April 30, 2008 and April 30, 2009**

	2008	2009	2008	2009	2008	2009
	Governmental		Business		Total	
Assets						
Current & Other Assets	67.3	98.3	18.2	20.4	85.5	118.7
Restricted Assets	0	0	28.1	19.7	28.1	19.7
Capital Assets	146.7	160.8	114.1	119.6	260.8	280.4
Total Assets	214.0	259.1	160.4	159.7	374.4	418.8
Liabilities						
Current Liabilities	9.6	13.0	11.8	10.9	21.4	23.9
Long Term Liabilities	37.5	72.3	42.7	40.4	80.2	112.7
Total Liabilities	47.1	85.3	54.5	51.3	101.6	136.6
Net Assets						
Invested in Capital Assets (Net)	128.7	140.9	82.5	87.3	211.2	228.2
Restricted	35.8	32.3	15.2	7.6	51.0	39.9
Unrestricted	2.5	0.7	8.2	13.5	10.7	14.2
Total Net Assets	167.0	173.9	105.9	108.4	272.9	282.3

As of April 30, 2009, the City's net assets total \$282.3 million, showing an increase of about 3% over the 2008 total of \$272.9 million. Roughly 81% of the City's total net assets reside in the Invested in Capital Assets category. These are land, buildings, infrastructure, equipment and other items required for the City to furnish its goods and services to citizens on the governmental side of operations and customers on the business side of operations. These assets are not available for appropriation (spending), as they are not intended to be sold. Restricted assets account for \$39.9 million, or 14%, of the total. Restrictions are

City of Alexandria, Louisiana
Management's Discussion and Analysis
Year ended April 30, 2009

placed by entities outside the City government, such as bondholders. These assets are also not available for appropriation. The remaining \$14.2 million, or 5%, of net assets is unrestricted and is available for appropriation.

The following table is a condensed version of the Statement of Activities displaying 2008 and 2009:

City of Alexandria, LA
Condensed Statement of Activities (In Millions)
April 30, 2008 and April 30, 2009

	2008	2009	2008	2009	2008	2009
	Governmental		Business		Total	
Revenues						
Program Revenues:						
Charges for Services, Fines, Fees	4.4	4.5	107.5	120.3	111.9	124.8
Grants & Contributions	7.5	12.4	1.0	4.9	8.5	17.3
General Revenues:					0.0	0.0
Sales Taxes	42.0	43.4			42.0	43.4
Other Taxes	6.9	7.4			6.9	7.4
Other	3.3	2.2	1.5	.4	4.8	2.6
Total Revenues	64.1	69.9	110.0	125.6	174.1	195.5
Expenses						
General government	14.5	14.8			14.5	14.8
Public safety	27.2	29.7			27.2	29.7
Public works	15.0	20.2			15.0	20.2
Community and economic development	1.1	0.8			1.1	0.8
Interest on long-term debt	1.6	2.7	1.9	1.6	3.5	4.3
Electricity			60.2	70.1	60.2	70.1
Gas			18.3	19.1	18.3	19.1
Water			6.9	7.6	6.9	7.6
Wastewater			8.1	8.6	8.1	8.6
Transit			3.2	3.2	3.2	3.2
Sanitation			4.0	4.4	4.0	4.4
Zoological Park			2.2	2.2	2.2	2.2
Golf Course			1.0	1.1	1.0	1.1
Total Expenses	59.4	68.2	105.8	117.9	165.2	186.1
Change in Net Assets before Transfers	4.7	1.7	4.2	7.7	8.9	9.4
Transfers	4.3	5.2	-4.3	-5.2	0.0	0.0
Increase (Decrease) In Net Assets	9.0	6.9	-1	2.5	8.9	9.4

City of Alexandria, Louisiana
Management's Discussion and Analysis
Year ended April 30, 2009

The City's total revenues were \$195.5 million and total expenses were \$186.1 million for Fiscal 2009. This results in an increase of net assets before transfers of \$9.4 million. This can be broken down first by governmental and business activities, then broken down further at the fund level.

Net Assets in Governmental Activities increased by \$6.9 million for Fiscal 2009, as opposed to an increase of \$9.0 million in 2008. Examining the expenses for the 2 years, we see that they are up from \$59.4 million in 2008 to \$68.2 million in 2009, roughly a 15% difference. We see an increase of \$2.5 million in Public Safety, an increase of \$5.2 million in Public Works, a \$.3 million increase in General Government, and a \$1.1 million increase in Interest on Long Term Debt. These are somewhat offset by a decrease in Community Development \$.3 million. Revenues are up \$5.8 million, not showing as great an increase as expenses. Grants and Contributions are up \$4.9, accounting for most of the increase. Sales Taxes are up \$1.4 million, while Other Taxes are up \$.5 million. Lesser changes in the remaining revenue categories make up the remaining difference. Increases in expenses can be deceptive in that Capital Projects Funds can raise or lower them in a given year depending on the progress of active construction projects. It should be noted that the combined expenses for these funds are up \$5.8 million from the prior year, while grants relating to these projects are down \$3.7 million compared to the prior year.

Business-type Activities net assets increase \$2.5 million for Fiscal 2009, compared to the decrease in the prior year of \$.1 million. Expenses are up from \$105.8 million in 2008 to \$117.9 million in 2009, an increase of over 11%. This increase is largely due to Electric Fuel Cost, the City's cost for purchasing electricity for sale to customers, which rose over the prior year by approximately \$7.7 million. Expenses for Water, Gas, and Wastewater also reflect increases. These total roughly \$2.1 million. Other minor changes round out the difference in expenses. Transfers to the Governmental Activities are up \$.9 million. Revenues are up from \$110.0 million in 2008 to \$125.6 in 2009. The largest categorical change is in Charges for Services, showing an increase of \$12.9 million. This is largely due to the recovery side of the previously mentioned Electric Fuel Cost, and to a lesser extent Gas Fuel Cost. The City was rebating on it's annual fuel adjustment in 2008, but rebating a lesser rate in 2009, meaning reducing the current fuel cost as an adjustment for prior fuel cost. In the long run, the City's costs for Electric and Gas fuel are passed on to the customers and have no effect on the City's finances. In the short run, however, the City can be either recovering costs or rebating costs depending on which way fuel prices are going. The revenue of Electric Fuel Cost is up \$10.0 million in 2009 compared to the prior year, while Gas Fuel Cost Recovery is up \$2.4 million compared to the prior year.

Individual Fund Analysis

We will briefly analyze the activity and fund balances of the major funds of the Governmental Funds category and the Business (Proprietary) Funds category, beginning with the General Fund. Differences are rounded to the nearest tenth of \$1 million for ease of discussion.

Governmental Funds

General Fund

The General Fund ended Fiscal 2009 with a decrease in Unreserved Fund Balance of about \$3.4 million. In short, the General Fund spent more than it took in by this amount. In order to see the change, a comparison of revenues and expenditures of Fiscal 2008 and 2009 is needed.

Revenues increased by \$1.9 million. Significant changes include an increase in Taxes of \$1.5 million and Intergovernmental of \$.5 million, while Investment Revenue decreased by nearly \$.4 million. Other changes net to the remaining increase of about \$.3 million in Revenues. Transfers In show an increase of \$1.5 million over the prior year, reflecting a combination of increases in the Transfers from the City Sales Tax Fund, Utilities System Fund, and Cost Allocation reimbursements from other funds.

City of Alexandria, Louisiana
Management's Discussion and Analysis
Year ended April 30, 2009

Expenditures and Transfers Out increased \$3.8 million when compared to the previous year. This is due to a variety of factors. The City incurred nearly \$.8 million in direct costs alone associated with Hurricane Gustav in the General Fund. A new pay plan was put into effect for employees that, along with a new pay matrix for Police and Fire, contributed to labor costs increasing by \$2.6 over the previous year. Operating Capital (purchases of vehicles, equipment, etc.) is up by \$.2 million in Fiscal 2009. Transfers Out are up roughly \$1 million from the previous year as the General Fund increased its support of other funds such as Sanitation, Zoo, and Golf Course as the revenues these funds generate are not sufficient to pay their costs.

General Fund Budgetary Highlights

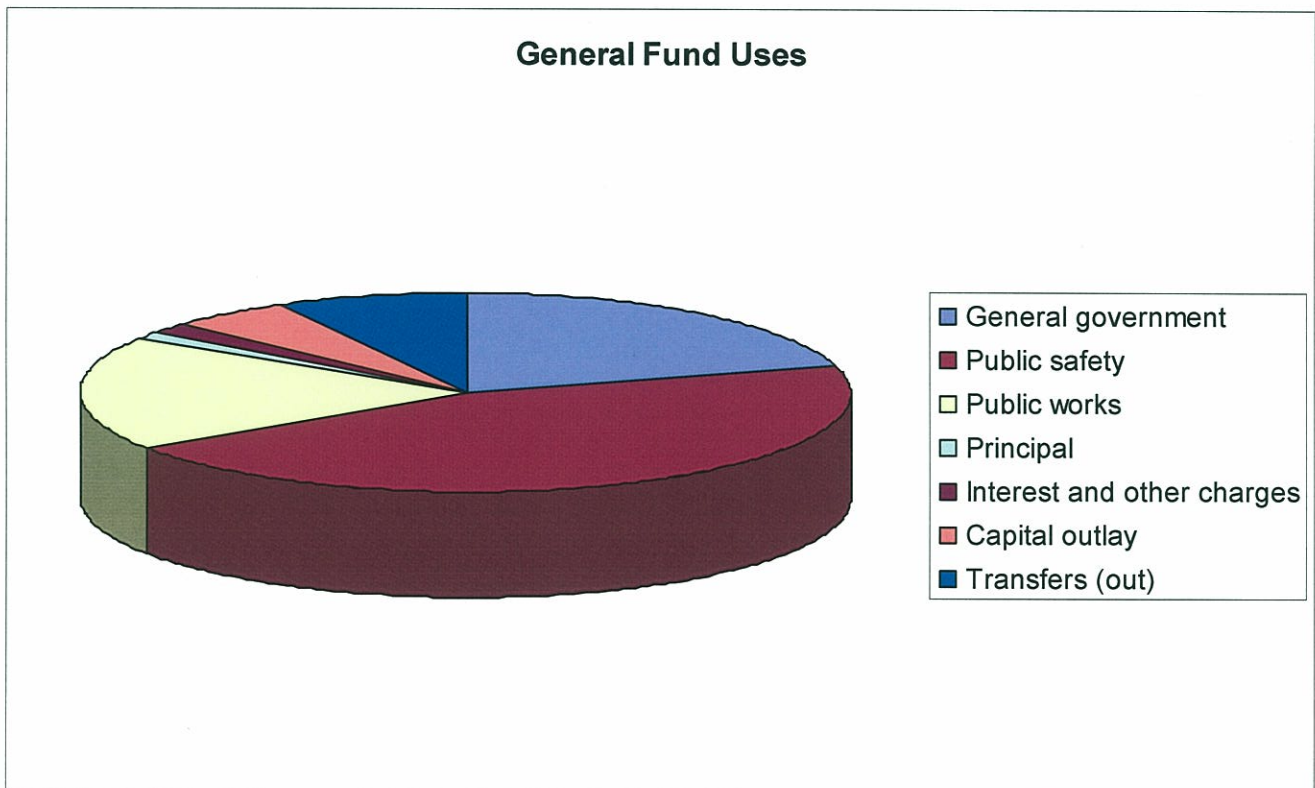
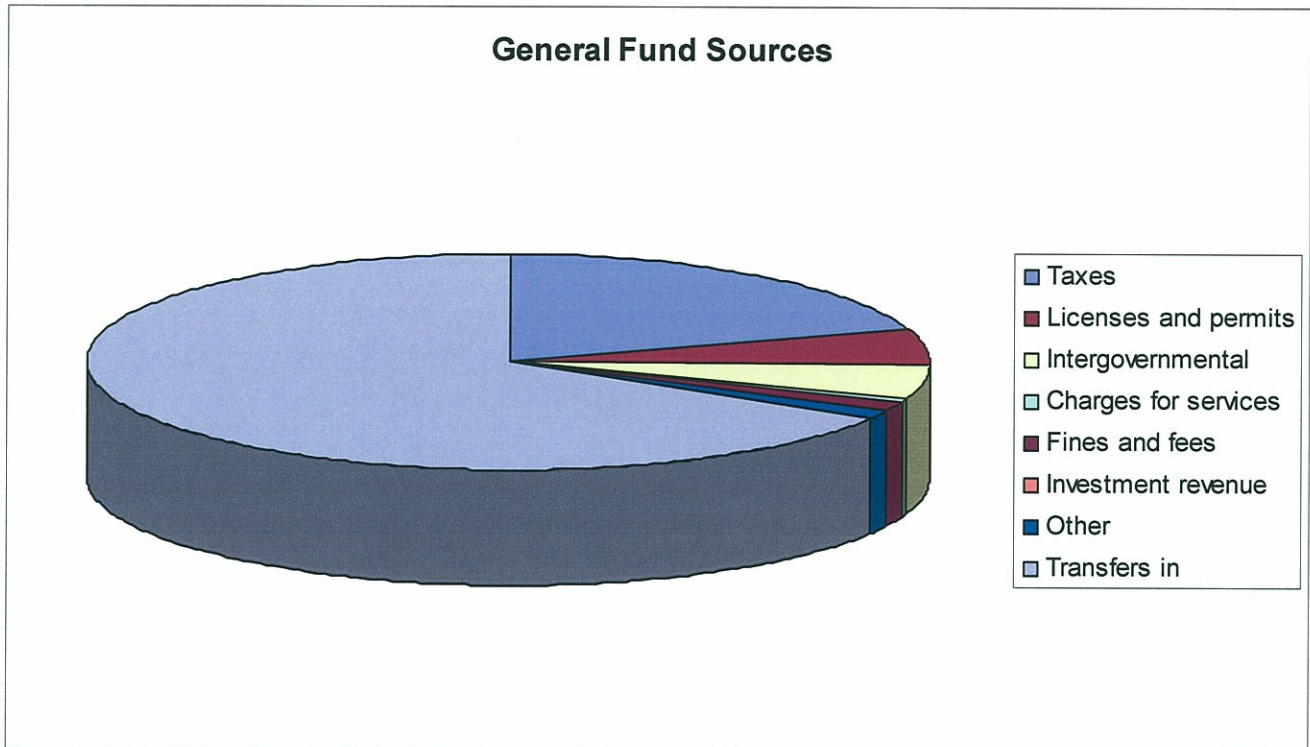
The original budget of the General Fund reflects the City's plan and financial intent at the beginning of the fiscal year. This is routinely adjusted during the year to better reflect actual revenues available and actual expenditures incurred. The City does its most comprehensive adjustment at Major Budget Amendment (MBA). Revenues and Transfers In were adjusted resulting in a net increase of slightly less than \$4.4 million (7.48%). The category of Intergovernmental Revenue had an increase of \$2.3 million which included an increase of \$.4 million in Parish Sales Tax, \$.1 million in FEMA revenue as the City is reimbursed for expenditures arising from Hurricane Gustav and adjustments for grants totaling \$.4 million. Interest Revenues were adjusted down \$.2 million. Transfers In was also a major factor, with a net increase of \$.6 million as increases in Transfers from the Sales Tax Fund and Utilities System Fund more than offset decreases for Cost Allocations from the Enterprise Funds. The City originally budgeted \$9.2 million in use of fund balance. This was adjusted up by a net of amount \$1.5 million as estimated Revenues were exceeded by estimated Expenditures.

Budgeted Expenditures and Transfers Out were adjusted up during the year by \$4.4 million due to a variety of factors. As previously mentioned, Hurricane Gustav hit Alexandria on September 1, 2008, causing substantial damage. Direct Hurricane expenditures were added to the budget for \$.8 million. Overtime in the various departments was increased \$1.2 million, along with Contract Labor for \$.2 million, partially in response to Gustav. Capital Outlay was increased \$.2 million, while Transfers Out were increased for a net of approximately \$.4 million. Vehicle Maintenance & Fuel along with Utilities were adjusted for a net of over \$.6 million. Professional Fees in the Legal Division for \$.3 million. Other relatively minor changes account for the remainder.

Fortunately, the City did not actually use \$10.7 million in fund balance budgeted for Fiscal 2009, but as previously noted did use roughly \$3.4 million. Actual revenues and transfers in exceeded budgeted figures by nearly \$3.1 million, and actual expenditures were about \$4.2 million less than budgeted expenditures. There were various offsets in the revenues, but the greatest factors were the Parish Sales Tax coming in at \$1.1 million above the budgeted figure due to a one time adjustment from the Parish; while the Cost Allocations, i.e. reimbursements from other funds for services rendered by the General Fund, came in at \$.7 million above budget. The combined City Sales Tax Transfers In exceeded the budgeted amounts by \$1.1 million, and the Transfer from the Utilities System Fund exceeded the budget by \$.9 million. The greatest factor in the expenditures coming in so much lower than budgeted is attrition; i.e., vacant employee positions during the year that were budgeted but had no employees to be paid from them. The combined salary and fringes for these vacancies translated to roughly \$1.9 million in reduced expenditures, even after adjusting budgets down at Major Budget Amendment. Capital outlay expenditures were less than budget by \$.7 million, some of which will appear in Fiscal 2010 as equipment on order is delivered. Reductions in discretionary spending by the departments account for the remainder of the difference in General Fund Expenditures.

**City of Alexandria, Louisiana
Management's Discussion and Analysis
Year ended April 30, 2009**

The following charts represent the actual sources and uses of General Fund monies for Fiscal 2009:



City of Alexandria, Louisiana
Management's Discussion and Analysis
Year ended April 30, 2009

City Sales Tax Fund

The City Sales Tax Fund showed an increase of .43% in revenues and decrease of 1.07% in Transfers Out over the previous year, a virtual standstill. This fund is a "flow through" of three sales taxes passed by the voters of the City. The City Sales Tax Fund receives the money from these sales taxes and transfers it to other funds. Half of the 1976 Sales Tax is transferred to the General Fund, while the remaining half is transferred to General Capital Projects Fund after Debt Service (payment on borrowing) is satisfied. The 1998 Sales Tax and the 2005 Sales Tax are transferred exclusively to the General Fund. The city sales taxes are a major source of revenue for the General Fund and the only perpetual source of revenue for the General Capital Projects Fund.

General Capital Projects Fund

Revenues and Transfers In are down approximately \$2.4 million in the General Capital Projects Fund as reported last year, most of which is attributable to a reduction in the Transfer from Sales Tax amounting to \$1.9 million, while reductions in Investment Revenue of \$.5 million account for most of the remainder. As mentioned earlier, the only perpetual source of revenue for the General Capital Projects Fund is its share of the 1976 Sales Tax. However, it can receive substantial revenues from time to time from state, federal, and private sources to fund specific capital projects. Such revenues are substantially the same in Fiscal 2009 compared to the prior year. The reduction in Transfer from Sales Tax is due to payment of additional debt incurred by a new bond issue referenced in the next fund discussed.

Expenditures for Fiscal 2009 are \$2.4 million above the previous year. Expenditures can vary greatly over two consecutive years in a capital projects fund depending on how far along individual large projects are. Once a project is designed and construction begins, funds can be expended in a relatively short time. Significant progress was achieved in multiple projects in Fiscal 2009, including Extension of Versailles Boulevard and Southern Heights Drainage Improvements.

Overall fund balance decreased \$3.3 million in 2009.

General Capital Projects 2008 Sales Tax Bonds Fund and General Capital Projects 2008 Limited Tax Bond Fund

These 2 funds are new in Fiscal 2009. They represent the proceeds of 2 bond issues done by the City in the amount of \$25 million and \$15 million respectively. Bonds issued for capital projects are often temporary, meaning they exist only until the proceeds are spent. These had no significant revenue in Fiscal 2009 as is often the case, and being relatively early in their life cycle, had combined expenditures of \$1.7 million. The expenditures amount to about 4% of the proceeds and include the previously mentioned Extension of Versailles Boulevard. These funds will be reported as major funds of the City until the proceeds are sufficiently expended to make them too small for reporting as major.

Utilities System Fund

The Utilities System Fund is the largest of the City's proprietary funds, dwarfing the Sanitation Fund, Municipal Transit Fund, Zoo Fund and Golf Course Fund. Revenues in the Utilities System are based primarily on the sales of electricity, water, natural gas, and wastewater service to customers. These revenues, charges for services, are up \$12.4 million in 2009 compared to the prior year. This is almost entirely due to fuel cost recovery. The City does not benefit from fuel cost because that is simply the passing on of costs incurred by the City to its customers, but the incurring and subsequent recovery of these

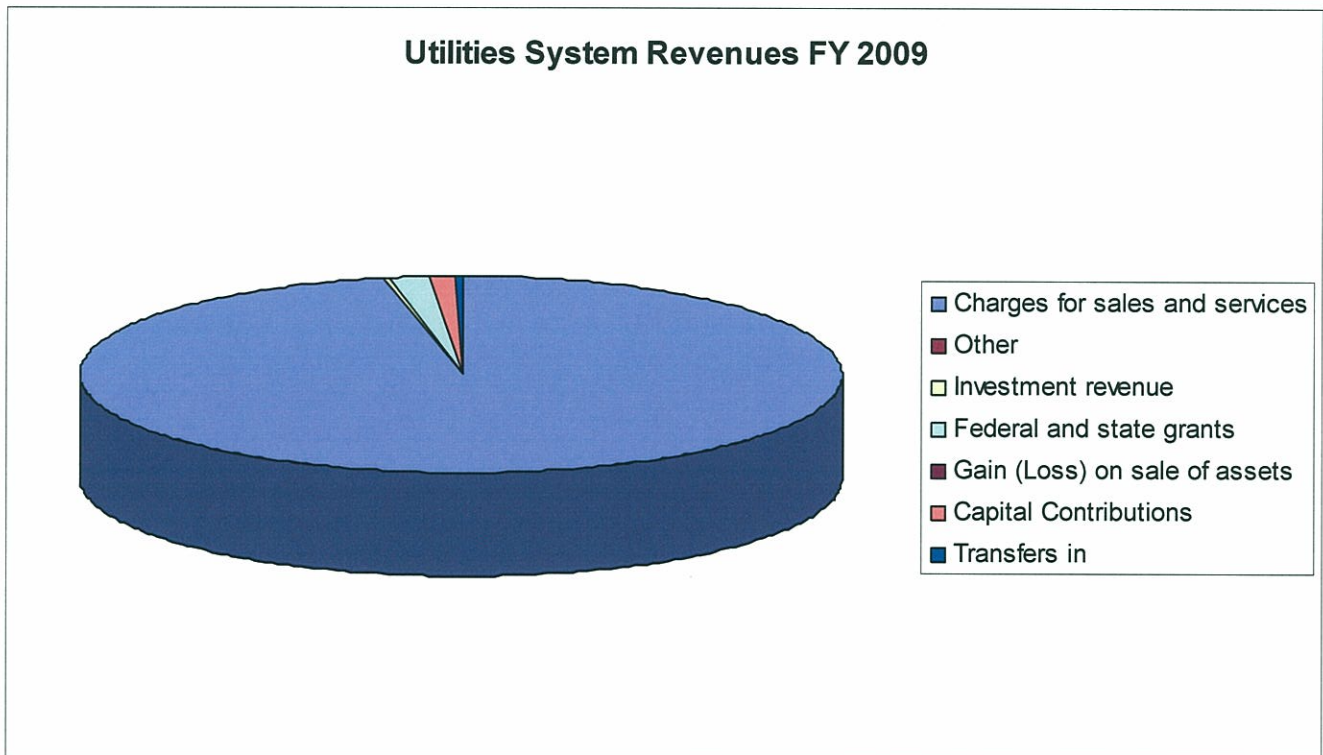
**City of Alexandria, Louisiana
Management's Discussion and Analysis
Year ended April 30, 2009**

costs can cause considerable fluctuations in the revenue and expense of the System. Electric and Gas fuel recovery accounts are up a combined \$12.4 million in Fiscal 2009 compared to 2008 due to the City making a substantial recovery of fuel cost in the current year. The actual sales of electricity, water, gas, and wastewater net out to relatively flat compared to the prior year. An unusual revenue increase is found in Federal & State Grants which are up by \$1.7 million compared to the prior year. This is FEMA reimbursements for the Utilities System Fund relating to Hurricane Gustav.

