

**City of Alexandria,
Louisiana**

Financial