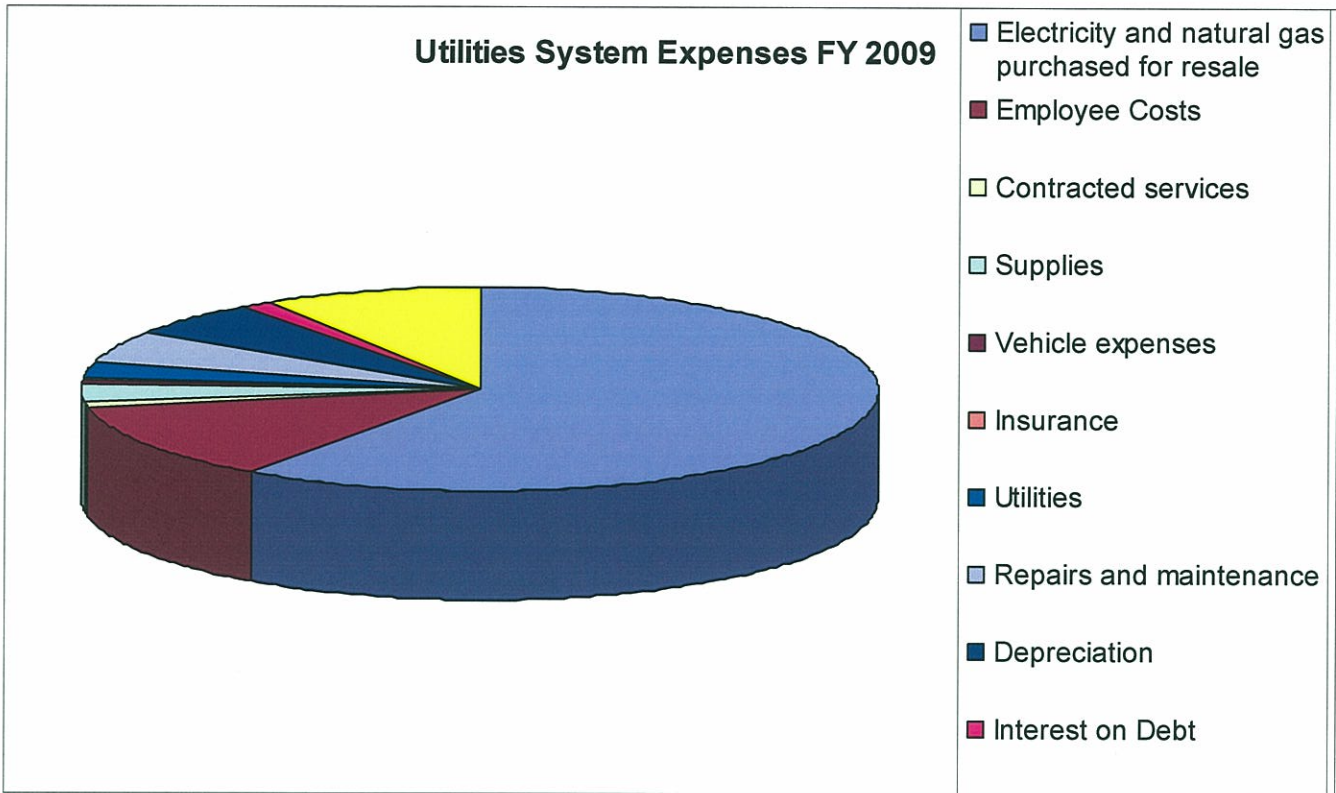
Operating expenses are up \$12.1 million in Fiscal 2009 compared to the previous year. The biggest factor here is the expense side of fuel cost, up \$8.3 million compared to prior year. Supplies and Maintenance Expenses are up for a combined \$3.3 million accounting for the majority of the remaining increase. This was due in part to responses by the departments in the Utility Division to Hurricane Gustav. Transfers Out are up \$1.4 million over the prior year.

The results of the above were net income to the Utilities System Fund of \$1.3 million for Fiscal 2009. This is reflected as an increase in total net assets.

The following charts show the breakdown of revenues and expenses of the Utilities System Fund for Fiscal 2009:



**City of Alexandria, Louisiana
Management's Discussion and Analysis
Year ended April 30, 2009**



Capital Asset and Debt Administration

Capital Assets

Governmental Funds

The City had a net increase of \$14.1 million in capital assets this year in governmental activities. These capital assets would include vehicles, equipment, as well as infrastructure, net of depreciation.

Business Type Funds

The Business-type funds showed a net increase of about \$5.5 million in capital assets this year. These would include vehicles and equipment as well as infrastructure assets. Infrastructure in the Utilities System consists of electrical substations, gas mains, wastewater lift stations, water tanks and other assets that enable the System to deliver service to its customers. These assets are listed net of depreciation. Depreciation is deducted from original cost to indicate the degree that the assets are "used up". Further information on Fixed Assets and Depreciation can be found in Note 6 of the financial statements.

**City of Alexandria, Louisiana
Management's Discussion and Analysis
Year ended April 30, 2009**

Capital Assets (Net of Depreciation)

	<u>Governmental</u>		<u>Business</u>	
	<u>2008</u>	<u>2009</u>	<u>2008</u>	<u>2009</u>
Land	10,786,505	14,056,677	2,660,646	2,743,614
Construction in Progress	18,380,266	20,241,016	8,512,569	13,944,091
Buildings	65,829,779	63,522,749	3,239,219	3,120,329
Furniture & Fixtures	108,493	109,727	703,705	620,667
Equipment	3,409,202	3,272,490	-	-
Vehicles	3,287,363	3,767,692	4,571,205	4,408,676
Infrastructure	44,895,249	55,802,525	94,453,825	94,756,058
Net Capital Assets	146,696,857	160,772,876	114,141,169	119,593,435

In governmental activities, we see that Land increased nearly \$3.3 million in 2009. Among the transactions reflected here is the City's purchase of Dominique's Stock Barn for economic purposes and developer's donations of land in the Lake's District Subdivision. Construction in Progress increased roughly \$1.9 million on work continues on various projects including the Extension of Versailles Boulevard. Vehicles increased about \$.5 million attributable in part due to the acquisition of a Rescue Vehicle by the Police Department. Buildings are down \$2.3 million primarily reflecting depreciation as there were no significant additions or retirements of buildings. Infrastructure increased approximately \$11.0 million as a result of developer donations from the Lake's District and the completion of projects such as the paving of Heyman Lane from Coliseum Boulevard to Castle Road.

In business activities, Construction in Progress is up by \$5.4 million due to continuing projects such as the Highway 28 West Pump Station and Sewer Improvements.

Debt Administration

Governmental Funds

As previously mentioned, the City had 2 new bond issues in Fiscal 2009. The first being the 2008 Sales Tax Bonds for \$25 million, and the second being the 2008 Limited Tax Bonds for \$15 million. These account for the substantial increase of over \$37 million in governmental debt. The offset reflects scheduled payments on the principal of both the new and existing debt.

Enterprise Funds

The City issued no new debt in the Utilities System during 2009. The changes in debt balance merely reflect payments made on the principal. For further information on debt, please see Note 10 to the financial statements.

**City of Alexandria, Louisiana
Management's Discussion and Analysis
Year ended April 30, 2009**

Bonded Long-Term Debt

	<u>Governmental</u>		<u>Business</u>	
	<u>2008</u>	<u>2009</u>	<u>2008</u>	<u>2009</u>
Sales Tax Revenue				
Bonds	13,715,000	38,135,000		
Ad Valorem Tax Bonds	4,260,000	3,805,000		
Limited Tax Bonds	-	14,345,000		
Certificates of Indebtedness	15,200,000	14,270,000	950,000	800,000
Utility Revenue Bonds			41,345,000	37,060,000
 Total Outstanding Debt	 33,175,000	 70,555,000	 42,295,000	 37,860,000

Future Outlook

Economic conditions deteriorated during Fiscal 2009. This will adversely affect the City in a multitude of ways. Sales taxes accounted for 66% of General Fund Revenue sources in 2009. These taxes are very elastic, meaning they rise and fall quickly with changes in the economy. Typically, economic downturns as we are seeing cause rapid decreases in Sales tax collections in State and local government as people have less to spend. Sales taxes are expected to remain flat in the near future at best, with the distinct possibility of a decrease. Falling earnings in investments also translate to less interest revenue in all of the City's funds, and can mean less earnings for the pension systems that the City contributes to on the behalf of its employees. Reduced earnings for the pension systems could raise the City's contribution rate to these systems. For example, contributions to the City Employee Pension System will rise from 23.55% of payroll for Fiscal 2010 to 28.94% of payroll for Fiscal 2011. Health care rates continue to rise for the City as well as most other employers, leading the City to the unpleasant option of either absorbing the additional cost or passing it on the employees. The General Fund by its nature is very labor intensive with salaries and fringes amounting to 56% of total expenditures for Fiscal 2009. Any increases in these costs could become substantial to the General Fund.

In business type activities, the Utilities System Fund shows a net income in Fiscal 2009 as opposed to a slight loss in the prior year. As noted previously, this is largely due to the "swings" in timing of the fuel cost expense and the subsequent recovery. The fuel cost revenue was up \$12.4 million while the expense was up \$8.3 million. While this difference is favorable in 2009 and should break even in the long run, it can wreak havoc with the Utilities System Fund's profitability in the short run due to the proportional size of fuel cost. The combined fuel cost for electricity and gas amounted to 59.6% of expenses and transfers out for Fiscal 2009.

**City of Alexandria, Louisiana
Management's Discussion and Analysis
Year ended April 30, 2009**

Contacting the Finance Division of the City

This report is intended as a brief overview of the City's financial condition. Any questions should be directed to the Director of Finance, PO Box 71, Alexandria, LA 71301.

David L. Crutchfield, CPA
Director of Finance
City of Alexandria, Louisiana

Basic Financial Statements

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**Government-Wide
Financial Statements (GWFS)**

**City of Alexandria
Alexandria, Louisiana
Statement of Net Assets
April 30, 2009**

Exhibit A

	Primary Government			Component Units
	Governmental Activities	Business-Type Activities	Total	
Assets				
Cash and cash equivalents	\$ 4,959,107	\$ 4,784,683	\$ 9,743,790	\$ 1,021,859
Investments	4,184,196	-	4,184,196	934,903
Equity in pooled cash and investments	76,891,579	2,099,716	78,991,295	-
Receivables	5,644,441	16,286,221	21,930,662	47,785
Internal balances	6,344,730	(6,344,730)	-	-
Inventories	230,424	3,248,609	3,479,033	-
Restricted equity in pooled cash and investments	-	19,677,819	19,677,819	-
Prepaid expenses/other assets	113,180	-	113,180	1,873
Deferred bond issue costs	-	399,424	399,424	-
Capital assets, net of depreciation				
Nondepreciable				
Land and improvements	14,056,677	2,743,614	16,800,291	-
Construction in progress	1,777,472	13,944,091	15,721,563	-
Infrastructure in progress	18,463,544	-	18,463,544	-
Depreciable				
Infrastructure	55,802,525	-	55,802,525	-
Other capital assets	70,672,657	102,905,731	173,578,388	131,283
Total Assets	<u>259,140,532</u>	<u>159,745,178</u>	<u>418,885,710</u>	<u>2,137,703</u>
Liabilities				
Bank overdraft	412,582	35,681	448,263	-
Equity in pooled cash overdraft	-	2,516,453	2,516,453	-
Accounts and contracts payable	3,248,292	4,172,969	7,421,261	15,875
Accrued interest	880,094	822,122	1,702,216	-
Salaries payable	1,143,483	667,823	1,811,306	-
Long-term liabilities				
Due within one year				
Bonds, and other	4,200,000	2,500,000	6,700,000	-
Compensated absences	524,859	215,161	740,020	-
Claims and judgments	2,572,625	-	2,572,625	-
Due in more than one year				
Bonds, and other	66,345,000	34,995,300	101,340,300	-
Customer guaranteed deposits	-	4,189,594	4,189,594	-
Compensated absences	2,974,203	1,217,247	4,191,450	-
Post employment benefit obligation	382,799	-	382,799	-
Claims and judgments	2,559,285	-	2,559,285	-
Total Liabilities	<u>85,243,222</u>	<u>51,332,350</u>	<u>136,575,572</u>	<u>15,875</u>
Net Assets				
Invested in capital assets, net of related debt	140,874,392	87,256,379	228,130,771	131,283
Restricted for				
Capital projects	25,723,454	5,522,943	31,246,397	-
Debt service	5,155,316	1,061,225	6,216,541	-
Capital additions and contingencies	-	1,000,000	1,000,000	-
Community and economic development	759,517	-	759,517	-
Riverfront Center operations	714,951	-	714,951	-
Unrestricted	669,680	13,572,281	14,241,961	1,990,545
Total Net Assets	<u>\$ 173,897,310</u>	<u>\$ 108,412,828</u>	<u>\$ 282,310,138</u>	<u>\$ 2,121,828</u>

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

City of Alexandria
Alexandria, Louisiana
Statement of Activities
For the Year Ended April 30, 2009

Exhibit B

Functions/Programs	Net (Expense) Revenue and Changes in Net Assets					Component Units
	Primary Government					
	Expenses	Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions	Governmental Activities	
Primary government						
Governmental activities	\$ 14,815,787	\$ 4,300,570	\$ 304,428	\$ -	\$ (10,210,789)	\$ (10,210,789)
Public safety	29,725,721	47,373	1,951,190	-	(27,727,158)	(27,727,158)
Public works	20,225,844	167,519	766,503	8,311,826	(10,979,996)	(10,979,996)
Community and economic development	769,245	11,013	1,110,503	-	352,271	352,271
Interest on long-term debt	2,631,051	-	-	-	(2,631,051)	(2,631,051)
Total Governmental Activities	\$ 68,167,648	\$ 4,526,475	\$ 4,132,624	\$ 8,311,826	\$ (51,196,723)	\$ (51,196,723)
Business-type activities						
Electricity	70,096,742	86,007,698	1,749,285	68,120	17,728,361	17,728,361
Natural gas	19,132,491	17,737,524	-	23,939	(1,371,028)	(1,371,028)
Water	7,632,430	6,514,614	-	438,078	(679,738)	(679,738)
Waste water	8,591,507	4,557,663	-	1,019,400	(3,014,444)	(3,014,444)
Municipal transit	3,151,100	357,313	899,411	45,693	(1,848,683)	(1,848,683)
Sanitation	4,436,183	4,253,721	186,851	-	4,389	4,389
Zoological park	2,176,755	192,665	-	439,071	(1,545,019)	(1,545,019)
Golf course	1,096,009	626,973	-	-	(469,036)	(469,036)
Interest on long-term debt	1,569,573	-	-	-	(1,569,573)	(1,569,573)
Total Business-Type Activities	\$ 117,882,790	\$ 120,248,171	\$ 2,835,547	\$ 2,034,301	\$ 7,235,229	\$ 7,235,229
Total Primary Government	\$ 186,050,438	\$ 124,774,646	\$ 6,968,171	\$ 10,346,127	\$ (51,196,723)	\$ (43,961,494)
Component Units						
City Marshal	270,599	265,606	-	-	-	(4,993)
City Court	431,506	711,527	-	-	280,021	280,021
Total Component Units	\$ 702,105	\$ 977,133	\$ -	\$ -	\$ 275,028	\$ 275,028
General Revenues						
Taxes						
Property taxes					6,964,519	6,964,519
Sales tax					43,389,269	43,389,269
Franchise and miscellaneous taxes					435,674	435,674
Entitlements and shared revenues					90,790	90,790
Hotel occupancy taxes					427,547	427,547
Investment earnings					1,152,733	1,152,733
Miscellaneous					512,652	512,652
Gain (loss) on sale of assets					(19,420)	(19,420)
Transfers					5,154,773	(5,154,773)
Total General Revenues, Special Items, and Transfers					\$ 58,108,537	\$ 53,353,455
Change in Net Assets						
Net Assets, Beginning of Year					6,911,814	9,391,961
Net Assets, End of Year					\$ 173,897,310	\$ 282,310,138

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

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Fund Financial Statements

City of Alexandria
Alexandria, Louisiana
Balance Sheet
Governmental Funds
April 30, 2009

Exhibit C

	General Fund	City Sales Tax	General Capital Projects	Gen Cap Proj '08 Ltd Tax Bds	Gen Cap Proj '08 ST Bonds	Other Governmental Funds	Total Governmental Funds
Assets							
Cash and cash equivalents	\$ 75,258	\$ 3,086,640	\$ 51,122	\$ -	\$ -	\$ 1,686,796	\$ 4,899,816
Investments	-	-	-	-	-	5,043,906	5,043,906
Equity in pooled cash and investments	3,956,657	-	13,989,504	13,434,169	23,107,314	12,704,778	67,192,422
Receivables	780,742	2,621,542	141,406	-	-	468,685	4,012,375
Due from other governments	384,166	-	225,079	-	-	416,256	1,025,501
Due from other funds	11,035,370	-	658,443	-	-	5,134	11,698,947
Inventories	230,424	-	-	-	-	-	230,424
Total Assets	\$ 16,462,617	\$ 5,708,182	\$ 15,065,554	\$ 13,434,169	\$ 23,107,314	\$ 20,325,555	\$ 94,103,391
Liabilities and Fund Balances							
Liabilities							
Bank overdraft	\$ -	\$ -	\$ 141,287	\$ -	\$ -	\$ 271,296	\$ 412,583
Accounts payable	960,310	-	762,821	71,371	83,595	1,339,010	3,217,107
Accrued expense/other payables	1,135,443	-	-	-	-	5,910	1,141,353
Due to other funds	7,202	5,224,794	119,000	-	-	3,206	5,354,202
Deferred revenue	-	-	-	-	-	395,243	395,243
Total Liabilities	2,102,955	5,224,794	1,023,108	71,371	83,595	2,014,665	10,520,488
Fund Balances							
Reserved for	-	-	-	-	-	-	-
Debt service	-	-	-	-	-	5,155,316	5,155,316
Encumbrances	-	-	1,525,768	3,937,668	1,371,910	4,672,319	11,507,665
Unreserved	14,359,662	483,388	12,516,678	9,425,130	21,651,809	-	58,436,667
Unreserved, reported in non-major Special revenue funds	-	-	-	-	-	1,474,566	1,474,566
Capital project funds	-	-	-	-	-	7,008,689	7,008,689
Total Fund Balances	14,359,662	483,388	14,042,446	13,362,798	23,023,719	18,310,890	83,582,903
Total Liabilities and Fund Balances	\$ 16,462,617	\$ 5,708,182	\$ 15,065,554	\$ 13,434,169	\$ 23,107,314	\$ 20,325,555	\$ 94,103,391

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

**City of Alexandria
 Alexandria, Louisiana
 Reconciliation of the Governmental Funds
 Balance Sheet to the Statement of Net Assets
 April 30, 2009**

Exhibit D

Total Fund Balance, Governmental Funds \$ 83,582,903

Amounts reported for governmental activities in the Statement of Net Assets are different because:

Capital assets used in governmental activities are not current financial resources and, therefore, are not reported in this fund financial statement but are reported in the governmental activities of the Statement of Net Assets. 160,772,875

Some liabilities, (such as compensated absences, and bonds payable), are not due and payable in the current period and are not included in the fund financial statement but are included in the governmental activities of the Statement of Net Assets.

Bonds (70,555,000)

Compensated absences (3,499,062)

Interest on long-term debt is accrued in the Statement of Net Assets, but not in the governmental funds. (880,094)

Certain receivables are reported in in the Statement of Net Assets but not in the governmental funds. 529,983

Deferred revenue reported in governmental funds but not in the Statement of Net Assets. 395,243

The assets and liabilities of certain internal service funds are not included in the fund financial statement, but are included in the governmental activities of the Statement of Net Assets. 3,540,462

Net Assets of Governmental Activities in the Statement of Net Assets \$ 173,887,310

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

City of Alexandria
Alexandria, Louisiana
Statement of Revenues, Expenditures, and Changes in Fund Balances
Governmental Funds
For the Year Ended April 30, 2009

	General Fund	City Sales Tax	General Capital Projects	Gen Cap Proj '08 Ltd Tax Bds	Gen Cap Proj '08 ST Bonds	Other Governmental Funds	Total Governmental Funds
Revenues							
Taxes							
Property taxes	\$ 2,416,677	\$ -	\$ -	\$ -	\$ -	\$ 4,547,842	\$ 6,964,519
Sales taxes	8,522,576	34,866,693	-	-	-	-	43,389,269
Other	435,674	-	-	-	-	427,547	863,221
Intergovernmental	2,860,872	-	272,823	-	-	1,160,641	4,294,336
Fees, commissions, and fines	816,536	-	-	-	-	-	816,536
Licenses and permits	2,930,266	-	-	-	-	-	2,930,266
Charges for services	300,454	-	-	-	-	16,929	317,383
Investment earnings	47,176	-	286,362	114,676	193,096	363,410	1,004,720
Miscellaneous	748,727	-	146,350	-	-	255,610	1,150,687
Total Revenues	19,078,958	34,866,693	705,535	114,676	193,096	6,771,979	61,730,937
Expenditures							
Current							
General government	12,356,579	-	-	-	-	711,205	13,067,784
Public safety	27,061,317	-	-	-	-	-	27,061,317
Public works	11,042,418	-	-	-	-	-	11,042,418
Community and economic development	-	-	-	-	-	788,529	788,529
Capital outlay	3,028,987	-	8,132,508	1,664,332	91,823	6,757,658	19,675,308
Debt service							
Principal	940,000	-	-	-	-	1,690,000	2,630,000
Interest and other charges	906,726	-	-	-	-	1,387,876	2,294,602
Total Expenditures	55,336,027	-	8,132,508	1,664,332	91,823	11,335,268	76,559,958
Excess (Deficiency) of Revenues over Expenditures	(36,257,069)	34,866,693	(7,426,973)	(1,549,656)	101,273	(4,563,289)	(14,829,021)
Other Financing Sources (Uses)							
Transfers in	37,709,199	-	4,422,458	-	-	5,952,432	48,084,089
Transfers out	(4,913,173)	(34,447,038)	(340,698)	-	(1,978,750)	(1,448,307)	(43,127,966)
Proceeds from sale of bonds	-	-	-	15,000,000	25,000,000	-	40,000,000
Bond issue costs	-	-	-	(87,546)	(98,804)	-	(186,350)
Proceeds from sale of assets	32,845	-	-	-	-	-	32,845
Total Other Financing Sources (Uses)	32,828,871	(34,447,038)	4,081,760	14,912,454	22,922,446	4,504,125	44,802,618
Net Change in Fund Balances	(3,428,198)	419,655	(3,345,213)	13,362,798	23,023,719	(59,164)	29,973,597
Fund Balances, Beginning of Year	17,787,860	63,733	17,387,659	-	-	18,370,054	53,609,306
Fund Balances, End of Year	\$ 14,359,662	\$ 483,388	\$ 14,042,446	\$ 13,362,798	\$ 23,023,719	\$ 18,310,890	\$ 83,582,903

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

**City of Alexandria
Alexandria, 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 April 30, 2009**

Exhibit F

Net Change in Fund Balances - Total Governmental Funds \$ 29,973,597

Amounts reported for governmental activities in the Statement of Activities are different because:

Governmental funds report outlays for capital assets as expenditures because such outlays use current financial resources. In contrast, the Statement of Activities reports only a portion of the outlay as expense. The outlay is allocated over the assets' estimated useful lives as depreciation expense for the period.

Capital outlays included in governmental funds	12,859,119
Depreciation included in the Statement of Activities	(6,715,751)

Governmental funds reports proceeds from the disposition of capital assets as revenue. The Statement of Activities reports the gain or loss from the disposition of capital assets (proceeds less basis). (52,266)

Governmental funds report repayment of bond principal as an expenditure. In contrast, the Statement of Activities treats such repayments as a reduction in long-term liabilities. 2,630,000

Governmental funds report proceeds of bonds issued as a revenue. In contrast, the Statement of Activities treats such proceeds as an increase in long-term liabilities. (40,000,000)

Some revenues reported in the Statement of Activities do not provide current financial resources and these are not reported as revenues in governmental funds. Some expenses reported in the Statement of Activities do not require the use of current financial resources and, therefore, are not reported as expenditures in governmental funds. These timing differences are summarized below:

FEMA grants	302,038
Interest expense	(336,449)
Deferred revenue	50,606
Compensated absences	(514,968)
Capital contributions from developers	7,988,866

Internal service funds are used by management to charge the costs of certain activities to individual funds. The net revenue (expense) of certain internal service funds is reported with governmental activities. 727,022

Change in Net Assets of Governmental Activities \$ 6,911,814

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

City of Alexandria
Alexandria, Louisiana
Statement of Net Assets
Proprietary Funds
April 30, 2009

Exhibit G

	Enterprise Funds			Internal Service Funds
	Utilities System	Other Enterprise Funds	Total	
Assets				
Current assets				
Cash and cash equivalents	\$ 4,752,898	\$ 37,168	\$ 4,790,066	\$ 59,291
Equity in pooled cash and investments	-	2,099,716	2,099,716	8,839,446
Receivables (net of allowances for uncollectible)	13,434,019	276,138	13,710,157	76,583
Due from other funds	244,782	342,351	587,133	-
Due from other governments	1,655,641	920,423	2,576,064	-
Inventories	3,248,609	-	3,248,609	-
Prepaid expenses/other assets	-	-	-	113,180
Total Current Assets	<u>23,335,949</u>	<u>3,675,796</u>	<u>27,011,745</u>	<u>9,088,500</u>
Non-Current assets				
Restricted equity in pooled cash and investments	19,677,819	-	19,677,819	-
Capital assets				
Land and improvements	1,698,084	1,045,530	2,743,614	-
Construction in progress	13,505,020	439,071	13,944,091	-
Property, plant and equipment	215,506,098	22,250,602	237,756,700	19,742
Less accumulated depreciation	(125,696,251)	(9,154,719)	(134,850,970)	(9,724)
Deferred bond issue costs	399,424	-	399,424	-
Total Non-Current Assets	<u>125,090,194</u>	<u>14,580,484</u>	<u>139,670,678</u>	<u>10,018</u>
Total Assets	<u>148,426,143</u>	<u>18,256,280</u>	<u>166,682,423</u>	<u>9,098,518</u>
Liabilities				
Current Liabilities				
Bank overdraft	-	41,063	41,063	-
Equity in pooled cash overdraft	2,516,454	-	2,516,454	-
Accounts payable	1,547,645	153,116	1,700,761	15,968
Salaries payable	522,128	145,693	667,821	2,129
Due to other funds	6,551,673	380,190	6,931,863	15
Compensated absences	180,462	34,699	215,161	-
Certificates of indebtedness	150,000	-	150,000	-
Estimated liability for claims incurred	-	-	-	2,572,625
Totals	<u>11,468,362</u>	<u>754,761</u>	<u>12,223,123</u>	<u>2,590,737</u>
Liabilities payable from restricted assets				
Accounts and contracts payable	2,472,209	-	2,472,209	-
Interest	822,122	-	822,122	-
Revenue bonds	2,350,000	-	2,350,000	-
Totals	<u>5,644,331</u>	<u>-</u>	<u>5,644,331</u>	<u>-</u>
Non-Current Liabilities				
Compensated absences	1,022,619	194,629	1,217,248	15,215
Certificates of indebtedness	650,000	-	650,000	-
Customer guaranteed deposits	4,189,594	-	4,189,594	-
Estimated liability for claims incurred	-	-	-	2,559,285
Post employment benefit obligation	-	-	-	382,799
Revenue bonds	34,345,300	-	34,345,300	-
Total Non-Current Liabilities	<u>40,207,513</u>	<u>194,629</u>	<u>40,402,142</u>	<u>2,957,299</u>
Total Liabilities	<u>57,320,206</u>	<u>949,390</u>	<u>58,269,596</u>	<u>5,548,036</u>
Net Assets				
Invested in capital assets, net of related debt	72,675,895	14,580,484	87,256,379	10,018
Restricted for debt service	1,061,225	-	1,061,225	-
Restricted for capital additions and contingencies	1,000,000	-	1,000,000	-
Restricted for construction	5,522,943	-	5,522,943	-
Unrestricted	10,845,874	2,726,406	13,572,280	3,540,464
Total Net Assets	<u>\$ 91,105,937</u>	<u>\$ 17,306,890</u>	<u>\$ 108,412,827</u>	<u>\$ 3,550,482</u>

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

City of Alexandria
 Alexandria, Louisiana
Statement of Revenues, Expenses, and Changes in Fund Net Assets
 Proprietary Funds
 For the Year Ended April 30, 2009

	Enterprise Funds			Internal Service Funds
	Other		Total	
	Utilities System	Enterprise Funds		
Operating Revenues				
Charges for services	\$ 114,670,562	\$ 5,430,348	\$ 120,100,910	\$ 9,052,489
Miscellaneous	146,937	12,408	159,345	492,695
Total Operating Revenues	114,817,499	5,442,756	120,260,255	9,545,184
Operating Expenses				
Electricity and natural gas purchases	70,058,384	-	70,058,384	-
Personnel costs	14,474,418	5,068,141	19,542,559	63,518
Contractual and professional services	1,033,646	249,239	1,282,885	667,584
Disposal costs	-	1,295,645	1,295,645	-
Utilities	2,710,731	787,830	3,498,561	-
Repairs and maintenance	6,024,331	154,407	6,178,738	-
Vehicle expense	658,503	1,259,259	1,917,762	-
Other supplies and expenses	3,270,933	526,281	3,797,214	13,323
Miscellaneous expenses	150,000	258,345	408,345	2,327
Payments in lieu of insurance	575,662	313,132	888,794	-
Insurance, claims, and related expenses	-	2,343	2,343	8,240,749
Depreciation	6,615,909	1,052,017	7,667,926	3,948
Total Operating Expenses	105,572,517	10,966,639	116,539,156	8,991,449
Operating Income (Loss)	9,244,982	(5,523,883)	3,721,099	553,735
Nonoperating Revenues (Expenses)				
Investment earnings	394,354	21,185	415,539	147,868
Operating grants and contributions	1,749,285	1,086,262	2,835,547	-
Interest expense	(1,569,573)	-	(1,569,573)	-
Gain (loss) on sale of assets	14,466	10,310	24,776	-
Total Nonoperating Revenues (Expenses)	588,532	1,117,757	1,706,289	147,868
Income (Loss) Before Contributions and Transfers	9,833,514	(4,406,126)	5,427,388	701,603
Transfers in				
Transfers out	204,068	6,973,779	7,177,847	25,421
Capital contributions	(10,411,582)	(1,747,808)	(12,159,390)	-
Change in Net Assets	1,549,537	484,764	2,034,301	-
	1,175,537	1,304,609	2,480,146	727,024
Total Net Assets - Beginning of Year	89,930,400	16,002,281	105,932,681	2,823,458
Total Net Assets - End of Year	91,105,937	\$ 17,306,890	\$ 108,412,827	\$ 3,550,482

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

**City of Alexandria, Louisiana
Reconciliation of Change in Net Assets for Enterprise Funds
Reported in the Statement of Revenues, Expenses,
and Changes in Net Assets to Net Assets for
Business-Type Activities Reported in the Statement of Activities
For the Year Ended April 30, 2009**

Exhibit I

Change in Net Assets - Enterprise Funds	\$ 2,480,146
--	--------------

The Change in Net Assets reported for Business-Type Activities in the Statement of Activities are different because:

	-
Change in Net Assets of Business-Type Activities	<u>\$ 2,480,146</u>

The accompanying notes are and integral part of the financial statements.

**City of Alexandria
Alexandria, Louisiana
Statement of Cash Flows
Proprietary Funds
For the Year Ended April 30, 2009**

**Exhibit J
(Continued)**

	Enterprise Funds			Internal Service Funds
	Utilities System	Other Enterprise Funds	Total Enterprise Funds	
Cash Flows from Operating Activities				
Receipts from customers	\$ 111,803,608	\$ 5,239,338	\$ 117,042,946	\$ -
Internal activity - receipts from other funds	2,262,425	-	2,262,425	7,318,839
Other receipts	85,040	-	85,040	2,560,213
Payments for personnel costs	(14,379,562)	(4,643,005)	(19,022,567)	(62,849)
Payments to vendors and others	(83,756,627)	(2,720,312)	(86,476,939)	(10,284,351)
Internal activity - payments to other funds	(2,777,255)	(2,581,204)	(5,358,459)	(12,311)
Net Cash Provided (Used) by Operating Activities	13,237,629	(4,705,183)	8,532,446	(480,459)
Cash Flows from Noncapital Financing Activities				
Bank overdraft	1,926,373	37,827	1,964,200	-
Operating grants and subsidies	93,734	1,163,795	1,257,529	-
Transfers between funds	(10,149,536)	5,073,493	(5,076,043)	26,740
Net Cash Provided (Used) by Noncapital Financing Activities	(8,129,429)	6,275,115	(1,854,314)	26,740
Cash Flows from Capital and Related Financing Activities				
Capital contributions		484,764	484,764	-
Interest received on construction funds	199,518	-	199,518	-
Proceeds from sale of capital assets	14,466	62,957	77,423	-
Acquisition or construction of capital assets	(9,215,391)	(838,160)	(10,053,551)	-
Principal paid on capital debt	(4,435,000)	-	(4,435,000)	-
Interest paid on capital debt	(1,480,967)	-	(1,480,967)	-
Net Cash Provided (Used) by Capital and Related Financing Activities	(14,917,374)	(290,439)	(15,207,813)	-
Cash Flows from Investing Activities				
Net change in equity in pooled cash and investments	8,378,111	(1,467,437)	6,910,674	179,147
Interest received on operating funds	194,836	21,184	216,020	147,868
Net Cash Provided (Used) by Investing Activities	8,572,947	(1,446,253)	7,126,694	327,015
Net Increase (Decrease) in Cash and Cash Equivalents	(1,236,227)	(166,760)	(1,402,987)	(126,704)
Cash and Cash Equivalents, Beginning of Year	5,989,125	203,928	6,193,053	185,995
Cash and Cash Equivalents, End of Year	<u>\$ 4,752,898</u>	<u>\$ 37,168</u>	<u>\$ 4,790,066</u>	<u>\$ 59,291</u>

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

**City of Alexandria
Alexandria, Louisiana
Statement of Cash Flows
Proprietary Funds
For the Year Ended April 30, 2009**

**Exhibit J
(Concluded)**

	<u>Enterprise Funds</u>			<u>Internal Service Funds</u>
	<u>Utilities System</u>	<u>Other Enterprise Funds</u>	<u>Total Enterprise Funds</u>	
Reconciliation of Operating Income (Loss) to Net Cash Provided (Used) by Operating Activities				
Operating income (loss)	\$ 9,244,982	\$ (5,523,883)	\$ 3,721,099	\$ 553,735
Adjustments to Reconcile Operating Income (Loss) to Net Cash Provided (Used) by Operating Activities				
Depreciation	6,615,909	1,052,017	7,667,926	3,948
Changes in assets and liabilities				
Receivables	(751,466)	(56,529)	(807,995)	333,868
Due from other funds		(146,888)	(146,888)	-
Prepaid expenses	-	-	-	-
Inventories	(351,789)	-	(351,789)	-
Accounts payable	(1,672,142)	(30,642)	(1,702,784)	(51,799)
Accrued expenses and other current liabilities	34,916	742	35,658	266
Estimated liability for claims incurred		-	-	(1,180,456)
Post employment benefit obligation		-	-	(140,424)
Compensated absences	32,179	-	32,179	403
Customer guaranteed deposits	85,040	-	85,040	-
Net Cash Provided (Used) by Operating Activities	<u>\$ 13,237,629</u>	<u>\$ (4,705,183)</u>	<u>\$ 8,532,446</u>	<u>\$ (480,459)</u>

Additional required disclosure:

In the Utilities System Enterprise Fund, noncapital financing activities consisted of capital contributions from developers of \$1,549,537. There were no material noncash operating or noncapital financing activities in the Utilities System Enterprise Fund.

There were no material noncash operating, noncapital financing, or capital and related financing activities in the other enterprise funds or the internal service funds.

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

**City of Alexandria
Alexandria, Louisiana
Statement of Fiduciary Net Assets
Fiduciary Funds
April 30, 2009**

Exhibit K

	Pension Trust Funds		
	City Employees' Retirement System (12/31/08)	Firemen's Pension and Relief Fund	Total
Assets			
Cash and cash equivalents	\$ 5,030,090	\$ 6,373	\$ 5,036,463
Receivables			
Interest and dividends	682,135	-	682,135
Investments, at fair value			
Corporate bonds	15,688,848	-	15,688,848
Corporate stocks	41,735,751	-	41,735,751
U.S. Government agency notes	8,089,631	-	8,089,631
Zero coupon treasury receipts	3,420,995	-	3,420,995
GNMA notes	48,232	-	48,232
Certificate of deposit	-	93,556	93,556
Total Investments	68,983,457	93,556	69,077,013
Capital assets			
Furniture, fixtures and equipment-net	1,979	-	1,979
Total Capital Assets	1,979	-	1,979
Total Assets	74,697,661	99,929	74,797,590
Liabilities			
Payroll taxes withheld	570	-	570
Total Liabilities	570	-	570
Net Assets			
Held in trust for pension benefits	\$ 74,697,091	\$ 99,929	\$ 74,797,020

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

City of Alexandria
Alexandria, Louisiana
Statement of Changes in Fiduciary Net Assets
Fiduciary Funds
For the Year Ended April 30, 2009

Exhibit L

	Pension Trust Funds		
	City Employees' Retirement System (12/31/08)	Firemen's Pension and Relief Fund	Total
Additions			
Contributions			
Employer	\$ 5,518,590	\$ 25,000	\$ 5,543,590
Plan members	2,283,354	-	2,283,354
Total Contributions	<u>7,801,944</u>	<u>25,000</u>	<u>7,826,944</u>
Investment earnings			
Net appreciation (depreciation) in fair value of investments	(20,181,988)	-	(20,181,988)
Interest	1,982,050	1,964	1,984,014
Dividends	1,523,904	-	1,523,904
Total Investment Earnings	<u>(16,676,034)</u>	<u>1,964</u>	<u>(16,674,070)</u>
Total Additions	<u>(8,874,090)</u>	<u>26,964</u>	<u>(8,847,126)</u>
Deductions			
Plan benefits	6,032,791	21,124	6,053,915
DROP benefits	255,963	-	255,963
Refunds/transfers of contributions	253,049	-	253,049
Administrative	132,259	-	132,259
Total Deductions	<u>6,674,062</u>	<u>21,124</u>	<u>6,695,186</u>
Change in Net Assets	(15,548,152)	5,840	(15,542,312)
Net Assets, Beginning of Year	<u>90,245,243</u>	<u>94,089</u>	<u>90,339,332</u>
Net Assets End of Year	<u>\$ 74,697,091</u>	<u>\$ 99,929</u>	<u>\$ 74,797,020</u>

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

Notes to Financial Statements

City of Alexandria, Louisiana
April 30, 2009

Notes to Financial Statements

1. Organization And Significant Accounting Policies

The City of Alexandria, Louisiana (City) is governed under the provisions of the Home Rule Charter adopted June 7, 1977. The City operates under a Mayor - City Council form of government.

The accompanying financial statements of the City have been prepared in conformity with accounting principles generally accepted in the United States of America (GAAP) as applied to governmental units. The Governmental Accounting Standards Board (GASB) is the accepted standard-setting body for establishing governmental accounting and financial reporting principles. GAAP includes all relevant GASB pronouncements. In the government-wide financial statements and the fund financial statements for the proprietary funds, Financial Accounting Standards Board (FASB) pronouncements and Accounting Principles Board (APB) opinions issued on or before November 30, 1989, have been applied unless those pronouncements conflict with or contradict GASB pronouncements, in which case GASB prevails.

The accounting and reporting framework and the more significant of the City's accounting policies are described below.

A. The Financial Reporting Entity

As mentioned above, the City of Alexandria is governed under the provisions of the Home Rule Charter and operates under a Mayor - City Council form of government. As required by accounting principles generally accepted in the United States of America, these financial statements present the City of Alexandria and its component units.

Blended Component Units. The Youth Baseball Recreation Board was authorized by the City Council and is governed by a four member board made up of three representatives from the various baseball leagues and one member appointed by the City. The Youth Recreation Fund is reported as if it were part of the primary government because its sole purpose is to operate and maintain the City's baseball complex. The City provides a subsidy to the Board, primarily to finance the operations of the complex.

Discretely Presented Component Units. The component unit columns in the government-wide statements of net assets and statement of activities include the financial data of the City's other component units. They are reported in a separate column to emphasize that they are legally separate from the City. The City Marshal and the City Judge are elected by the voters of the City of Alexandria. The financial statements of each of these entities are included as of their respective fiscal years ended September 30, 2008.

1. The Alexandria City Marshal is responsible for enforcing judgments of city court, maintaining order within the city court, and collection of city court fines.
2. The Alexandria City Court is responsible for hearing court cases involving violations of city laws and ordinances and for rendering judgments thereon.

City of Alexandria, Louisiana
April 30, 2009

Notes to Financial Statements

Complete financial statements for each of the two discretely presented component units can be obtained from their respective administrative offices:

Administrative Offices:

Alexandria City Marshal
515 Washington Street
Alexandria, Louisiana

Alexandria City Court
515 Washington Street
Alexandria, Louisiana

B. Basis of Presentation and Accounting

The accounting system is organized and operated on the basis of funds. A fund is defined as a fiscal and accounting entity with a self-balancing set of accounts, which are segregated for the purpose of carrying on specific activities or attaining certain objectives in accordance with special regulations, restrictions or limitations.

The City's funds are grouped into two broad fund categories and six generic fund types for financial statement presentation purposes. Governmental funds include the general, special revenue, debt service and capital projects. Proprietary funds include enterprise funds and internal service funds. The City has two pension trust funds.

Government-Wide Financial Statements (GWFS)

The government-wide financial statements, "*Statement of Net Assets*" and "*Statement of Activities*", report information on all of the non-fiduciary activities of the primary government. Government activities, which normally are supported by taxes and intergovernmental revenues, are reported separately from business-type activities, which primarily rely on fees and charges for support. Internal service fund activity is eliminated to avoid "doubling up" revenues and expenses. Pension trust funds are excluded from the government-wide financial statements.

The government-wide statements are prepared using the economic resources measurement focus and the accrual basis of accounting. This is the same approach used in the preparation of the proprietary fund financial statements but differs from the manner in which governmental fund financial statements are prepared. Therefore, governmental fund financial statements include reconciliations with brief explanations to better identify the relationship between the government-wide statements and the statements for governmental funds. The primary effect of internal activity has been eliminated from the government-wide financial statements.

The government-wide Statement of Activities presents a comparison between expenses (both direct and indirect) and program revenues for each segment of the business type activities of the City and for each governmental program. Direct expenses are those that are specifically associated with a service, program or department and are therefore clearly identifiable to a particular function. Indirect expenses are not allocated to governmental activities functions in the Statement of Activities but are allocated to business-type functions. Program revenues include (a) fees, fines, and charges paid by the recipients if goods or services are offered by the program, and (b) grants and contributions that are restricted to meeting the operational or capital requirements of a particular program. Revenues not classified as program revenue are presented as general revenues. The comparison of program revenues and expenses identifies the extent to which each program or business segment is self-financing or draws from the general revenues of the City.

City of Alexandria, Louisiana
April 30, 2009

Notes to Financial Statements

Net assets are reported as restricted when constraints placed on net asset are either externally imposed by creditors (such as through debt covenants), grantors, contributors, or laws or regulations of other governments or imposed by law through constitutional provisions or enabling legislation. The net assets restricted for other purposes result from special revenue funds, debt service funds, and capital project funds with their respective net asset use.

Fund Financial Statements

Fund financial statements report detailed information about the City. The focus of governmental and enterprise fund financial statements is on major funds rather than reporting by fund type. Each major fund is presented in a separate column. Nonmajor funds are aggregated and presented in a single column. The internal service funds are presented in a single column on the face of the proprietary fund statements. Therefore, separate financial statements are provided for governmental funds, propriety funds, and fiduciary funds, even though the latter are excluded from the government-wide financial statements.

Governmental Funds

All governmental funds are accounted for using the modified accrual basis of accounting and the current financial resources measurement focus. Under this basis, revenues are recognized in the accounting period in which they become measurable and available. Expenditures are recognized in the accounting period in which the fund liability is incurred, if measurable.

The major governmental funds are:

- General Fund – This is the City's primary operating fund. This fund accounts for all financial resources except those required to be accounted for in another fund.
- Special Revenue – City Sales Tax Fund – This fund accounts for the proceeds of the 1976 one-percent (1%), the 2008 one-percent (1%) city sales and use tax, and the 2005 one-half percent (½%) city sales and use tax.
- General Capital Projects Fund – This fund accounts for various capital projects. Funding is provided by intergovernmental grants and transfers of funds designated for capital improvements from the City Sales Tax Fund.
- General Capital Projects '08 Limited Tax Bonds Fund – This fund accounts proceeds from the sale of \$15,000,000 Limited Tax Revenue Bonds, Series 2008 and subsequent expenditure of the funds.
- General Capital Projects '08 Sales Tax Bonds Fund – This fund accounts proceeds from the sale of \$25,000,000 Sales Tax Revenue Bonds, Series 2008 and subsequent expenditure of the funds.

Revenue Recognition

In applying the susceptible to accrual concept under the modified accrual basis, the following revenue sources are deemed to be measurable and available (i.e., collectible with the current period or within 60 days after year end and available to pay obligations in the current period). This includes property taxes, franchise taxes, sales taxes, grants, interest revenue, and charges for services. Fines, permits, and license revenues are not susceptible to accrual because generally they are not measurable until received in cash. Reimbursements due for federally and state funded projects are accrued as revenue at the time the expenditures are made, or when received in advance, deferred until expenditures are made.

City of Alexandria, Louisiana
April 30, 2009

Notes to Financial Statements

Expenditure Recognition

The measurement focus on governmental fund accounting is on decreases in net financial resources (expenditures) rather than expenses. Most expenditures are measurable and are recorded when the related fund liability is incurred. However, principal and interest on general long-term debt, which has not matured, are recognized when paid. Allocations of costs, such as depreciation and amortization, are not recognized in the governmental funds.

Proprietary Funds

All proprietary funds are accounted for using the accrual basis of accounting. These funds account for operations that are primarily financed by user charges. The economic resource focus concerns determining costs as a means of maintaining the capital investment and management control. Revenues are recognized when earned and expenses when incurred. Allocations of costs, such as depreciation, are recorded in proprietary funds. Unbilled service receivables are recorded at each year-end.

Proprietary funds distinguish operating revenues and expenses from non-operating items. Operating revenues and expenses generally result from providing services and producing and delivering goods in connection with a proprietary fund's principal ongoing operations. The principal operating revenues of the City's enterprise funds and internal service funds include charges to customers for sales and services, transit fees, and employer and employee insurance premiums. All revenues not meeting this definition are reported as non-operating revenues. Operating expenses for enterprise funds and internal service funds include the costs of sales and services, administrative expenses, benefits paid and depreciation on capital assets.

The major proprietary fund of the City is the Utilities System Fund, which accounts for electricity, natural gas, water and wastewater services provided to residents of the City and general surrounding areas.

The City maintains three internal service funds as follows:

- Risk Management Fund is used to account for the provision of various insurance coverage to the other funds of the City through incorporation of self insurance and premiums paid for third party coverage for certain stop loss levels.
- Employee Benefits Insurance Fund is used to account for the provision of hospitalization/health insurance to employees of the City. A defined amount is self insured and provision is made for excess coverage through premiums paid to a third party. In addition, certain life insurance is provided for employees through premiums paid to a third party insurance carrier.
- Unemployment Benefits Fund is used to account for the provision of unemployment benefits to the other funds of the City through self-insurance coverage.

City of Alexandria, Louisiana
April 30, 2009

Notes to Financial Statements

Fiduciary Funds

The City currently has two pension trust fiduciary funds as follows:

- City Employees' Retirement System Fund is used to accumulate resources for retirement benefits for City employees covered under the plan.
- Firemen's Pension And Relief Fund is used to account for benefits paid to members of this plan. The City is required to contribute an amount sufficient to meet any deficit of the Fund without regard for reserve requirements accruing on an actuarial basis.

Fiduciary funds are used to account for assets held on behalf of outside parties, including other governments, or on behalf of other funds within the City. The City maintains the above pension trust funds to account for the City's employee pension funds. Trust funds are used to account for assets held by the government in a trustee capacity.

The accrual basis of accounting is utilized by proprietary fund types and pension trust funds. Under this method, revenues are recorded when earned and expenses are recorded at the time liabilities are incurred.

C. Budgets and Budgetary Accounting

Annual appropriated operating budgets of proposed expenditures and the means of financing them are adopted for the general, special revenue, and debt service funds. Budgeted amounts are as originally adopted, or as amended from time to time by the Council. Budgets are adopted consistent with accounting principles generally accepted in the United States of America.

Budgets are adopted on a line item basis. Administrative amendments can be made on a departmental basis between line item accounts only. Interdepartmental amendments, interfund amendments, and additional appropriations from one fund to another are subject to Council approval. The overall level of control is on an interdepartmental basis.

Annual operating budget appropriations expire at the close of the fiscal year to the extent not expended.

D. Encumbrances

Encumbrance accounting, under which purchase orders, contracts, and other commitments for the expenditure of monies are recorded in order to reserve that portion of the applicable appropriation, is employed by the General Fund, Special Revenue Funds, and Capital Projects Funds. Encumbrances at year end, if material, are reported as reservations of fund balances.

City of Alexandria, Louisiana
April 30, 2009

Notes to Financial Statements

E. Cash and Cash Equivalents; Investments

Cash - Cash includes amounts on hand and in demand deposits. For the purpose of the statement of cash flows, management considers all highly liquid investments, excluding restricted assets, with a maturity of three months or less when purchased to be cash equivalents.

Investments - Investments are reported at fair value. Fair value is the amount at which an investment could be exchanged in a current transaction between willing parties, other than in a forced or liquidation sale. Certificates of deposit classified as investments are valued at cost, which equals fair value. U.S. Treasury Notes are valued based on quoted market prices. Corporate bonds are valued based on yields currently available on comparable securities of issuers with similar credit ratings. Securities traded on national securities exchanges are valued at the last reported sales price on the last business day of the plan year. Investments traded in the over-the-counter market are valued at the average of the last reported bid and asked prices. Mortgages have been valued on the basis of their future principal and interest payments discounted at prevailing interest rates for similar investments.

F. Internal Balances (Due from/to Other Funds)

During the course of operations, numerous transactions occur between individual funds for goods provided or services rendered. These receivables and payables are classified as internal balances on the statement of net assets and as due from/to other funds in the fund financial statements.

Amounts reported in the fund financial statements as interfund receivables and payables are eliminated in the government-wide governmental and business-type activities columns of the statement of net assets, except for the net residual amounts due between governmental and business-type activities, which are presented as internal balances.

G. Inventories

Inventories are valued at the lower of cost (first-in, first-out) or market, with the exception of central warehouse inventory and fuel, which are valued at average cost. Inventories are accounted for in the funds using the consumption method, whereby expenditures are recognized as inventory is used.

H. Restricted Assets

Certain Enterprise Fund assets are classified as restricted assets because their use is restricted to certain activities by law or bond covenants. "Revenue Bond Current Debt Service accounts" are used to report resources accumulated for May 1st maturities of revenue bonds principal and interest. "Customers' Deposit accounts" are used to account for funds received from customers for utilities deposits. "Revenue Bond Reserve accounts" are used to report resources set aside for potential future deficiencies in the Revenue Bond Current Debt Service accounts. "Revenue Bond Capital Additions and Contingencies accounts" are used to report resources set aside to meet unexpected contingencies or to fund asset renewals and replacements. "Special Projects accounts" are funds restricted by Council action for certain designated projects. "Utilities Capital Projects accounts" are used to account for funds set aside for capital additions, renewals, and replacements.

City of Alexandria, Louisiana
April 30, 2009

Notes to Financial Statements

I. Capital Assets and Depreciation

The accounting and reporting treatment applied to the capital assets associated with a fund are determined by its measurement focus. General capital assets are long-lived assets of the City as a whole. When purchased, such assets are recorded as expenditures in the governmental funds.

In the Government-Wide Financial Statements, capital assets, including general capital assets are capitalized and depreciated on a straight-line basis over their estimated useful lives. Public domain ("infrastructure") capital assets consisting of roads, bridges, curbs and gutters, streets and sidewalks, drainage systems, and lighting systems are capitalized. The valuation basis for capital assets is historical cost, or when historical cost is not available, estimated historical cost. Donated capital assets are valued at estimated fair value on date of donation. The minimum capitalization threshold is as follows:

Land	All costs
Buildings and building improvements	Greater than \$ 50,000
Machinery and equipment	Greater than \$ 5,000
Furniture and fixtures	Greater than \$ 5,000
Vehicles	Greater than \$ 5,000
Infrastructure	Greater than \$250,000

Capital assets in the proprietary funds are capitalized in the fund in which they are utilized. The valuation basis for proprietary fund capital assets are the same as those used for general capital assets. Donated assets are capitalized at estimated fair market value on the date donated.

Interest is capitalized on proprietary fund assets acquired with tax-exempt debt. The amount of interest to be capitalized is calculated by offsetting interest expense incurred from the date of the borrowing until completion of the project with interest earned on invested proceeds over the same period. Interest capitalized during the current period totaled \$244,855.

J. Bond Issuance Costs

In governmental funds, bond issuance costs are recognized in the current period. Bond issuance costs for proprietary fund types are deferred and amortized over the term of the bonds using the bonds-outstanding method, which approximates the effective interest method. Bond issuance costs for proprietary fund types are recorded as deferred charges.

K. Compensated Absences

Vested or accumulated leave is accrued in the period the liability is incurred. Compensated absences expected to be financed from governmental funds are not reported in the Balance sheet of the Fund Financial Statements; however, compensated absences are reported in the statement of Net Assets in the Government-Wide Financial Statements. Vested or accumulated leave of proprietary funds is recorded as an expense and liability of those funds as the benefits accrue to employees. No liability is recorded for compensated absences that relate to future services or that are contingent on a specific event that is outside the control of the employer and employee.

City of Alexandria, Louisiana
April 30, 2009

Notes to Financial Statements

L. Long-term Liabilities

Long-term liabilities expected to be financed from governmental funds are not reported in the Balance Sheet for the Fund Financial Statements; however, such long-term obligations are reported in the Statement of Net Assets in the Government-Wide Financial Statements. Interest expense on long-term debt is recognized in the Government-Wide Financial Statements as the interest accrues, regardless of when it is due. Long-term liabilities expected to be financed from proprietary fund operations are accounted for in those funds.

M. Supplemental Wages

Certain employees of the police and fire departments receive supplemental wages from the State of Louisiana. These supplemental wages are recognized as intergovernmental revenue and public safety expenditures in the General Fund.

N. Interfund Transactions

Quasi-external transactions, if any, are accounted for as revenues or expenditures. Transactions that constitute reimbursements to a fund for expenditures, initially made from it that are properly applicable to another fund, are recorded as expenditures in the reimbursing fund and as reductions of expenditures in the fund that is reimbursed. All other interfund transactions are reported as transfers.

O. Estimates

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

2. Cash and Cash Equivalents; Equity in Pooled Cash and Investments; and Investments

Cash and cash equivalents – governmental and business-type activities

At year-end, the City's deposits were covered by depository insurance or collateral held by the City or its agent in the City's name.

Equity in pooled cash and investments – governmental and business-type activities

The City maintains separate cash and investment pools that are available for use by all funds not required to maintain separate accounts in accordance with state law or bond indentures. At year-end, equity in pooled cash and equivalents consisted of the following:

Cash in interest-bearing demand deposits	\$ 48,991,295
Certificates of deposit with maturities of less than one year	<u>30,000,000</u>
	78,991,295
Less individual funds pooled cash overdraft	<u>(448,263)</u>
	\$ 78,543,032

City of Alexandria, Louisiana
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Notes to Financial Statements

At year-end, the City's pooled cash and investments were covered by depository insurance or collateral held by the City or its agent in the City's name.

Investments – governmental and business-type activities

The City may invest in United States bonds, treasury notes, or time certificates of deposit of any bank domiciled or having a branch office in the State of Louisiana, investments as stipulated in state law, or any other federally insured investment. At year-end, the City's investments in governmental and business-type activities consisted of certificates of deposit with maturities of less than one year. These investments were covered by depository insurance or collateral held by the City or its agent in the City's name.

Cash and equivalents – employee retirement plans

At year-end, the City's deposits were covered by depository insurance or collateral held by the City or its agent in the City's name.

Investments – employee retirement plans

At year-end, the employee retirement plans had the following investments and maturities:

Investment Type	Fair Value	Investment Maturities (In Years)			
		Less than 1	1 – 5	6 – 10	More than 10
Corporate bonds	\$ 15,688,848	\$	\$ 68,000	\$ 2,713,281	\$ 12,907,567
Zero coupon treasury receipts	3,420,995		1,009,016	2,411,979	
U. S. agencies obligations	8,089,631				8,089,631
GMNA mortgage notes	48,232	48	7,890	35,251	5,043
Total interest-bearing	27,247,706	\$ 48	\$ 1,084,906	\$ 5,160,511	\$ 21,002,241
Common stocks	37,752,397				
Preferred stocks	3,983,354				
Certificate of deposit	93,556				
	<u>\$ 69,077,013</u>				

Interest Rate Risk: The employee retirement plans do not have a formal investment policy that limits investment maturities as a means of managing their exposure to fair value losses arising from rising interest rates.

Credit Risk: The employee retirement plans may invest in United States bonds, treasury notes, or time certificates of deposit of any bank domiciled or having a branch office in the State of Louisiana, investments as stipulated in state law, or any other federally insured investment. In addition, the City of Alexandria Employees' Retirement System may invest in corporate stocks and bonds. The City of Alexandria Employees' Retirement System's investment polices limits its corporate debt investments to bonds rated at least BBB by Standards and Poor's or Baa by Moody's Investors Service.

City of Alexandria, Louisiana
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Notes to Financial Statements

Custodial Credit Risk: For an investment, custodial credit risk for deposits is the risk that, in the event of the failure of a depository financial institution, the government will not be able to recover its deposits. At year-end, the employee retirement plans' certificates of deposit included in investments were covered by depository insurance or collateral held by the plans or the plans' agents in the plans' name. The custodial credit risk for investments is the risk that, in the event of the failure of the counterparty to a transaction, a government will not be able to recover the value of investment or collateral securities that are in the possession of an outside party. All other investments are held by the plan or its agents in the plan's name.

3. Receivables

Receivables as shown in the Fund Financial Statements, at April 30, 2009, consist of the following:

	<u>Governmental Funds</u>	<u>Proprietary Funds</u>	<u>Internal Service Funds</u>	<u>Totals</u>
Receivables				
Taxes - sales	\$ 3,227,669	\$	\$	\$ 3,227,669
Accounts				
Uncollected cycle billings		5,134,122		5,134,122
Estimated unbilled services		9,789,992		9,789,992
Interest	15,152			15,152
Other	<u>812,530</u>	<u>6,042</u>	<u>76,583</u>	<u>895,155</u>
Gross receivables	4,055,351	14,930,156	76,583	19,062,090
Allowance for uncollectibles	<u>(42,976)</u>	<u>(1,220,000)</u>		<u>(1,262,976)</u>
Net receivables	\$ 4,012,375	\$ 13,710,156	\$ 76,583	\$ 17,799,114
Intergovernmental				
Federal	336,935	2,539,151		2,876,086
State	371,821	36,914		408,735
Local	<u>316,745</u>			<u>316,745</u>
Total Intergovernmental	<u>\$ 1,025,501</u>	<u>\$ 2,576,065</u>	<u>\$ -</u>	<u>\$ 3,601,566</u>
Total receivables	\$ 5,037,876	\$ 16,286,221	\$ 76,583	\$ 21,400,680

Ad valorem taxes attach as an enforceable lien on property as of January 1st of each year. Taxes are levied by the City normally in October and are actually billed to the taxpayers in November. Billed taxes become delinquent on January 1st of the following year. Revenues from ad valorem taxes are budgeted in the year billed. The City bills and collects its own property taxes using the assessed values determined by the tax assessor of Rapides Parish.

For the year ended April 30, 2009, taxes of 20.23 mills were levied on property with assessed values totaling \$339,391,204 and were dedicated as follows:

Streets and drainage	11.25 mills
Debt service	2.15 mills
General purpose	6.83 mills

Total taxes levied were \$6,865,884 of which a balance of \$-0- representing current taxes, (net of allowance for uncollectibles) remained uncollected at April 30, 2009.

City of Alexandria, Louisiana
April 30, 2009

Notes to Financial Statements

Receivables arising from utility services provided to customers consist of uncollected billings rendered customers on monthly cycle billings and estimated services provided customers between billing cycles. The allowance for uncollectible accounts includes \$1,220,489, which represents the projected uncollectible utility accounts at April 30, 2009.

4. Due From/To Other Funds and Transfers

Amounts due from and to other funds as reported in the fund financial statements, at April 30, 2009, consist of the following:

Receivable Fund	Payable Fund	Amount
General	City Sales Tax	\$ 4,566,351
General	Home Investment Partnership Program	1,796
General	Youth Baseball	934
General	Utilities System	6,211,835
General	Sanitation	37,477
General	Municipal Bus Line	216,962
General	Risk Management	15
Community Development	Home Investment Partnership Program	476
Community Development	General	4,658
General Capital Projects	City Sales Tax	658,443
Total Governmental Funds		11,698,947
Municipal Bus Line	Utilities System	182,858
Sanitation	Utilities System	156,981
Zoological Park	General	2,513
Utilities System	Golf Course	4,748
Utilities System	General Capital Projects	119,000
Utilities System	Community Development Block Grant	30
Utilities System	Sanitation	121,003
Total Enterprise Funds		587,133
Total Due From/To Other Funds		\$ 12,286,080

The balances reflected in interfunds represent either routine charges for goods and services or permanent (non-loan) transfers from one fund to another. These balances are settled periodically. The amounts here represent activity since the last settlement.

City of Alexandria, Louisiana
April 30, 2009

Notes to Financial Statements

Transfers, for the year ending April 30, 2009, shown in the fund financial statements were as follows:

Transfers in	Transfers out	Amount
General	City Sales Tax	\$ 27,891,897
General	General Capital Projects	310,000
General	Utilities System	7,965,517
General	Sanitation	761,534
General	Municipal Bus Line	455,610
General	Zoological Park	281,442
General	Golf Course	43,198
General Capital Projects	City Sales Tax	4,107,485
General Capital Projects	Utilities System	135,000
General Capital Projects	General Capital Projects Tax Call	13,200
General Capital Projects	General Capital Projects 1993 Drainage	166,773
Home Investment Ptns Program	Hotel Economic Development	17,714
Riverfront Center	General	257,692
Debt Service	General Capital Projects '08 ST Bonds	1,978,750
Debt Service	General Capital Projects Property Tax Call	1,250,621
Debt Service	City Sales Tax	2,447,656
Total Governmental Funds		48,084,089
Utilities System	Sanitation	164,991
Utilities System	Municipal Bus Line	39,077
Municipal Bus Line	Utilities System	2,304,099
Municipal Bus Line	General Capital Projects	30,698
Golf Course	General	343,573
Zoological Park	General	2,355,699
Sanitation	General	1,939,710
Total Enterprise Funds		7,177,847
Employee Benefits Insurance	General	16,499
Employee Benefits Insurance	Utilities System	6,966
Employee Benefits Insurance	Sanitation	1,108
Employee Benefits Insurance	Municipal Bus Line	848
Total Internal Service Funds		25,421
Total Transfers		\$ 55,287,357

The transfers are movements of money from one fund to another. These can be required by law (City Sales Tax transfers to other funds) or merely serve as a means to finance activities in the receiving fund (Utility transfers to General Fund and Transit Fund). As in the interfunds above, these are not loans, i.e., the receiving fund does not pay it back.

City of Alexandria, Louisiana
April 30, 2009

Notes to Financial Statements

5. Restricted Assets

At April 30, 2009, restricted assets of the Utility System Enterprise Fund consist of equity in pooled cash and investments totaling \$19,677,819 as follows:

Revenue bond current debt service	\$ 3,159,708
Customers' deposits	4,189,594
Special projects	150,000
Revenue bond reserve	1,061,225
Revenue bond capital additions and contingencies	1,000,000
Utilities capital projects - unexpended bond funds	7,323,899
Utilities capital projects - other	<u>2,793,393</u>
	\$ 19,677,819

6. Capital Assets and Depreciation

Capital asset activity for the year ended April 30, 2009, was as follows:

	<u>Balance</u> <u>May 1, 2008</u>	<u>Increases</u>	<u>Decreases</u>	<u>Balance</u> <u>April 30, 2009</u>
Governmental Activities				
Capital Assets not Being Depreciated				
Land and land improvements	\$ 10,786,505	\$ 3,270,172	\$ -	\$ 14,056,677
Infrastructure in progress	<u>18,380,266</u>	<u>9,720,944</u>	<u>(7,860,194)</u>	<u>20,241,016</u>
Total Capital Assets not Being Depreciated	29,166,771	12,991,116	(7,860,194)	34,297,693
Other Capital Assets				
Buildings and improvements	90,090,472		-	90,090,472
Furniture and fixtures	893,337	6,500	(5,810)	894,027
Equipment	12,700,837	978,666	(433,708)	13,245,795
Vehicles	10,568,258	1,626,017	(463,343)	11,730,932
Infrastructure	<u>71,544,569</u>	<u>13,158,022</u>	<u>-</u>	<u>84,702,591</u>
Total Other Capital Assets	185,797,473	15,769,205	(902,861)	200,663,817
Accumulated Depreciation				
Buildings and improvements	(24,260,693)	(2,307,030)	-	(26,567,723)
Furniture and fixtures	(784,844)	(4,466)	5,010	(784,300)
Equipment	(9,291,635)	(1,071,753)	390,083	(9,973,305)
Vehicles	(7,280,895)	(1,136,941)	454,596	(7,963,240)
Infrastructure	<u>(26,649,320)</u>	<u>(2,250,746)</u>	<u>-</u>	<u>(28,900,066)</u>
Total Accumulated Depreciation	<u>(68,267,387)</u>	<u>(6,770,936)</u>	<u>849,689</u>	<u>(74,188,634)</u>
Other Capital Assets, Net	<u>117,530,086</u>	<u>8,998,269</u>	<u>(53,172)</u>	<u>126,475,183</u>
Net Capital Assets	\$ 146,696,857	\$ 21,989,385	\$(7,913,366)	\$ 160,772,876

City of Alexandria, Louisiana
April 30, 2009

Notes to Financial Statements

Depreciation increases (expense) other than transfers in of \$51,236 was charged to functions as follows:

Governmental Activities	
General government	\$ 1,620,553
Public safety	1,559,026
Public works	3,532,423
Community Development	<u>3,749</u>
Total Depreciation Expense for Governmental Activities	\$ 6,715,751

Fixed assets are depreciated using the straight-line method over the following estimated useful lives:

Buildings and improvements	10 - 40 years
Furniture and fixtures	3 - 10 years
Equipment	3 - 50 years
Vehicles	3 - 10 years
Infrastructure	25 - 40 years

The City looks at individual projects in considering capitalizing infrastructure. To be capitalized, the project cost must be \$250,000 or greater. Donated assets, such as by developers, are subject to the threshold. Actual cost is used when available, estimated cost is used otherwise.

Estimations of useful lives are as follows:

Streets	40 years
Drainage	25 years
Traffic signals	25 years

	<u>Balance</u> <u>May 1, 2008</u>	<u>Increases</u>	<u>Decreases</u>	<u>Balance</u> <u>April 30, 2009</u>
Business-Type Activities				
Capital Assets not Being Depreciated				
Land	\$ 2,660,646	\$ 82,968	\$ -	\$ 2,743,614
Construction in progress	<u>8,512,569</u>	<u>8,829,684</u>	<u>(3,398,162)</u>	<u>13,944,091</u>
Total Capital Assets not Being Depreciated	11,173,215	8,912,652	(3,398,162)	16,687,705
Other Capital Assets				
Plant and equipment	212,561,965	6,687,321	(1,063,721)	218,185,565
Buildings and improvements	5,701,458	-	-	5,701,458
Vehicles and buses	11,214,530	953,176	(707,719)	11,459,987
Furniture, fixtures and equipment	<u>2,333,498</u>	<u>85,186</u>	<u>(8,992)</u>	<u>2,409,692</u>
Total Other Capital Assets	231,811,451	7,725,683	(1,780,432)	237,756,702
Accumulated Depreciation				
Plant and equipment	(118,108,140)	(6,325,907)	1,004,540	(123,429,507)
Buildings and improvements	(2,462,239)	(118,890)	-	(2,581,129)
Vehicles and buses	(6,643,325)	(1,058,053)	650,067	(7,051,311)
Furniture, fixtures and equipment	<u>(1,629,793)</u>	<u>(165,076)</u>	<u>5,844</u>	<u>(1,789,025)</u>
Total Accumulated Depreciation	<u>(128,843,497)</u>	<u>(7,667,926)</u>	<u>1,660,451</u>	<u>(134,850,972)</u>
Other Capital Assets, Net	<u>102,967,954</u>	<u>57,757</u>	<u>(119,981)</u>	<u>102,905,730</u>
Net Capital Assets	\$114,141,169	\$ 8,970,409	\$(3,518,143)	\$119,593,435

City of Alexandria, Louisiana
April 30, 2009

Notes to Financial Statements

Depreciation was charged to functions as follows:

Business-Type Activities	
Electricity	\$ 2,407,018
Natural gas	1,364,402
Water	1,175,515
Waste water	1,668,974
Municipal bus line	389,181
Sanitation	233,760
Municipal zoo	147,701
Municipal golf course	<u>281,375</u>
Total Depreciation Expense for Business-Type Activities	\$ 7,667,926

Fixed assets are depreciated using the straight-line method over the following estimated useful lives:

Buildings and improvements	10 - 40 years
Furniture and fixtures	3 - 10 years
Plant and equipment	3 - 50 years
Vehicles	3 - 10 years

A summary of significant budgeted construction or renovation projects is presented below:

	<u>Project Authorization</u>	<u>Expended To Date</u>	<u>Commitment</u>	<u>Required Further Financing</u>
Utilities System Enterprise Fund				
Electric	\$ 8,928,637	\$ 3,786,545	\$ 1,095,454	None
Gas	160,000	-	-	None
Water	3,544,689	580,658	436,340	None
Waste water	23,810,267	11,565,071	1,661,177	None
General and administrative	<u>2,867,496</u>	<u>860,770</u>	<u>242,805</u>	None
	\$ 39,311,089	\$ 16,793,044	\$ 3,435,776	

7. Risk Management

The City is exposed to various risks of loss related to torts; theft or damage to, and destruction of assets; errors and omissions; injuries to employees; and natural disasters. The City employs a Risk Management Fund (an internal service fund) to account for and finance its uninsured risks of loss. Under this program, the Risk Management Fund provides coverage up to the maximum amounts indicated in the following table. The City purchases commercial insurance for claims in excess of coverage provided by the Fund and for all other risks of loss. Settled claims did not exceed this commercial coverage for the fiscal year ended April 30, 2009. During a previous year, management of the City decided not to renew coverage for automobile liability. All claims are now handled by the City Attorney's office with the City primarily liable for any and all claim settlements.

City of Alexandria, Louisiana
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Notes to Financial Statements

	Loss Retained	
	Each Occurrence	In Aggregate
General liability/Law enforcement liability	\$500,000	\$ 2,000,000
Workers' compensation	500,000	Statutory
Public officials and employees liability	500,000	2,000,000
Property damage	100,000	(*)

(*) \$250,000,000 per occurrence with specified sub-limits

All funds of the City participate in the program and make payments to the Risk Management Fund based upon actuarial estimates of the amounts needed to pay prior and current year claims. The claims liability of \$4,856,285 as of April 30, 2009, is based on the requirements of GASB Statement No. 10, which requires that a liability for claims be reported if information prior to the issuance of the financial statements indicates that it is probable that a liability has been incurred at the date of the financial statements and the amount of the loss can be reasonably estimated. The City has elected to record the liability on the discounted basis.

Changes in the Fund's claims liability amount in the fiscal year ending April 30, 2009, were as follows:

Balance, beginning of the year	\$ 5,461,000
Current year claims and changes in estimates	1,498,427
Claims payments	<u>(2,103,142)</u>
Balance, end of the year	\$ 4,856,285

The City is a defendant in lawsuits, which are not covered by an insurance program, and is involved in ongoing disputes regarding certain class actions or potential class actions filed on behalf of past and present employees. The various disputes are primarily of employment or wage related matters. The City denies any liability or responsibility for wages or other claims and intends to contest the claim or claims vigorously and to not seek any out-of-court settlements. Legal counsel has advised that there is no specific estimate which can be made of the amount or range of the potential loss or exposure, if any, at this time.

The City is a plaintiff in a lawsuit with CLECO regarding the price paid for certain purchases of energy, for the Utilities System, from CLECO in previous years. In compliance with an order of the court, an independent audit of the records relating to those purchases was conducted. The parties entered into mediation regarding the matter and preliminary agreements were formulated. However, a final agreement has not been reached. The matter is set for trial on February 22, 2010. Management and legal counsel for the City are unable to provide reasonable estimates of the amount of recovery, if any, and it is not practical to calculate such amounts under current known facts and conditions. Management does not anticipate any liability resulting from the lawsuit accruing to the City.

8. Employee Benefits Insurance

The City employs an Employee Benefits Insurance Fund (an internal service fund) to account for and finance employee hospitalization/health insurance and certain employee life insurance. Under this program, the Employee Benefits Insurance Fund normally provides coverage for a maximum of \$50,000 per plan year for each covered employee's (and dependent's, if applicable) qualifying health claims. Commercial insurance is purchased for health claims in excess of self-insured maximum of \$50,000 for each covered employee's (and dependent's, if applicable) qualifying health claims. The Fund does not have a maximum aggregate retained loss. The Employee Benefits Insurance Fund also purchases certain employee life insurance from employee contributions.

City of Alexandria, Louisiana
April 30, 2009

Notes to Financial Statements

Applicable funds of the City and covered employees participate in the program and make payments to the Employee Benefits Insurance Fund based on estimates of the amount needed to pay current year claims. The claims liability of \$275,625 reported in the Fund at April 30, 2009, is based upon the requirements of GASB Statement No. 10, which requires that a liability for claims be reported if information prior to the issuance of the financial statements indicates that it is probable that a liability has been incurred at the date of the financial statements and the amount of the loss can be reasonably estimated. Changes in the Fund's claims liability amount in the fiscal year ending April 30, 2009, were as follows:

Balance, beginning of the year	\$ 851,366
Current year claims and changes in estimates	6,166,807
Claims payments	<u>(6,742,548)</u>
Balance, end of the year	\$ 275,625

9. Unemployment Benefits

The City employs an Unemployment Benefits Fund (an internal service fund) to pay self-insured unemployment claims under state statutes. All claims are administered by the state unemployment office. Approved claims are paid by the state, which invoices the City for reimbursement. All funds of the City participate in the program.

During the year ended April 30, 2009, no payments were paid to the Unemployment Benefits Fund. Management believes that sufficient investments are available in the Unemployment Benefits Fund to pay claims from investment earnings. Claims incurred as of April 30, 2009, are considered immaterial and are not included in this report.

10. Long-Term Liabilities

Governmental activities long-term liabilities are direct obligations and pledge the full faith and credit of the City. The City has incurred these liabilities to provide funds for the acquisition and construction of major capital additions, to provide funds for major capital projects, and to provide funds in connection with the merger of the City's Police Pension and Relief Fund into the statewide Municipal Police Employees' Retirement System and the City's Firemen Pension and Relief Fund into the statewide Firefighters' Retirement System. In addition, the City's obligation relative to the governmental funds' liability for compensated absences and extended risk management claims is reported as a governmental activities long-term liability.

The City has issued two types of revenue bonds. The first type is utility revenue bonds whereby the City pledges income derived from the acquired or constructed assets to pay debt service. This long-term debt is reported in the business-type activities. The second type is sales tax revenue bonds whereby the City has pledged revenue from specifically dedicated sales tax collections to pay debt service and is reported as governmental activities long-term liabilities.

City of Alexandria, Louisiana
April 30, 2009

Notes to Financial Statements

A summary of long-term debt, as of April 30, 2009, follows:

	<u>Maturity Dates</u>	<u>Interest Rates</u>	<u>Business-type Activities</u>	<u>Governmental Activities</u>
Governmental activities				
General Obligation				
Sales tax revenue bonds				
2002 Issue	2010 - 2024	2.50 - 5.00	\$	\$ 13,135,000
2008 Series	2010 - 2028	3.50 - 5.00		25,000,000
Ad valorem tax bonds -refunding	2010 - 2016	2.00 - 3.75		3,805,000
Limited Tax bonds - series 2008	2010 - 2018	3.50 - 4.00		14,345,000
Certificates of indebtedness				
Series 1998 A & B - refunding	2010 - 2014	4.65 - 6.00		1,635,000
Series 1998 C - refunding	2010 - 2022	5.75 - 6.85		12,625,000
Compensated absences				3,499,062
Risk Management Claims				5,131,910
Post employment benefit obligation				382,799
Business-type activities				
Enterprise Funds				
Utilities System revenue bonds				
2003 refunding	2009 - 2014	2.50 - 3.625	4,765,000	
2004 A capital additions	2009 - 2034	3.00 - 5.00	15,470,000	
2004 B refunding	2009 - 2021	3.00 - 5.00	16,825,000	
Certificates of indebtedness				
Series 2004 - capital additions	2009 - 2013	2.80 - 4.15	800,000	
Customer guaranteed deposits			4,189,594	
Compensated absences			1,432,408	
Totals			43,482,002	79,558,771
Current portion			(2,715,161)	(7,297,484)
Totals			\$ 40,766,841	\$ 72,261,287
Deferred loss on Revenue Bonds 2003 B refunding			(364,700)	
Totals			\$ 40,402,141	

During the year ended April 30, 2009, the following changes occurred in governmental activities long-term liabilities:

	<u>Balance 05/01/08</u>	<u>Additions</u>	<u>(Reductions)</u>	<u>Balance 04/30/09</u>
Governmental Activities Long-Term Debt				
Sales tax bonds	\$ 13,715,000	\$ 25,000,000	\$ (580,000)	\$ 38,135,000
Ad valorem tax bonds	4,260,000	15,000,000	(1,110,000)	18,150,000
Certificates of indebtedness	15,200,000		(940,000)	14,260,000
Compensated absences - net	2,984,094	514,968		3,499,062
Post employment benefit obligation - net	523,223		(140,424)	382,799
Risk management claims - net	6,312,366		(1,180,456)	\$ 5,131,910
Totals	\$ 42,994,683	\$ 40,514,968	\$ (3,950,880)	\$ 79,558,771

City of Alexandria, Louisiana
April 30, 2009

Notes to Financial Statements

A summary of long-term debt, as of April 30, 2009, follows:

	<u>Maturity Dates</u>	<u>Interest Rates</u>	<u>Business-type Activities</u>	<u>Governmental Activities</u>
Governmental activities				
General Obligation				
Sales tax revenue bonds				
2002 Issue	2010 - 2024	2.50 - 5.00	\$	\$ 13,135,000
2008 Series	2010 - 2028	3.50 - 5.00		25,000,000
Ad valorem tax bonds -refunding	2010 - 2016	2.00 - 3.75		3,805,000
Limited Tax bonds - series 2008	2010 - 2018	3.50 - 4.00		14,345,000
Certificates of indebtedness				
Series 1998 A & B - refunding	2010 - 2014	4.65 - 6.00		1,635,000
Series 1998 C - refunding	2010 - 2022	5.75 - 6.85		12,625,000
Compensated absences				3,499,062
Risk Management Claims				5,131,910
Post employment benefit obligation				382,799
Business-type activities				
Enterprise Funds				
Utilities System revenue bonds				
2003 refunding	2009 - 2014	2.50 - 3.625	4,765,000	
2004 A capital additions	2009 - 2034	3.00 - 5.00	15,470,000	
2004 B refunding	2009 - 2021	3.00 - 5.00	16,825,000	
Certificates of indebtedness				
Series 2004 - capital additions	2009 - 2013	2.80 - 4.15	800,000	
Customer guaranteed deposits			4,189,594	
Compensated absences			1,432,408	
Totals			43,482,002	79,558,771
Current portion			(2,715,161)	(7,297,484)
Totals			\$ 40,766,841	\$ 72,261,287
Deferred loss on Revenue Bonds 2003 B refunding			(364,700)	
Totals			\$ 40,402,141	

During the year ended April 30, 2009, the following changes occurred in governmental activities long-term liabilities:

	<u>Balance 05/01/08</u>	<u>Additions</u>	<u>(Reductions)</u>	<u>Balance 04/30/09</u>
Governmental Activities Long-Term Debt				
Sales tax bonds	\$ 13,715,000	\$ 25,000,000	\$ (580,000)	\$ 38,135,000
Ad valorem tax bonds	4,260,000	15,000,000	(1,110,000)	18,150,000
Certificates of indebtedness	15,200,000		(940,000)	14,260,000
Compensated absences - net	2,984,094	514,968		3,499,062
Post employment benefit obligation - net	523,223		(140,424)	382,799
Risk management claims - net	6,312,366		(1,180,456)	\$ 5,131,910
Totals	\$ 42,994,683	\$ 40,514,968	\$ (3,950,880)	\$ 79,558,771

City of Alexandria, Louisiana
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Notes to Financial Statements

	<u>Balance 04/30/09</u>	<u>Due within one year</u>	<u>Due in more than one year</u>
Governmental Activities Long-Term Debt			
Sales tax bonds	\$ 38,135,000	\$ 1,395,000	\$ 36,740,000
Ad valorem tax bonds	18,150,000	1,815,000	16,335,000
Certificates of indebtedness	14,260,000	990,000	13,270,000
Compensated absences - net	3,499,062	524,859	2,974,203
Post employment benefit obligation - net	382,799		382,799
Risk management claims - net	<u>5,131,910</u>	<u>2,572,625</u>	<u>2,559,285</u>
Totals	\$ 79,558,771	\$ 7,297,484	\$ 72,261,287

The annual requirements to amortize outstanding governmental activities long-term debt excluding compensated absences, post employment benefit obligation, and risk management claims are as follows:

<u>Year ended April 30,</u>	<u>Principal Payments</u>	<u>Interest Payments</u>	<u>Total</u>
2010	\$ 4,200,000	\$ 3,102,969	\$ 7,302,969
2011	4,390,000	2,934,694	7,324,694
2012	4,600,000	2,765,127	7,365,127
2013	4,820,000	2,584,203	7,404,203
2014	4,850,000	2,391,046	7,241,046
2015-2019	22,955,000	8,684,239	31,639,239
2020-2024	16,180,000	3,858,925	20,038,925
2025-2029	<u>8,550,000</u>	<u>1,100,972</u>	<u>9,650,972</u>
	\$ 70,545,000	\$ 27,422,175	\$ 97,967,175

During the year ended April 30, 2009, the following changes occurred in business-type activities long-term liabilities:

	<u>Balance 05/01/08</u>	<u>Additions</u>	<u>(Reductions)</u>	<u>Balance 04/30/09</u>
Business-Type Activities Long-Term Debt				
Revenue bonds	\$ 41,345,000	\$	\$ (4,285,000)	\$ 37,060,000
Certificates of indebtedness	950,000		(150,000)	800,000
Compensated absences - net	1,400,684	31,724		1,432,408
Customer guaranteed deposits - net	<u>4,104,554</u>	<u>85,040</u>		<u>4,189,594</u>
Totals	\$ 47,800,238	\$ 116,764	\$ (4,435,000)	\$ 43,482,002

	<u>Balance 04/30/09</u>	<u>Due within one year</u>	<u>Due in more than one year</u>
Business-Type Activities Long-Term Debt	\$ 43,482,002	\$ 2,715,161	\$ 40,766,841

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The annual requirements to amortize outstanding business-type activities long-term debt excluding customer guaranteed deposits and compensated absences are as follows:

<u>Year ended April 30,</u>	<u>Principal Payments</u>	<u>Interest Payments</u>	<u>Total</u>
2010	\$ 2,500,000	\$ 1,600,685	\$ 4,100,685
2011	2,610,000	1,496,128	4,106,128
2012	2,715,000	1,392,422	4,107,422
2013	2,825,000	1,294,101	4,119,101
2014	2,920,000	1,191,169	4,111,169
2015-2019	9,830,000	4,546,708	14,376,708
2020-2024	6,330,000	2,409,537	8,739,537
2025-2029	3,580,000	1,498,913	5,078,913
2030-2034	<u>4,550,000</u>	<u>555,305</u>	<u>5,105,305</u>
	<u>\$37,860,000</u>	<u>\$ 15,984,968</u>	<u>\$ 53,844,968</u>

11. Supplemental Pay

Certain employees meeting statutory qualifications in the fire and police departments receive supplemental pay directly from the State of Louisiana. This supplemental pay in the amount of \$1,415,711 is recognized as intergovernmental revenue in the General Fund and as expenditures in the following public safety departments:

Police	\$ 840,740
Fire	<u>574,971</u>
	<u>\$ 1,415,711</u>

12. Enterprise Funds – Segment Information

The City operates a utilities system consisting of an electric generation and distribution system, a natural gas distribution system, a water production and distribution system, and a sewerage transmission and treatment plant. The City issued revenue bonds for capital improvements of the utilities system. These revenue bonds rely on revenues generated by the utilities system as a whole for repayment. The following is a condensed summary of this fund:

Condensed Statement of Net Assets	<u>Utilities System</u>
Assets	
Current assets	
Due from other funds	\$ 244,782
Other current assets	23,091,167
Noncurrent assets	
Restricted equity in pooled cash and investments	19,677,819
Capital assets	105,012,951
Other noncurrent assets	<u>399,424</u>
Total Assets	<u>148,426,143</u>

City of Alexandria, Louisiana
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Notes to Financial Statements

	Utilities System
Liabilities	
Current liabilities	
Due to other funds	6,551,673
Other current liabilities	4,916,689
Liabilities payable from restricted assets	5,644,331
Noncurrent liabilities	40,207,513
Total Liabilities	57,320,206
Net Assets	
Invested in capital assets, net of related debt	72,675,895
Restricted	7,584,168
Unrestricted	10,845,874
Total Net Assets	\$ 91,105,937
 Condensed Statement of Revenues, Expenses and Changes in Net Assets	
Operating revenues (operating revenues are pledged against revenue bonds)	\$ 114,817,499
Operating expenses	
Depreciation	(6,615,909)
Other	(98,956,608)
Operating income (loss)	9,244,982
Nonoperating revenues (expenses)	
Investment income	394,354
Operating grants and contributions	1,749,285
Disposition of assets	14,466
Interest expense and fiscal charges	(1,569,573)
Capital contributions	1,549,537
Transfers in (out)	(10,207,514)
Change in Net Assets	1,175,537
Net Assets, beginning	89,930,400
Net Assets, ending	\$ 91,105,937
 Condensed Statement of Cash Flows	
Net cash provided (used) by	
Operating activities	\$ 13,237,629
Noncapital financing activities	(8,129,429)
Capital and related financing activities	(14,917,374)
Investing activities	8,572,947
Net increase	\$ (1,236,227)
Cash and cash equivalents, beginning	5,989,125
Cash and cash equivalents, ending	\$ 4,752,898

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Notes to Financial Statements

	<u>Utilities System</u>
Liabilities	
Current liabilities	
Due to other funds	6,551,673
Other current liabilities	4,916,689
Liabilities payable from restricted assets	5,644,331
Noncurrent liabilities	<u>40,207,513</u>
Total Liabilities	<u>57,320,206</u>
Net Assets	
Invested in capital assets, net of related debt	72,675,895
Restricted	7,584,168
Unrestricted	<u>10,845,874</u>
Total Net Assets	<u>\$ 91,105,937</u>
 Condensed Statement of Revenues, Expenses and Changes in Net Assets	
Operating revenues (operating revenues are pledged against revenue bonds)	\$ 114,817,499
Operating expenses	
Depreciation	(6,615,909)
Other	<u>(98,956,608)</u>
Operating income (loss)	9,244,982
Nonoperating revenues (expenses)	
Investment income	394,354
Operating grants and contributions	1,749,285
Disposition of assets	14,466
Interest expense and fiscal charges	(1,569,573)
Capital contributions	1,549,537
Transfers in (out)	<u>(10,207,514)</u>
Change in Net Assets	1,175,537
Net Assets, beginning	<u>89,930,400</u>
Net Assets, ending	<u>\$ 91,105,937</u>
 Condensed Statement of Cash Flows	
Net cash provided (used) by	
Operating activities	\$ 13,237,629
Noncapital financing activities	(8,129,429)
Capital and related financing activities	(14,917,374)
Investing activities	<u>8,572,947</u>
Net increase	\$ (1,236,227)
Cash and cash equivalents, beginning	5,989,125
Cash and cash equivalents, ending	<u>\$ 4,752,898</u>

City of Alexandria, Louisiana
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Segment information for the Utilities System Enterprise Fund for the fiscal year ended April 30, 2009, follows:

	<u>Total</u>	<u>Electric</u>	<u>Gas</u>	<u>Water</u>	<u>Waste Water</u>
Operating revenues	\$114,817,499	\$ 86,007,698	\$ 17,737,524	\$ 6,514,614	\$ 4,557,663
Operating expenses					
Depreciation	(6,615,910)	(2,407,018)	(1,364,402)	(1,175,515)	(1,668,975)
Other	<u>(98,956,607)</u>	<u>(67,731,087)</u>	<u>(17,789,318)</u>	<u>(6,487,852)</u>	<u>(6,948,350)</u>
Operating income (loss)	\$ 9,244,982	\$ 15,869,593	\$ (1,416,196)	\$ (1,148,753)	\$ (4,059,662)

13. Dedication of Proceeds - Flow of Funds - City Sales and Use Tax

Proceeds of the 1976 one percent (1%) City Sales and Use Tax are dedicated to the following purposes:

- a. One-half is to be used for maintenance and operating expenses of the City.
- b. The other one-half is to be used in the following order of priority:
 1. On or before the 20th day of each month, there shall be transferred to a Sales Tax Bond Sinking Account in the Debt Service Fund an amount equal to 1/6th of the interest falling due on the next interest payment date and 1/12th of the principal falling due on the next principal payment date of all sales tax bond issues outstanding.
 2. Any funds remaining after the above transfers will be considered surplus and may be used for constructing, acquiring, extending, and/or improving capital improvements for the City (including, but not limited to, major thoroughfares and arterial streets with related improvements, major drainage systems, a civic convention center complex, parks, and parking facilities).

Proceeds of the 2008 one-percent (1%) City Sales and Use Tax are dedicated to fund General Fund operations including:

- a. No less than one-third the tax collected is dedicated to fire, police, and General Fund classified employees' salaries.
- b. Replace General Fund revenues lost from Federal and State government funding cuts from previous years.
- c. Street repair; street cleaning; maintenance of city drainage systems; grass cutting; maintenance of parks and recreational facilities; police and fire services and programs; general building maintenance; demolition of condemned structures; and city planning.

Proceeds of the 2005 one-half percent (½%) City Sales and Use Tax are dedicated to paying salaries and related benefits for police, fire and other City employees funded through the City's General Fund.

City of Alexandria, Louisiana
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Notes to Financial Statements

14. Flow of Funds - Restrictions on Use - Utilities System Enterprise Fund

The utility revenue bonds were issued pursuant to bond ordinances, which provide substantially the following terms:

The City, through its governing authority, has covenanted to fix, establish, maintain and collect such rates, fees, rents or other charges for the services and facilities of the Utilities System, and all parts thereof, and to revise the same from time to time whenever necessary, as will always provide revenues in each year sufficient to pay the necessary expenses of administering, operating, and maintaining the Utilities System in each year, 120% of the principal and interest maturing on the bonds or other obligations payable there from as the same shall become due and payable in each year, all reserves or sinking funds or other payments required for such year by the Bond Ordinance, and all other obligations or indebtedness payable out of the revenues of the Utilities System for such year, and that such rates, fees, rents or other charges shall not at any time be reduced so as to be insufficient to provide adequate revenues for such purposes.

The City has further covenanted that all of said income and revenues earned or derived from the operation of the Utilities System shall be deposited daily as the same may be collected in the Utilities System Fund heretofore established with the regularly designated fiscal agent of the City pursuant to the Bond Resolutions; that said fund shall be maintained and administered in the following order of priority and for the following express purposes:

- (a) The payment of all reasonable expenses of administration, operation, and maintenance of the Utilities System.
- (b) The maintenance of the Sinking Funds established pursuant to the bond resolutions sufficient in amount to pay promptly and fully the principal of and the interest on the Bonds and any additional pari passu bonds issued hereafter in the manner provided by the bond ordinance, as they severally become due and payable, by transferring from the Utilities System Fund to the Sinking Funds established pursuant to the bond resolutions, monthly in advance on or before the 20th day of each month of each year, a sum equal to 1/6th of the interest falling due on the next interest payment date, and a sum equal to 1/12th of principal falling due on the next principal payment date, together with such additional proportionate sum as may be required to pay said principal and interest as the same respectively becomes due. The depository for the Sinking Funds shall transfer from said Sinking Funds to the paying agent bank or banks for all bonds payable from said Fund at least one day in advance of the date on which each payment of principal or interest falls due, funds fully sufficient to pay promptly the principal and interest so falling due on such date.
- (c) The maintenance of the Reserve Funds established pursuant to the bond resolutions by transferring from the proceeds of the bonds a sum equal to the lesser of (i) ten percent (10%) of the proceeds of the bonds or (ii) an amount which, together with monies on deposit in the Reserve Funds, will equal the highest combined principal and interest requirements for any succeeding fiscal year on the bonds (the "Reserve Funds Requirement"), and if such monies do not cause the balance in the Reserve Funds to equal the Reserve Funds Requirement, by transferring from said Utilities System Fund to the Reserve Funds established pursuant to the bond resolutions, monthly in advance on or before the 20th day of each month of each year, a sum at least equal to twenty percent (20%) of the amount required to be paid into the aforesaid Sinking Fund specified in paragraph (b) above, the payments into said Reserve Funds to continue until such time as there has been accumulated therein a sum equal to the

City of Alexandria, Louisiana
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Notes to Financial Statements

Reserve Funds Requirement. The money in the Reserve Funds shall be retained solely for the purpose of paying the principal of and interest on Bonds payable from the aforesaid Sinking Fund specified in paragraph (b) above as to which there would otherwise be default. In the event that additional pari passu bonds are issued hereafter in the manner provided by the bond ordinance, the payments into said Reserve Fund shall continue, or if the said payments have ceased because of the accumulation of the maximum amount provided above, then such payments shall be resumed, until such time as there has been accumulated in said Reserve Funds an amount of money equal to the highest combined principal and interest requirements in any succeeding fiscal year on all outstanding bonds, including such additional pari passu bonds.

The indentures for Utilities Revenue Bonds, Series 2004 provided for the establishment and maintenance of a "Reserve Fund - 2004". The City had the option of funding the Reserve Fund - 2004 by (i) depositing a sum equal to the reserve fund requirement into the Reserve Fund - 2004, or (ii) depositing to the credit of the Reserve Fund - 2004 a surety bond, letter of credit or insurance policy equal to the reserve fund requirement. The City satisfied the reserve fund requirement by depositing to the credit of the Reserve Fund - 2004 the surety bond issued by the reserve insurer.

- (d) The maintenance of the Capital Additions and Contingencies Fund established pursuant to the bond resolutions to care for extensions, additions, improvements, renewals, and replacements necessary to properly operate the Utilities System by transferring from said Utilities System Fund to the Capital Additions and Contingencies Fund established by the bond resolutions, monthly on or before the 20th day of each month of each year, a sum equal to nine percent (9%) of the gross revenues of the Utilities System for the preceding month, provided that such sum is available after provision is made for the payments required under paragraphs (a), (b), and (c) above. Such payments into the Capital Additions and Contingencies Fund shall continue until such time as there has been accumulated in said Fund the sum of one million dollars (\$1,000,000), whereupon such payments may cease and need be resumed thereafter only if the total amount of money on deposit in said fund is reduced below the sum of one million dollars (\$1,000,000), in which event such payments shall be resumed and continue until said maximum of one million dollars (\$1,000,000) is again accumulated. In addition to caring for extensions, additions, improvements, renewals, and replacements necessary to properly operate the Utilities System, the money in the Capital Additions and Contingencies Fund shall also be used to pay the principal of and the interest on the bonds, including any additional pari passu bonds issued hereafter in the manner provided by the bond ordinance, for the payment of which there is not sufficient money in the Sinking Fund and Reserve Fund described in paragraphs (b) and (c) above, but the money in said Capital Additions and Contingencies Fund shall never be used for the making of improvements and extensions to the Utilities System or for payment of principal or interest on Bonds, if the use of said money will leave in said Capital Additions and Contingencies Fund for the making of emergency repairs or replacements less than the sum of twenty-five thousand dollars (\$25,000).

Any monies remaining in said Utilities System Fund after making the above required payments may be used by the City for the purpose of calling and/or purchasing and paying any bonds payable from the revenues of the Utilities System, or for such other lawful corporate purposes as the governing authority may determine, whether such purposes are or are not in relation to the Utilities System.

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If at any time it shall be necessary to use monies in the Reserve Fund or the Capital Additions and Contingencies Fund above provided for the purpose of paying principal of or interest on bonds payable from the aforesaid Sinking Fund as to which there would otherwise be default, then the monies so used shall be replaced from the revenues first thereafter received, not herein above required to be used for administration, operation, and maintenance or for current principal, interest, and reserve requirements. If at any time there are sufficient monies on deposit in the Reserve Fund and Capital Additions and Contingencies Fund to retire all outstanding bonds payable from the Sinking Fund by exercising the redemption option provided by such bonds or by purchase on the open market, the City may utilize such funds for such purpose.

All or any part of the monies in the Reserve Fund and the Capital Additions and Contingencies Fund shall, at the written request of the City, be invested in one or both of the following if and to the extent that the same are legal for the investment of funds of the City: (a) direct obligations of the United States of America, or (b) negotiable or non-negotiable certificates of deposit issued by any bank, trust company, or national banking association provided (i) such certificates of deposit are continuously and at all times secured by direct obligations of the United States of America having a market value (exclusive of accrued interest) at all times at least equal to the principal amount of such certificates of deposit, and (ii) interest is paid thereon to the extent of one hundred percent (100%). All income derived from such investments shall be added to the money in said respective funds or to the Utilities System Fund, and such investments shall, to the extent at any time necessary, be liquidated and the proceeds thereof applied to the purpose for which the respective funds are created.

15. Utilities System Fund Power Purchase Contract Commitment

On November 15, 1982, the City entered into an electric power purchase contract with Louisiana Energy and Power Authority (LEPA), a political subdivision of the State of Louisiana, which acquired an interest in the Rodemacher Unit Number 2, a low sulfur-coal burning power plant. The City is obligated to pay 52.83% of the fixed project costs allocated to LEPA plus energy related costs when the unit is operable. This contract expires at the later of (1) the date all outstanding bonds of LEPA have been paid, (2) the date the joint operating agreement entered into by LEPA is terminated and settlement of all costs are completed, or (3) July 1, 2032.

As part of the contract, the City agreed not to issue bonds, notes, or other evidences of indebtedness or enter into any contract to incur any expenses payable from or secured by revenues of the combined utilities system superior to or having a priority over the obligation to pay for the costs incurred under this contract.

16. Defined Benefit Pension Plans

The City contributes to two single-employer defined benefit pension plans. The City also contributes to four statewide cost-sharing, multiple-employer, defined benefit public employee retirement systems.

Information relative to the four statewide cost-sharing, multiple-employer, defined benefit public employee retirement systems is presented below:

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Municipal Police Employees' Retirement System of Louisiana (MPERS)

Plan Description. Membership is mandatory for all full-time police officers employed by the City, provided they meet statutory criteria. Any member is eligible for normal retirement benefits after participant has been a member of the System for one (1) year, if participant has twenty-five (25) years of creditable service at any age, or if participant has twenty (20) years of creditable service and is age fifty (50), or has twelve (12) years of creditable service and is age fifty-five (55). Benefit rates are three and one-third percent (3⅓%) of final compensation per number of years of creditable service not to exceed one hundred percent (100%). Benefit and contribution requirements are established by state law. MPERS issues a publicly available financial report that includes financial statements and required supplementary information. That report may be obtained by writing to Municipal Police Employees' Retirement System, P. O. Box 94095, Baton Rouge, LA 70804-9095.

Funding Policy and Annual Pension Costs. Members are currently required to contribute seven and one-half percent (7.50%) of their annual salary to the system, including supplemental pay. The City contributes an actuarially determined rate, presently set at nine and one-half percent (9.50%) of the member's salary, including supplemental pay. The City's contributions to MPERS, for the fiscal years ended April 30, 2009, 2008, and 2007, were \$1,020,014, \$1,213,033 and \$1,241,817 respectively.

Firefighters' Retirement System of Louisiana (FRS)

Plan Description. This Plan is a defined benefit pension plan covering firemen employed by a municipality, parish, or fire protection district of the State hired after December 31, 1979. Employees with twenty (20) or more years of service who have attained age fifty (50), employees who have twelve (12) years of service who have attained age fifty-five (55), or employees who have twenty-five (25) years of service at any age are entitled to annual pension benefits equal to three and one-third percent (3⅓%) of their average final compensation based on the thirty-six (36) consecutive months of highest pay multiplied by their total years of service, not to exceed one hundred percent (100%). Employees may elect to receive their pension benefits in the form of a joint and/or survivor annuity. If employees terminate before rendering twelve (12) years of service, they forfeit the right to receive the portion of their accumulated plan benefits attributable to their employer's contributions. Benefits are payable over the employees' lives in the form of a monthly annuity. Benefit and contribution requirements are established by state law. FRS issues a publicly available financial report that includes financial statements and required supplementary information. That report may be obtained by writing to Firefighters' Retirement System, 3100 Brentwood Drive, Baton Rouge, LA 70809.

Funding Policy and Annual Pension Costs. Members are currently required to contribute eight percent (8%) of their annual salary, including supplemental pay to the Plan. The City contributes an actuarially determined rate, presently at twelve and one-half percent (12.50%) of the member's salary, including supplemental pay. The City's contributions to FRS, for the fiscal years ended April 30, 2009, 2008, and 2007, were \$805,829, \$829,568 and \$833,455, respectively.

Louisiana State Employees' Retirement System (LASERS)

Plan Description. All state employees, except certain classes of employees specifically excluded by statute, become members of the system as a condition of employment. Statewide elected officials and officials appointed by the governor may, at their option, become members of the System. The only member of this System from the City is the City Court Judge. The age and years of creditable service required in order for a member to retire with full benefits are established by Statute and vary depending on the

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member's employer and job classification. The substantial majority of members may retire with full benefits at ages ranging from any age upon completing thirty (30) years of creditable service to age sixty (60) upon completing ten (10) years of creditable service.

The basic annual retirement benefit for substantially all members is equal to two and one-half percent (2½%) of average compensation multiplied by the number of years of creditable service plus three hundred dollars (\$300). Average compensation is defined as the member's average annual earned compensation for the period of thirty-six (36) consecutive months of employment during which the member's aggregate earned compensation was greatest. The maximum annual retirement benefit cannot exceed the lesser of one hundred percent (100%) of average compensation or certain specified dollar amounts or actuarially determined monetary limits, which vary depending upon the member's age at retirement. Judges and court officers and certain elected officials receive an additional annual retirement benefit equal to one percent (1%) of average compensation multiplied by the number of years of creditable service in their respective capacity. As an alternative to the above basic retirement benefit, a member may elect to receive his retirement benefits under any one of four different options providing for a reduced retirement benefit payable throughout his life with certain benefits being paid to his designated beneficiary after his death.

Benefit and contribution requirements are established by state law. LASERS issues a publicly available financial report that includes financial statements and required supplementary information. That report may be obtained by writing to Louisiana State Employees' Retirement System, P. O. Box 44213, Baton Rouge, LA 70804-4213.

Funding Policy and Annual Pension Costs. Judges, court officers, and legislators contribute eleven and one-half percent (11.50%) of their salary to the System. The City contributes an actuarially determined rate, presently set at eighteen and one-half percent (18.50%) of the member's annual salary. The City's contributions to LASERS for the years ended April 30, 2009, 2008, and 2007 were \$7,868, \$7,992 and \$7,148, respectively.

Parochial Employees' Retirement System of Louisiana (PERSL)

Plan Description. The only member of this System from the City of Alexandria is the Clerk of City Court. Participants become fully vested after ten (10) years of service. Any member is eligible for normal retirement at age sixty (60) with at least ten (10) years of creditable service, at age fifty-five (55) with twenty-five (25) years of creditable service, or at any age with at least thirty (30) years of creditable service. The retirement benefit, payable monthly for life, is equal to three percent (3%) of the member's final-average salary for each year of creditable service not to exceed the greater of one hundred percent of final salary (last 12 months) or final average compensation. Final average salary is the employee's average salary over the thirty-six (36) consecutive or joined months that produce the highest average. The System also provides death and disability benefits. Benefit and contribution requirements are established by state law. PERSL issues a publicly available financial report that may be obtained by writing to the Parochial Employees' Retirement System, P.O. Box 14619, Baton Rouge, LA 70898-4619.

Funding Policy and Annual Pension Costs. The member contributes nine and one-half percent (9.50%) of their salary to the System. The City presently contributes twelve and one-fourth percent (12.25%) to the System as an employer match. The City's contributions to PERSL, for the fiscal years ended April 30, 2009, 2008, and 2007, were \$3,070, \$3,061 and \$2,970, respectively.

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Information relative to the three single-employer defined benefit pension plans is presented below:

City of Alexandria Employees' Retirement System (COAERS)

Plan Description. Substantially all employees of the City, except firemen and policemen, become members of the COAERS as a condition of employment. The COAERS provides retirement benefits, disability benefits, and survivors' benefits. Members with ten (10) years of creditable service may retire at age sixty-two (62); members with at least twenty (20) years of creditable service may retire at age fifty-five (55); members with thirty (30) years of service may retire regardless of age. The retirement allowance is equal to three percent (3%) of the member's average compensation multiplied by his number of years of creditable service, not to exceed one hundred percent (100%) of his average compensation. Average compensation is defined as the highest three (3) year average annual compensation. Retirement benefits vest after ten (10) years of creditable service. Benefit and contribution provisions are established by state law. COAERS issues a publicly available financial report that may be obtained by writing to the City of Alexandria Employees' Retirement System, P.O. Box 71, Alexandria, Louisiana 71309-0071.

Funding Policy and Annual Pension Cost. For the COAERS, employees are required by statute to contribute ten percent (10%) of their salary to the System. The City is required by statute to contribute remaining amounts necessary to finance the COAERS at an actuarially determined rate currently set at twenty six and forty nine-tenths percent (26.49%). The City's contributions to COAERS, for the fiscal years ended April 30, 2009, 2008, and 2007, were \$5,261,985, \$5,218,293 and \$5,239,889, respectively.

Firemen's Pension and Relief Fund (FPARF)

Plan Description. Effective May 1, 1993, the Fund merged into the statewide Firefighters' Retirement System (FRS). On this date, all retirees and survivors receiving benefits, at April 30, 1993, transferred to the FRS. In the event that a firefighter, hired prior to January 1, 1980, exercises his or her right to a twenty (20) year retirement any time under the age of fifty (50) and is not eligible to receive benefits from the state FRS, then the Fund shall provide benefits until that person is eligible for benefits under the FRS. In addition, the City of Alexandria and the Fund guaranteed that if a firefighter dies, retires, or becomes disabled subsequent to the merger, then the Fund shall pay to the firefighter, or the firefighter's survivors and/or beneficiaries, the difference, if any, where those benefits payable under the Fund prior to the merger exceed those benefits payable under the FRS. Benefits and contribution provisions are established by state law. FPARF issues a publicly available financial report that may be obtained by writing to the Firemen's Pension and Relief Fund of the City of Alexandria, P. O. Box 71, Alexandria, Louisiana 71309-0071.

Funding Policy and Annual Pension Cost. For the FPARF, members are not required to contribute to the funds. The City is required to contribute an amount sufficient to meet the operating deficit of each fund without regard for reserve requirements accruing or having accrued on an actuarial basis. The City's contributions to FPARF for the years fiscal ended April 30, 2009, 2008, and 2007, were \$25,000, \$20,000 and \$20,000, respectively.

For the two single-employer defined benefit pension plans of the City, benefit and contribution provisions are established by state law and may be amended only by the Louisiana Legislature.

City of Alexandria, Louisiana
April 30, 2009

Notes to Financial Statements

The City's annual pension cost for the current year and related information for each of the City's single-employer plans is as follows:

	<u>COAERS</u>	<u>FPARF</u>
Contribution rate		
City	26.49%	n/a
Plan members	10.00%	n/a
Annual pension cost	\$ 5,261,985	\$ 25,000
Contributions made	\$ 5,261,985	\$ 25,000
Actuarial valuation date	12/31/08	n/a
Actuarial cost method	Frozen Entry Age Normal	n/a
Remaining amortization period	11 years	n/a
Asset valuation method	Five year smoothing for stocks. Other assets at amortized cost.	n/a
	<u>COAERS</u>	<u>FPARF</u>
Actuarial assumptions		
Investment rate of return	8.00%	n/a
Projected salary increases	5.50%	n/a
Includes inflation rate of	3.25%	n/a
Includes merit raises at	2.25%	n/a
Cost of living adjustments	None	n/a

Three Year Trend Information

	<u>Year</u> <u>Ending</u>	<u>Annual</u> <u>Pension</u> <u>Cost (APC)</u>	<u>Percentage</u> <u>of APC</u> <u>Contributed</u>	<u>Net</u> <u>Pension</u> <u>Obligation</u>
City of Alexandria	04/30/09	\$ 5,261,985	100%	\$ -
Employees' Retirement	04/30/08	5,218,923	100	-
System	04/30/07	5,239,889	100	-
Firemen's Pension	04/30/09	\$ 25,000	100%	\$ -
and Relief Fund	04/30/08	20,000	100	-
	04/30/07	20,000	100	-

17. Defined Contribution Pension Plan

The City sponsors a defined contribution plan (the Plan) available to unclassified employees who elect to participate. The Plan is administered by a third party administrator. The City's covered payroll for employees participating in the Plan for the current year was \$1,175,418. Employer contributions for the fiscal year were \$177,370 or approximately fifteen percent (15%) of covered payroll. Employees do not contribute to the plan.

City of Alexandria, Louisiana
April 30, 2009

Notes to Financial Statements

Under the provisions of the Plan, City contributions are determined annually and contributions are allocated to participants based on participant's compensation. All monies in the employee's accounts, including the City's contributions, are immediately vested.

18. Post employment benefits

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

The employees are covered by a retirement system whose retirement eligibility provisions are as follows: 30 years of service at any age; age 55 and 25 years of service; age 60 and 20 years of service; or, age 62 and 10 years of service. Complete plan provisions are included in the official plan documents.

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

Fund Policy. Until 2006, the City of Alexandria recognized the cost of providing post-employment medical benefits (City of Alexandria's portion of the retiree medical benefit premiums) as an expense when the benefit premiums were due and thus financed the cost of the post-employment benefits on a pay-as-you-go basis. Effective with the Fiscal Year beginning May 1, 2006, City of Alexandria implemented Government Accounting Standards Board Statement Number 45, *Accounting and Financial Reporting by Employers for Post employment Benefits Other than Pensions* (GASB 45). The funding policy is not to fund the ARC except to the extent of the current year's retiree funding costs.

In 2009, City of Alexandria's portion of health care funding cost for retired employees totaled \$217,486. These amounts were applied toward the Net OPEB Benefit Obligation as shown in the following table.

Annual Required Contribution. City of Alexandria's Annual Required Contribution (ARC) is an amount actuarially determined in accordance with GASB 45. The Annual Required Contribution (ARC) is the sum of the Normal Cost plus the contribution to amortize the Actuarial Accrued Liability (AAL). A level dollar, open amortization period of 30 years (the maximum amortization period allowed by GASB 43/45) has been used for the post-employment benefits. The total ARC for the fiscal year beginning May 1, 2008 is \$438,039, as set forth below:

	Medical
Normal Cost	\$ 166,512
30-year UAL amortization amount	271,527
Annual required contribution (ARC)	<u>\$ 438,039</u>

City of Alexandria, Louisiana
April 30, 2009

Notes to Financial Statements

Net Post-employment Benefit Obligation (Asset). The table below shows City of Alexandria's Net Other Post-employment Benefit (OPEB) Obligation (Asset) for fiscal year ending April 30, 2009:

	Medical
1. Beginning Net OPEB Obligation (Asset) 5/1/2008	\$ 262,430
2. Annual required contribution	438,039
3. Interest on Net OPEB Obligation (Asset): .04 X [1]	10,497
4. ARC Adjustment: [1]/17.292 (Interest 4.0% and Salary Increase 0.0%)	15,176
5. OPEB Cost: [2]+[3]-[4]	433,360
6. Contribution	0
7. Current year retiree premium	312,991
8. Change in Net OPEB Obligation: [5]-[6]-[7]	+120,369
9. Ending Net OPEB Obligation: (Asset) 4/30/2009: [1]+[8]	\$ 382,799

The following table shows City of Alexandria's annual post employment benefits (PEB) cost, percentage of the cost contributed, and the net unfunded post employment benefits (PEB) liability (asset):

Post Employment Benefit	Fiscal Year Ended	Annual OPEB Cost	Percentage of Annual Cost Contributed	Net OPEB Obligation (Asset)
Medical	April 30, 2009	\$ 433,360	72.2%	\$ 382,799

Funded Status and Funding Progress. In the fiscal year ending April 30, 2009, City of Alexandria made no contributions to its post employment benefits plan. The plan was not funded at all, has no assets, and hence has a funded ratio of zero. As of May 1, 2008, the most recent actuarial valuation, the Actuarial Accrued Liability (AAL) was \$4,695,278, which is defined as that portion, as determined by a particular actuarial cost method (City of Alexandria uses the Unit Credit Cost Method), of the actuarial present value of post employment plan benefits and expenses which is not provided by normal cost. Since the plan was not funded in fiscal year 2008/2009, the entire actuarial accrued liability of \$4,695,278 was unfunded.

Actuarial Accrued Liability (AAL)	\$ 4,695,278
Actuarial Value of Plan Assets	0
Unfunded Act. Accrued Liability (UAAL)	4,695,278
Funded Ratio (Act. Val. Assets/AAL)	0%
Covered Payroll (active plan members)	\$ 29,613,801
UAAL as a percentage of covered payroll	15.86%

City of Alexandria, Louisiana
April 30, 2009

Notes to Financial Statements

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

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

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

Actuarial Value of Plan Assets. Since inception of the actuarial valuation, there are not any assets. It is anticipated that in future valuations a smoothed market value consistent with Actuarial Standards Board ASOP 6, as provided in paragraph number 125 of GASB Statement 45.

Turnover Rate. An age-related turnover scale based on actual experience as described by administrative staff has been used. The rates, when applied to the active employee census, produce an annual turnover of approximately 10%. The rates for each age are below:

<u>Age</u>	<u>Percent Turnover</u>
18 - 25	20.0%
26 - 40	12.0%
41 - 54	8.0%
55+	6.0%

It has also been assumed that 40% of future eligible retirees will decline coverage because of the high retiree contributions required

Post employment Benefit Plan Eligibility Requirements. Based on past experience, it has been assumed that entitlement to benefits will commence three years after the earliest retirement eligibility, as described above under "Plan Description". Medical benefits are provided to employees upon actual retirement. The employees are covered by a retirement system whose retirement eligibility provisions are as follows: 30 years of service at any age; age 55 and 25 years of service; age 60 and 20 years of service; or, age 62 and 10 years of service.

City of Alexandria, Louisiana
April 30, 2009

Notes to Financial Statements

Investment Return Assumption (Discount Rate). GASB Statement 45 states that the investment return assumption should be the estimated long-term investment yield on the investments that are expected to be used to finance the payment of benefits (that is, for a plan which is funded). Based on the assumption that the ARC will not be funded, a 4% annual investment return has been used in this valuation. This is a conservative estimate of the expected long term return of a balanced and conservative investment portfolio under professional management.

Health Care Cost Trend Rate. The expected rate of increase in medical cost is based on projections performed by the Office of the Actuary at the Centers for Medicare & Medicaid Services as published in National Health Care Expenditures Projections: 2003 to 2013, Table 3: National Health Expenditures, Aggregate and per Capita Amounts, Percent Distribution and Average Annual Percent Change by Source of Funds: Selected Calendar Years 1990-2013, released in January, 2004 by the Health Care Financing Administration (www.cms.hhs.gov). "State and Local" rates for 2008 through 2013 from this report were used, with rates beyond 2013 graduated down to an ultimate annual rate of 5.0% for 2016 and later.

Mortality Rate. The 1994 Group Annuity Reserving (94GAR) table, projected to 2002, based on a fixed blend of 50% of the unloaded male mortality rate and 50% of the unloaded female mortality rates, was used. This is the mortality table which the Internal Revenue Service requires to be used in determining the value of accrued benefits in defined benefit pension plans.

Method of Determining Value of Benefits. The "value of benefits" has been assumed to be the portion of the premium after retirement date expected to be paid by the employer for each retiree and has been used as the basis for calculating the actuarial present value of OPEB benefits to be paid. The City pays a portion of the retiree premium (based on the blended active/retired rate) before Medicare eligibility, but does not pay any portion of the premium after the retiree's eligibility for Medicare (age 65). Since GASB 45 mandates that "unblended" rates applicable to the coverage provided to retirees be used, we have estimated the "unblended" rates for retirees before Medicare eligibility. It has been assumed that the total retiree rate before Medicare eligibility is 130% of the blended active/retired rate.

19. Leases

A. City as Lessee

On March 29, 1995, the City entered into a lease agreement with the England Economic and Industrial Development District (EEIDD) to lease the natural gas, water, and waste water systems located within the England Airpark. The term of the lease is for twenty (20) years beginning March 29, 1995 and ending March 28, 2015. The lease agreement provides that the City shall pay the EEIDD as rent under the lease five percent (5%) of gross charges for service billed to customers located within the Airpark boundaries including gross charges billed to the EEIDD. Lease payments are due to the EEIDD on May 15th and November 15th. It is not possible to determine the future minimum rental payments due under this lease. During the current period, the City paid EEIDD \$43,152 under the terms of the lease representing fiscal year ended April 30, 2009 obligations.

On January 11, 2000, the City entered into a proposal between Community Receiving Homes, Inc. and the City of Alexandria concerning the leasing of 74.92 acres of land adjacent to the intersection of LA Hwy 28 West and LA Hwy 3504 in Rapides Parish, Louisiana. The terms of the proposal provided in part for the following:

City of Alexandria, Louisiana
April 30, 2009

Notes to Financial Statements

- A) The City of Alexandria agrees to lease from Community Receiving Homes, Inc. the front 16.47 acres bordering LA Hwy 28 West for the sum no less than \$100.00 annually per acre, or one thousand six hundred forty-seven and no/100 dollars (\$1,647.00) annually. Term of the lease to be 50 years from date of inception, beginning January 1, 2000.
- B) The City of Alexandria agrees to lease from Community Receiving Homes, Inc. the remaining 58.45 acres for a sum not less than \$100.00 per acre annually, or five thousand eight hundred forty-five and no/100 (\$5,845.00) annually. Term of the lease to be 5 years from date of inception beginning January 1, 2000.

Annual lease payments total \$7,492, however, since no formal lease agreements were executed regarding this proposal, it is not practical to reflect future minimum rental payments under this arrangement.

B. City as Lessor

The City is the lessor of property under operating leases expiring in various years. The following is a summary of property on lease at April 30, 2009:

	Cost
Startek Building	\$ 3,522,632
Convention Center Complex	3,301,568
	\$ 6,824,200

Total lease revenues for the fiscal year, consisting solely of minimum rentals on the above leases, amounted to \$127,305.

As of the balance sheet date, certain lease payments on the Convention Center Complex were delinquent and the lessee was in default with the terms of the lease. Minimum future rentals to be received on Startek building lease (term of lease 01/01/09 - 12/31/10) as of April 30, 2009, are:

Year ended April 30,	Amount
2010	\$ 84,870
Thereafter	-
Total Minimum Future Rentals	\$ 84,870

20. Compensation Paid to Members of The City Council

In accordance with the requirements of the Office of the Legislative Auditor, State of Louisiana, the following report reflects compensation paid to members of the City Council, City of Alexandria, for the fiscal year ended April 30, 2009.

Charles L. Fowler, Jr.	\$ 18,000
Everett Hobbs	18,000
Myron K. Lawson	18,000
Louis J. Marshall	11,146
Charles F. Smith	11,150
Harry Silver	18,000
Roosevelt L. Johnson	18,000
Jonathan D. Goins	6,923
Edward Larvadain, III	6,923

City of Alexandria, Louisiana
April 30, 2009

Notes to Financial Statements

21. Deficit Balance - Non-Major Individual Fund

The self insurance risk management fund had a deficit fund balance of \$365,659 at April 30, 2009. The deficit was primarily due to the actuarial accrual for claims incurred but not paid at year end. Management intends to provide additional funding from other various funds in the future to offset the deficit.

22. Contingencies

Management has not calculated the possible rebate of arbitrage interest, as of April 30, 2009, on each of the recent tax exempt bond issues. The contingent liability, stated simply, is the interest earned from the investment of unspent bond proceeds that is in excess of the amount of earnings that would have been obtained had the investment rate been equal to the yield on the bonds. Since the rebate calculation is a cumulative calculation performed until all proceeds have been expended, management believes that the amount of the contingent liability for arbitrage interest, if any, will be eliminated in future years. In the event that the contingent liability for arbitrage interest is not eliminated, the City will be liable for remittance of the rebate amount, as subsequently calculated, to the federal government.

On August 19, 1983, the City of Alexandria entered into a merger contract with the Municipal Police Employees' Retirement System (MPERS). The purpose of the merger was to transfer all active policemen who were then participating in the City's Policemen's Pension and Relief Fund into the state wide retirement system. In conjunction with the merger of active policemen with MPERS, the City entered into a private agreement, "No Loss of Benefit Guarantee," with the local policemen which guaranteed that no member would lose any rights or benefits that the member would have been entitled to under the Policemen's Pension and Relief Fund. There are potential claims where certain retired employees may file an action against the City as a result of this merger. The essence of the unasserted claims is the position of certain retired police officers that some have a significant difference in benefits received from MPERS and the benefits that would have been received under the old Policemen's Pension and Relief Fund due to the fact that under MPERS overtime is not considered in computing retirement benefits. There are significant questions as to whether there is an actual obligation that the City would owe. If there is no obligation, then the City would be prohibited by the state constitution from responding to the unasserted claims.

23. Compliance With Bond Ordinance No. 56-2003

Section 8.5 of Bond Ordinance No. 56-2003, Utilities Revenue Refunding Bonds, Series 2003, provides the following: "Each such audit, in addition to whatever matters may be thought proper by the accountant to be included therein, shall include the following."

1. A statement in detail of the income and expenditures of the Utilities System for such fiscal year. See *Exhibit H, Page 27*.
2. A balance sheet as of the end of such fiscal year. See *Exhibit G, Page 26*.
3. The accountant's comments regarding the manner in which the Issuer has carried out the requirements of this Bond Ordinance, and the accountant's recommendations for any changes or improvements in the operation of the Utilities System or the method of keeping the records related thereto. See *Special Letter, Page 94-95*.
4. A list of the insurance policies in force at the end of the Fiscal year, setting out as to each policy the amount of the policy, the risks covered, the name of the insurer and the expiration date of the policy. See *Schedule 5, Pages 76-77*.

City of Alexandria, Louisiana
April 30, 2009

Notes to Financial Statements

5. The number of metered water, gas, electric and sewerage customers and the number of unmetered water, gas, electric, and sewerage customers, if any. *See Schedule 4, Page 75*
6. Description of the withdrawal of any Utilities System user comprising 4% or more of Utilities System sales measured in terms of revenue dollars, since the last audit. *None.*
7. An analysis of additions, replacements, and improvements to the physical properties of the Utilities System, including a description of any significant facility retirements or expansions planned or undertaken since the last audit. *See Note 6 to Financial Statements, Pages 46-48.*

24. Concentration - Utility System Fund

Within the Utilities System Fund, during the fiscal year ended April 30, 2009, approximately eleven percent (11%) of water revenue was received from one manufacturing customer and approximately eleven percent (11%) of gas revenues was received from one manufacturing customer. Subsequent to the end of the current fiscal year, the major water customer announced plans to close their facility during year 2009. Management is of the opinion that the net revenues after costs derived from this customer will not adversely affect the operations of the Utilities System Fund.

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OTHER REQUIRED
SUPPLEMENTARY
INFORMATION

Required Supplemental Information - Part II

**City of Alexandria, Louisiana
General Fund
Budgetary Comparison Schedule
For the Year Ended April 30, 2009**

Schedule 1

**Variance with
Final Budget -
Positive
(Negative)**

	<u>Budgeted Amounts</u>		<u>Actual</u>	
	<u>Original</u>	<u>Final</u>		
Revenues				
Taxes				
Property taxes	\$ 2,460,000	\$ 2,365,000	\$ 2,416,677	\$ 51,677
Sales taxes	7,100,000	7,455,000	8,522,576	1,067,576
Other		200,000	435,674	235,674
Intergovernmental	1,281,900	3,242,387	2,860,872	(381,515)
Fees, commissions, and fines	715,200	744,000	816,536	72,536
Licenses and permits	2,598,200	2,598,200	2,930,266	332,066
Charges for services	208,430	245,430	300,454	55,024
Investment earnings	325,000	100,000	47,176	(52,824)
Miscellaneous	252,805	291,805	748,727	456,922
Total Revenues	<u>14,941,535</u>	<u>17,241,822</u>	<u>19,078,958</u>	<u>1,837,136</u>
Expenditures				
Current				
General government	10,403,632	13,003,770	12,356,579	647,191
Public safety	26,303,507	28,255,532	27,061,317	1,194,215
Public works	11,360,713	11,681,611	11,042,418	639,193
Capital outlay	3,428,014	3,682,271	3,028,987	653,284
Debt service				
Principal	940,000	940,000	940,000	-
Interest and other charges	906,838	906,838	906,726	112
Total Expenditures	<u>53,342,704</u>	<u>58,470,022</u>	<u>55,336,027</u>	<u>3,133,995</u>
Deficiency of Revenues over Expenditures	<u>(38,401,169)</u>	<u>(41,228,200)</u>	<u>(36,257,069)</u>	<u>4,971,131</u>
Other Financing Sources (Uses)				
Transfers in	34,454,083	35,089,189	37,709,199	2,620,010
Transfers out	(5,282,933)	(4,541,564)	(4,913,173)	(371,609)
Proceeds from sale capital assets	-	-	32,845	32,845
Total Other Financing Sources (Uses)	<u>29,171,150</u>	<u>30,547,625</u>	<u>32,828,871</u>	<u>2,281,246</u>
Net Change in Fund Balances	(9,230,019)	(10,680,575)	(3,428,198)	7,252,377
Fund Balances, Beginning of Year	<u>17,787,862</u>	<u>17,787,862</u>	<u>17,787,862</u>	<u>-</u>
Fund Balances, End of Year	<u>\$ 8,557,843</u>	<u>\$ 7,107,287</u>	<u>\$ 14,359,664</u>	<u>\$ 7,252,377</u>

See independent auditor's report.

City of Alexandria, Louisiana
City Sales Tax Special Revenue Fund
Budgetary Comparison Schedule
For the Year Ended April 30, 2009

Schedule 2

**Variance with
 Final Budget -
 Positive
 (Negative)**

	<u>Budgeted Amounts</u>		<u>Actual</u>	
	<u>Original</u>	<u>Final</u>		
Revenues				
Taxes				
Sales taxes	\$ 32,500,000	\$ 33,550,000	\$ 34,866,693	\$ 1,316,693
Total Revenues	<u>32,500,000</u>	<u>33,550,000</u>	<u>34,866,693</u>	<u>1,316,693</u>
Other Financing Sources (Uses)				
Transfers out	(32,500,000)	(33,550,000)	(34,447,038)	(897,038)
Total Other Financing Sources (Uses)	<u>(32,500,000)</u>	<u>(33,550,000)</u>	<u>(34,447,038)</u>	<u>(897,038)</u>
Net Change in Fund Balances	-	-	419,655	419,655
Fund Balances, Beginning of Year	<u>63,733</u>	<u>63,733</u>	<u>63,733</u>	<u>-</u>
Fund Balances, End of Year	<u>\$ 63,733</u>	<u>\$ 63,733</u>	<u>\$ 483,388</u>	<u>\$ 419,655</u>

See independent auditor's report.

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Supplemental Information

City of Alexandria, Louisiana
 Schedule of Expenditures of Federal Awards
 For the Year Ended April 30, 2009

Schedule 3

Federal Grantor/ Pass Through Grantor/ Program Title	Federal CFDA Number	Pass-through Grant Number	Award Amount	Amount Expended	Amount Provided Subrecipients
U.S. Department of Housing and Urban Development					
Community Planning and Development					
Direct					
Community Development Block Grants/Entitlement Grants	14.218		\$ 1,330,450	\$ 684,483	
Home Investment Partnership Program Passed-through the State of Louisiana	14.239		1,298,433	350,519	
Emergency Shelter Grants Program	14.231	CFMS # 650088 & 665939	82,500	75,501	75,501
Agency Totals			2,711,383	1,110,503	75,501
U.S. Department of Justice					
Bureau of Justice Assistance					
Passed-through the State of Louisiana					
Edward Bryne Memorial Formula Grant Program	16.579	B07-3-009	70,000	53,602	-
Edward Bryne Memorial Justice Assistance Grant Program	16.738	B08-3-006	24,570	3,312	-
Office of Justice Programs					
Direct					
Operation Weed and Seed	16.595		146,330	98,885	-
Agency Totals			240,900	155,799	-
Environmental Protection Agency					
Direct					
Brownsfields Assessment & Cleanup Cooperative Agreements	66.818		200,000	6,824	
U.S. Department of Transportation					
Federal Transit Administration					
Direct					
Federal Transit Formula Grants	20.507		3,836,697	746,368	-
Federal Highway Administration					
Passed-through the State of Louisiana					
Department of Transportation and Development Highway Planning and Construction	20.205	SPN 744-40-0018	373,200	241,015	
National Highway Traffic Safety Administration					
Passed-through the State of Louisiana					
State and Community Highway Safety	20.600	PT 08-11-00	52,438	30,274	
State and Community Highway Safety	20.600	PT 09-21-00	45,000	30,810	-
Total - CFDA 20.600			97,438	61,084	-
Agency Totals			4,307,335	1,048,467	-
U.S. Department of Homeland Security					
Passed through the State of Louisiana					
Disaster Grants - Public Assistance (Presidential Declared)	97.036		N/A	2,667,062	
Passed through the Rapides Parish Police Jury					
Office of Homeland Security and Emergency Preparedness	97.067	2006-GE-T6-0069	72,827	72,154	-
Agency Totals			72,827	2,739,216	-
TOTALS			\$ 7,532,445	\$ 5,060,809	\$ 75,501

Note:

Expenditures for CFDA #20.507 are reported on the accrual basis of accounting. All other expenditures on the Schedule of Expenditures of Federal Awards are reported on the modified accrual basis of accounting. Note 1 to the financial statements provides additional information relative to the City's accounting policies.

See independent auditor's report.

City of Alexandria, Louisiana
Utilities System Enterprise Fund
Unaudited Summary of Utility Service Customers
April 30, 2009

Schedule 4

<u>Type of Service</u>	<u>Number of Customers</u> <u>April 30, 2009</u>
Electricity	24,509
Water	21,435
Gas	16,511
Waste water	17,196

See independent auditor's report.

City of Alexandria, Louisiana
Unaudited Listing of Insurance in Force
April 30, 2009

Schedule 5
(Continued)

Property

Insurer: The Travelers Insurance Companies

Expiration date: May 6, 2009

Coverage:

Real property, comprising buildings, and personal property

Self-insured retention:

\$100,000 per occurrence deductible

Policy limits of liability:

\$250,000,000 per occurrence with specified sublimits

Boiler and Machinery

Insurer: The Travelers Insurance Companies

Expiration date: May 6, 2009

Coverage:

Comprehensive boiler and machinery coverage including production machines

Loss retention:

Varies with a minimum of \$50,000 per occurrence

Policy limits of liability:

\$25,000,000 per accident with specified sublimits

General Liability/Law Enforcement

Insurer: Lexington Insurance Company

Expiration date: May 6, 2009

Coverage:

Bodily injury and property damage, personal and advertising injury,
and law enforcement liability

Self-insured retention:

\$500,000 each and every loss and/or claim and/or occurrence

Policy limits of liability:

\$1,050,000 each and every loss and/or occurrence Combined Single Limit

\$2,000,000 in the aggregate annually as respects products/completed operations

Public Officials Errors and Omissions

Coverage:

Any actual or alleged error or misstatement, omission, act of neglect or breach
of duty including misfeasance, malfeasance and non-feasance by the Insured;
includes actual or alleged violations of US or state constitutions or any law
affording protection for civil rights

See independent auditor's report.

City of Alexandria, Louisiana
Unaudited Listing of Insurance in Force
April 30, 2009

Schedule 5
(Concluded)

Employee Benefits Liability

Insurer: Lexington Insurance Company

Expiration date: May 6, 2009

Coverage:

Any negligent act, error or omission in the administration of the Insured's employee benefits programs

Self-insured retention:

\$500,000 each and every loss and/or claim and/or occurrence

Policy limits of liability:

\$1,000,000 each and every loss and/or occurrence Combined Single Limit

\$2,000,000 in the aggregate annually as respects products/completed operations

Specific Excess Workers' Compensation and Employers Liability Indemnity

Insurer: Safety National Casualty Company

Expiration date: May 6, 2009

Coverage:

Workers' compensation - statutory

Employers' liability - any cause of action by an employee against the City for bodily injury or disease in the course of employment

Loss retention:

\$500,000 per occurrence

Policy limits of liability:

Workers' compensation - statutory

Employers' liability - \$1,000,000 per occurrence

Public Officials Bond

Insurer: Western Surety Bond

Expiration Date: September 9, 2009

Coverage: Mayor

Policy limits of liability: \$100,000

Fidelity Bond

Insurer: Fidelity and Deposit Company of Maryland

Expiration date: May 21, 2009

Coverage: Tax Collector

Policy limits of liability: \$10,000

Public Employees Honesty Bond

Insurer: Fidelity and Deposit Company of Maryland

Expiration date: September 1, 2009

Coverage:

Employees in the Divisions of Finance, Public Works, Planning and CADS

Loss retention: \$1,000 per occurrence

Policy limits of liability: \$100,000 per employee

See independent auditor's report.

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**Other Reports Required by
Government Auditing Standards
and OMB Circular A-133**

**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***



PAYNE, MOORE & HERRINGTON, LLP

CERTIFIED PUBLIC ACCOUNTANTS

Established 1945

**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 Mayor and City Council
City of Alexandria, Louisiana

We have audited the financial statements of the governmental activities, the business-type activities, the aggregate discretely presented component units, each major fund, and the aggregate remaining fund information of the City of Alexandria, Louisiana, as of and for the year ended April 30, 2009, which collectively comprise the City's basic financial statements and have issued our report thereon dated October 28, 2009. We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States.

Internal Control Over Financial Reporting

In planning and performing our audit, we considered the City's internal control over financial reporting as a basis for designing our auditing procedures for the purpose of expressing our opinions on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of the City's internal control over financial reporting. Accordingly, we do not express an opinion on the effectiveness of the internal control of the City of Alexandria, Louisiana over financial reporting.

Our consideration of internal control over financial reporting was for the limited purpose described in the preceding paragraph and would not necessarily identify all deficiencies in internal control over financial reporting that might be significant deficiencies or material weaknesses. However, as discussed below, we identified certain deficiencies in internal control over financial reporting that we consider to be significant deficiencies.

A control deficiency 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 misstatements on a timely basis. A significant deficiency is a control deficiency, or combination of control deficiencies, that adversely affects the City's ability to initiate, authorize, record, process, or report financial data reliably in accordance with accounting principles generally accepted in the United States of America such that there is more than a remote likelihood that a misstatement of the City's financial statements that is more than inconsequential will not be prevented or detected by the internal control of the City of Alexandria, Louisiana. We consider the deficiencies described in Finding 2009-01 through Finding 2009-03 in the accompanying schedule of findings and questioned costs to be significant deficiencies in internal control over financial reporting.

MARVIN A. JUNEAU, C.P.A.
ERNEST F. SASSER, C.P.A.

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PAYNE, MOORE & HERRINGTON, LLP

The Honorable Mayor and City Council
City of Alexandria, Louisiana

A material weakness is a significant deficiency, or combination of significant deficiencies, that results in more than a remote likelihood that a material misstatement of the financial statements will not be prevented or detected by the City's internal control.

Our consideration of the internal control over financial reporting was for the limited purpose described in the first paragraph of this section and would not necessarily identify all deficiencies in the internal control that might be significant deficiencies and, accordingly, would not necessarily disclose all significant deficiencies that are also considered to be material weaknesses. However, we consider Finding 2009-02 through Finding 2008-03 to be material weaknesses.

We also noted other matters involving the internal control over financial reporting that we have reported to the management of the City of Alexandria, Louisiana, in a separate letter, entitled *Other Comments and Recommendations*, dated October 28, 2009.

Compliance and Other Matters

As part of obtaining reasonable assurance about whether the 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 determination of financial statement amounts. However, providing an opinion on compliance with those provisions was not an objective of our audit, and accordingly, we do not express such an opinion. The results of our tests disclosed instances of noncompliance or other matters required to be reported under *Government Auditing Standards* and which are described in the accompanying schedule of findings and questioned costs in Finding 2009-04 to Finding 2009-07.

The City of Alexandria, Louisiana's response to the findings identified in our audit is described in the accompanying *Management's Corrective Action Plan*. We did not audit the City of Alexandria, Louisiana's response and, accordingly, we express no opinion on it.

This report is intended solely for the information and use of the Mayor, members of the City Council, management of the City of Alexandria, Louisiana, federal awarding agencies, pass-through entities, and the Legislative Auditor's office of the State of Louisiana. This report is not intended to be, and should not be, used by anyone other than these specified parties. However, under Louisiana Revised Statute 24:513, this report is in fact a public document.

Payne, Moore & Herrington, LLP
Certified Public Accountants

October 28, 2009

**Report on Compliance with Requirements Applicable to
Each Major Program and on Internal Control Over Compliance
in Accordance with OMB Circular A-133**



PAYNE, MOORE & HERRINGTON, LLP

CERTIFIED PUBLIC ACCOUNTANTS

Established 1945

**Report on Compliance with Requirements Applicable to
Each Major Program and on Internal Control Over Compliance
in Accordance with OMB Circular A-133**

The Honorable Mayor and City Council
City of Alexandria, Louisiana

Compliance

We have audited the compliance of the City of Alexandria, Louisiana, with the types of compliance requirements described in the U.S. Office Management and Budget (OMB) Circular A-133 *Compliance Supplement* that are applicable to each of its major federal programs for the year ended April 30, 2009. The City's major federal programs are identified in the summary of auditor's results section of the accompanying schedule of findings and questioned costs. Compliance with the requirements of laws, regulations, contracts, and grants applicable to each of its major federal programs is the responsibility of management of the City of Alexandria, Louisiana. Our responsibility is to express an opinion on the City's compliance based on our audit.

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

In our opinion, the City of Alexandria, Louisiana complied, in all material respects, with the requirements referred to above that are applicable to each of its major federal programs for the year ended April 30, 2009.

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The Honorable Mayor and City Council
City of Alexandria, Louisiana

Internal Control Over Compliance

The management of the City of Alexandria, Louisiana, is responsible for establishing and maintaining effective internal control over compliance with requirements of laws, regulations, contracts, and grants applicable to federal programs. In planning and performing our audit, we considered the City's internal control over compliance with the requirements that could have a direct and material effect on a major federal program in order to determine our auditing procedures for the purpose of expressing our opinion on compliance, but not for the purpose of expressing an opinion on the effectiveness of internal control over compliance. Accordingly, we do not express an opinion on the effectiveness of the City's internal control over compliance.

A control deficiency in an entity's internal control over compliance 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 noncompliance with a type of compliance requirement of a federal program on a timely basis. A significant deficiency is a control deficiency, or combination of control deficiencies, that adversely affects the entity's ability to administer a federal program such that there is more than a remote likelihood that noncompliance with a type of compliance requirement of a federal program that is more than inconsequential will not be prevented or detected by the entity's internal control.

A material weakness is a significant deficiency, or combination of significant deficiencies, that results in more than a remote likelihood that material noncompliance with a type of compliance requirement of a federal program will not be prevented or detected by the entity's internal control.

Our consideration of internal control over compliance was for the limited purpose described in the first paragraph of this section and would not necessarily identify all deficiencies in internal control that might be significant deficiencies or material weaknesses. We did not identify any deficiencies in internal control over compliance that we consider to be material weaknesses, as defined above.

This report is intended solely for the information and use of the Mayor, members of the City Council, management of the City of Alexandria, Louisiana, federal awarding agencies, pass-through entities, and the Legislative Auditor's office of the State of Louisiana and is not intended to be and should not be used by anyone other than these specified parties. However, under Louisiana Revised Statute 24:513, this report is in fact a public document.


Certified Public Accountants

October 28, 2009

**City of Alexandria, Louisiana
Schedule of Findings and Questioned Costs
for the Year Ended April 30, 2009**

Part I - Summary of Auditor's Results

Financial Statements

Type of auditor's report issued:	Unqualified		
Internal control over financial reporting:			
Material weakness(es) identified?	<u> X </u>	Yes	<u> </u> No
Significant deficiency(ies) identified not considered to be material weaknesses?	<u> X </u>	Yes	<u> </u> None reported
Noncompliance material to the financial statements?	<u> X </u>	Yes	<u> </u> No

Federal Awards

Internal control over major programs:			
Material weakness(es) identified?	<u> </u>	Yes	<u> X </u> No
Significant deficiency(ies) identified not considered to be material weaknesses?	<u> </u>	Yes	<u> X </u> None reported
Type of auditor's report issued on compliance for major programs:	Unqualified		
Any audit findings disclosed that are required to be reported in accordance with Circular A-133, Section 510(a)?	<u> </u>	Yes	<u> X </u> No
Identification of major programs:			
CFDA # 14.239 Home Investment Partnership Program			
CFDA # 97.036 Disaster Grants - Public Assistance (Presidential Declared)			
Dollar threshold used to distinguish between Type A and Type B programs	\$300,000		
Auditee qualified as a low-risk auditee?	<u> </u>	Yes	<u> X </u> No

City of Alexandria, Louisiana
Schedule of Findings and Questioned Costs
for the Year Ended April 30, 2009

**Part II - Findings Relating to the Financial Statements which are
Required to be Reported Under *Government Auditing Standards***

FINDING 2009-01

CENTRALIZED RECORDKEEPING FOR GRANT AWARDS

Criteria: The objectives of internal controls are to provide management with reasonable assurance that assets are safeguarded against loss and that transactions are executed in accordance with management's authorization and recorded properly to permit the preparation of financial statements in accordance with accounting principles generally accepted in the United States of America.

Condition: We noted that reimbursement requests for several grants were not filed timely and/or the accounting department had no knowledge of the grant details. The following are examples.

- Under the Louisiana Commission on Law Enforcement subgrant #B07-3-009, the Police department submitted request #12 for reimbursement of their federal share of their expenses of \$3,681. This request was submitted on January 16, 2009. The City had not received reimbursement as of July 28, 2009. The accounting department was not aware that the reimbursement request was filed and, therefore, were unable to monitor the request for timely receipt.
- Under the Crime Stoppers Cooperative Endeavor agreement, a \$21,426 vehicle was purchased by the Police department. The request for reimbursement was not submitted.
- Within the Municipal Bus Fund, the reimbursement for request for the operating portion of the federal UMTA grant was not requested until after April 15th and received on May 18th. Normally, this request is submitted during December or early January of each year.

In general, it is very difficult to identify the existence of intergovernmental revenue sources and its related supporting documentation from the associated departments.

Recommendation: We recommend that a centralized location and individual (such as the Accounting Manager) be designated for control and accounting purposes of all state and federal grant awards. A copy of all grants, cooperative endeavor agreements, etc. should be sent to the Accounting Manager at the time grant awards are received. At the time the request for reimbursement is submitted to the granting authority, a copy of the request should also be sent to the Accounting Manager. When reimbursement is received, the requesting department should be notified timely of the receipt of monies. If payment is not received timely, the requesting party should be notified by the Accounting Manager that payment has not been received in order for that department to follow up on collecting payment for that particular request.

Management's Response: See Management's Corrective Action Plan.

FINDING 2009-02

MATERIAL AUDIT ADJUSTMENTS

Criteria: The objectives of internal controls include providing management with reasonable assurance that transactions are executed in accordance with management's authorization and recorded properly to permit the preparation of financial statements in accordance with accounting principles generally accepted in the United States of America.

City of Alexandria, Louisiana
Schedule of Findings and Questioned Costs
for the Year Ended April 30, 2009

Condition and Effect: Control deficiencies resulted in the following material audit adjustments that, in our opinion, would not have been detected except for our audit procedures:

1. Existing controls failed to detect that a prior year approved audit adjustment was not posted resulting in an understatement of beginning net assets in the Utility System Fund of \$571,924.
2. Year end accounts payable in the amount of \$1,399,305 were unrecorded. It appeared that the existing controls were not completely followed resulting in not detecting the unrecorded accounts payable.
3. There is no consistent system to detect and record contributions of capital assets by developers to the City. During the year ended April 30, 2009, the contributions of capital assets in the amount of \$9,390,334 were not initially recorded.

Recommendations: We offer the following recommendations:

1. After posting approved audit adjustments, ending fund balance/net assets should be reconciled to the related adjusted trail balance.
2. Existing monitoring procedures to ensure that year end accounts payable are properly recorded should be followed.
3. Management should develop procedures to capture and record contributions of capital assets by developers.

Management's Response: See Management's Corrective Action Plan.

FINDING 2009-03

POLICE AND FIRE ANNUAL LEAVE POLICY

Criteria: In accordance with the City of Alexandria's annual leave policy, employees of the Police and Fire Department are allowed to accrue a maximum of 528 vacation hours and a maximum of 480 compensatory hours. In addition, in accordance with LA Revised Statute 33:2213.1, the work of an employee for which compensatory time may be provided, may not exceed 480 hours of compensatory time off shall, for additional overtime hours worked, be paid overtime compensation.

Condition: Twenty-five employees of the Police Department were allowed to accrue vacation time in excess of the approved policy, and two employees of the Police Department were allowed to accrue compensatory time in excess of the approved policy and revised statute 33:2213.1. Five employees of the Fire Department were allowed to accrue vacation time in excess of the approved policy.

Cause of Condition: The City has not followed the established annual leave policy.

City of Alexandria, Louisiana
Schedule of Findings and Questioned Costs
for the Year Ended April 30, 2009

Effect of Condition: Vacation pay in the amount of \$240,724 was accrued for hours exceeding the approved policy, and \$218 of compensation leave time was accrued for hours exceeding the approved policy,

Recommendations: We recommend the City follow the policies in effect and/or submit a revision with appropriate guidelines for amounts allowed to accrue not within the defined limits.

Management's Response: See Management's Corrective Action Plan.

FINDING 2009-04

UTILITY ASSISTANCE PROGRAM

Criteria: It is our understanding that the state constitution provides for the use of public funds for programs of social welfare for the aid and support of the needy by a political subdivision of the state. However, case law and attorney general opinions indicate that the city must document the following:

1. The expenditure of public funds, taken as a whole, does not appear to be gratuitous;
2. The expenditure must be for a public purpose; and
3. Evidence demonstrating that the public entity has a reasonable expectation of receiving a benefit or value at least equivalent to the amount expended.

The recommended method of documenting the above criteria is through the use of a properly executed cooperative endeavor agreement.

Condition: On May 18, 2007, the City entered into a cooperative endeavor agreement (CEA) with the Shepherd Center to provide utility assistance to indigent residents of the City. The term of the agreement was from May 8, 2007 through May 8, 2008. During the fiscal year ended April 30, 2009, subsequent to the expiration of the CEA, the City provided \$150,000 for utility assistance to the Shepherd Center. Management informed us that a new CEA for the period after May 8, 2008 through April 30, 2009 was not executed. The utility assistance program continued to operate in accordance with the term of the expired CEA except that \$12,000 of the \$150,000 was utilized by the Shepherd Center as an administrative fee. The expired CEA did not contain a provision for an administrative fee.

Effect: Since the City does not have a current cooperative endeavor agreement with the Shepherd Center, the City lacks complete documentation that it meets the three requirements listed above. Also, there is no documentation either allowing or disallowing the administrative fee charged by the Shepherd Center.

Recommendations: We recommend that the City enter into a written cooperative endeavor agreement for situations such as this one. The City needs to develop a system for monitoring compliance with terms and the agreement, including expiration dates. Cooperative endeavor agreements should be timely renewed as needed. In addition, we recommend that the city determine if the use of the \$12,000 as an administrative fee is an allowable use of utility assistance funds.

Management's Response: See Management's Corrective Action Plan.

**City of Alexandria, Louisiana
Schedule of Findings and Questioned Costs
for the Year Ended April 30, 2009**

FINDING 2009-05

ALEXANDRIA MUSEUM OF ART

Criteria: It is our understanding that Article 7, Section 14 of the Louisiana Constitution provides, in part, that things of value may not be loaned pledged or donated to or for any person, association, or corporation, public or private.

Condition: On September 1, 2006, Louisiana State University (LSU) obtained the use of the premises known as the Alexandria Museum of Art. On December 15, 2006, the City of Alexandria and LSU entered into an interagency agreement by which LSU will grant the use of one office space to the City, in consideration for which the City will provide utilities and parking on adjoining City property to the Museum. The consideration provided by the City to the Museum appears to exceed the rental value of the office space. We were informed that no changes to the interagency agreement occurred during the current year.

Effect: The provision of utilities and parking spaces to the Museum with an apparent value much greater than the value of the office space received for these services may be a violation of Article 7, Section 14 of the Louisiana Constitution.

Recommendation: We continue to recommend that the City's legal council review the interagency agreement to determine if it complies with the Louisiana Constitution.

Management's Response: See Management's Corrective Action Plan.

FINDING 2009-06

FAILURE TO FILE AUDIT REPORT BY DUE DATE

Criteria: Louisiana Revised Statutes (LSA-RS) 24:513 provides in part that audits of governmental entities shall be completed within six (6) months of the close of the entity's fiscal year and shall be filed with the office of the Legislative Auditor within that time period.

Condition: The City of Alexandria contracted with an entity to perform certain actuarial calculations relative to the risk management fund for the fiscal year ending April 30, 2009. After requests for proposals were reviewed, the City entered into contract negotiations with the service provider and due to numerous problems, the contract and work product was not completed timely. The report was received on October 20, 2009. Time restraints prohibited completion of the audit report within the required due date and, therefore, was not filed until after the October 31, 2009. Due to this delay, the City of Alexandria requested from the Louisiana Legislative Auditor an extension to file the report until December 15, 2009.

Management's Response: See Management's Corrective Action Plan.

FINDING 2009-07

TIMELY DEPOSITS

Criteria: According to R.S. 39:1212, all funds of a local depositing authority shall be deposited daily whenever practicable.

Condition: Cash receipts from building permits are not being deposited daily. Only nine deposits, totaling \$218,455, were made at the City of Alexandria's Customer Service department during the current fiscal

**City of Alexandria, Louisiana
Schedule of Findings and Questioned Costs
for the Year Ended April 30, 2009**

year. In addition, within the accounting records, approximately one-half of these revenues collected were incorrectly classified as miscellaneous revenues.

In addition, we noted that deposits of Zoo receipts are also not being deposited daily at the Customer Service Department. For the majority of the year, cash deposits varied from once a month to twice a month.

Cause of Condition: We were informed that funds collected are stored in a locked drawer until convenient to deposit at the Customer Service Center.

Recommendation: We recommend that all deposits be made daily whenever practicable, and care should be exercised to make sure that receipts are posted to the correct income account within the general ledger.

Management's Response: See Management's Corrective Action Plan.

Part III - Findings and Questioned Costs for Federal Awards

None Reported

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Other Comments and Recommendations



PAYNE, MOORE & HERRINGTON, LLP

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Other Comments and Recommendations

The Mayor and City Council
City of Alexandria, Louisiana

In planning and performing our audit of the basic financial statements of the City of Alexandria, Louisiana, as of and for the year ended April 30, 2009, we considered the City's internal controls to determine our auditing procedures for the purpose of expressing an opinion on the financial statements and not to provide assurance on the internal controls.

However, during our audit we became aware of matters that are opportunities for strengthening internal controls, operating efficiency, and compliance. The memorandum that accompanies this letter summarizes our comments and suggestions regarding those matters. A separate report, dated October 28, 2009 contains our report on reportable conditions on the City's internal control. This letter does not affect our report, dated October 28, 2009 on the basic financial statements of the City of Alexandria, Louisiana.

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

Handwritten signature of Payne, Moore & Herrington, LLP
Certified Public Accountants

October 28, 2009

- MARVIN A. JUNEAU, C.P.A.
ERNEST F. SASSER, C.P.A.
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Memorandum of Other Comments and Recommendations

Finding 2009-08

Contract renewal

Condition: Effective May 1, 2001, the City entered into a "Claims Services Agreement" with Mor-Tem Risk Management for third party administration services relative to risk management activities. During year 2005, an extension agreement was executed for the period May 1, 2005 through April 30, 2008. The contract was not renewed upon termination. Effective October 1, 2009, the services are now provided by Hammerman & Gainer, Inc. It is our understanding that Mor-Tem Risk Management merged operations with this entity.

Criteria: A contract does not exist for services provided by Mor-Tem Risk Management and Hammerman & Gainer, Inc. for the period May 1, 2008 through the end of the current fiscal year.

Recommendation: We recommend that management enter into a contract with this entity

Management's Response: See Management's Corrective Action Plan.

Finding 2009-09

Lease Agreements

Condition: We previously reported that on January 11, 2000, the City entered into a proposal between Community Receiving Homes, Inc. and the City of Alexandria concerning the leasing of 74.92 acres of land adjacent to the intersection of LA Hwy 28 West and LA Hwy 3504 in Rapides Parish, Louisiana. The terms of the proposal provided in part for the following:

- A) The City of Alexandria agrees to lease from Community Receiving Homes, Inc. the front 16.47 acres bordering LA Hwy 28 West for the sum no less than \$100.00 annually per acre, or one thousand six hundred forty-seven and no/100 dollars (\$1,647.00) annually. Term of the lease was to be 50 years from date of inception, beginning January 1, 2000.
- B) The City of Alexandria agrees to lease from Community Receiving Homes, Inc. the remaining 58.45 acres for a sum not less than \$100.00 per acre annually, or five thousand eight hundred forty-five and no/100 dollars (\$5,845.00) annually. Term of the lease was to be 5 years from date of inception beginning January 1, 2000.

Management continues to report that actual lease agreements have not been formally entered into and that the proposal continues to be in effect. Substantial improvements consisting of the Johnny Downs Sports Complex were constructed on this property.

Recommendation: We continue to recommend that the City Attorney review this matter and advise management and the Council of the correct procedures to remedy this situation.

Management's Response: See Management's Corrective Action Plan.

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Special Letter
Re: Resolution Number 2341-1982
Requirement of Specific Recommendations



PAYNE, MOORE & HERRINGTON, LLP

CERTIFIED PUBLIC ACCOUNTANTS

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The Honorable Mayor and City Council
City of Alexandria, Louisiana

RE: Resolution Number 2341-1982
Requirement of specific
recommendations

In accordance with Resolution Number 2341-1982, "a resolution relative to the fulfillment of commitments of the City of Alexandria relative to the Combined Utilities System", as engaged independent certified public accountants, we were requested to include specific recommendations to ensure that the City and the Combined Utilities System generate sufficient revenues to pay operation and maintenance expenses of the Combined Utilities System and debt service on outstanding revenue bonds payable from such revenue, and to make all budgeted transfers to other funds of the City. During the current year, the City fulfilled each of these commitments.

For future periods, the City should continue to accomplish the following steps:

- 1) Prepare and approve an annual operating budget of the Combined Utilities System based upon the best criteria of revenue and expense estimates that can be reasonably developed.
- 2) Provide for budgetary control on a line item basis and monitor budget variances on a current basis. Amendments should be addressed for any unusual exceptions as they are encountered.
- 3) Provide projected monthly cash flow schedules with comparisons to actual, prior, and current amounts. Any unusual variances should be investigated.
- 4) Maintain current and accurate accounting records relative to financial activity of the system.
- 5) Reconcile subsidiary ledgers to appropriate general ledger control accounts on a current basis.
- 6) Provide for a complete review of the accounting trial balance and underlying transactions on a current basis for obvious posting errors. Investigate and/or correct unusual items as needed.
- 7) Update utility rate studies as practical and adjust rates as necessary to provide adequate revenues to meet budgeted needs.
- 8) Implement other recommendations, if any, relative to the Combined Utilities System as noted in our accompanying schedule of findings and questioned costs.

Payne Moore & Herrington, LLP
Certified Public Accountants
October 28, 2009

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Management's Corrective Action Plan

**City of Alexandria, Louisiana
Management's Corrective Action Plan
Year Ended April 30, 2009**

The City of Alexandria, Louisiana respectfully submits the following corrective action plan for the year ended April 30, 2009.

Independent Public Accounting Firm: Payne, Moore & Herrington, LLP
P. O. Box 13200
Alexandria, Louisiana 71315-3200

Auditee Contact Person: Mr. David Crutchfield
Director of Finance
City of Alexandria, Louisiana
(318) 449-5094

Audit Period: May 1, 2008 through April 30, 2009

The findings from the Schedule of Findings and Questioned Costs are discussed below. The findings are numbered consistently with the numbers assigned in the Schedule.

Section I: Findings Relating to the Financial Statements Which are Required to be Reported Under Government Auditing Standards	
Finding 2009-01	Centralized Recordkeeping for Grant Awards
Response	City departments filing for grants will be informed that it is imperative that the Accounting Department is made aware of the existence of any grant, and informed timely of when to expect reimbursement from the granting authority.
Finding 2009-02	Material Audit Adjustments
Response	After posting adjusting entries, fund equity account balances on the City's accounting system will be compared to fund equity account balances on the auditor's system to assure that they are in agreement. Existing procedures to detect year end accounts payable will be followed. A procedure will be developed to obtain a value on contributions of capital assets before they are formally received by the City.
Finding 2009-03	Police and Fire Annual Leave
Response	The Police and Fire Departments will be reminded of the existing procedures to assure that they are followed.
Finding 2009-04	Utility Assistance Program
Response	The cooperative endeavor with the Shepherd Center has been renewed and will be renewed each fiscal year as long as the program exists.

**City of Alexandria, Louisiana
Management's Corrective Action Plan
Year Ended April 30, 2009**

Finding 2009-05	Alexandria Museum of Art
Response	The City's legal counsel is working on a revised agreement that will remove the rental space and include other deliverables to ensure compliance with the Louisiana State Constitution.
Finding 2009-06	Failure to File Audit Report by Due Date
Response	The City of Alexandria applied for and was granted an extension of time to file the audit report. The contract for actuarial services covers multiple years and should not cause delays in the future.
Finding 2009-07	Timely Deposits
Response	The involved City departments have been reminded of the importance of frequent deposits to safeguard the funds against theft, both internal and external, as well as the physical risk to employees due to money being kept in an unsecure location.

**Section II:
Findings and Questioned Costs for Federal Awards**

None reported.

**Section III:
Other Comments and Recommendations
(Management Letter)**

Finding 2009-08	Contract Renewal
Response	The City will enter into an agreement with Hammerman & Gainer as the successor provider to Mor-Tem.
Finding 2009-09	Lease Agreements
Response	The City Attorney will continue to work out the details of the lease agreement with Community Receiving Homes, Inc. and the State of Louisiana.

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Management's Schedule of Prior Year Findings

City of Alexandria, Louisiana
Management's Schedule of Prior Year Findings
For the Year Ended April 30, 2009

Part II: Internal Control And Compliance Material to the Financial Statements		
Finding 2008-01	Purchasing Procedures	Resolved.
Finding 2008-02	City Utility Accounts	Resolved.
Finding 2008-03	Utility Rate Codes	Resolved.
Finding 2008-04	Supporting Documentation - Invoices Paid	Resolved.
Finding 2008-05	Pay to Retired Policeman	Resolved.
Finding 2008-06	Contract Workers vs Employee Relationship	Resolved.
Finding 2008-07	Alexandria Museum of Art	Partially Resolved. See Finding 2009-05
Finding 2008-08	Theft Allegation	Resolved.
Finding 2008-09	Possible Bid Law Violation	Resolved.

Section II: Other Comments and Recommendations (Management Letter)		
Finding 2008-10	Approval of Travel Vouchers	Resolved.
Finding 2008-11	Lease Agreements	Not Resolved. See Finding 2009-08
Finding 2008-12	Authorized Check Signers	Resolved.
Finding 2008-13	Documentation of Utility Billing Office Procedures	Resolved.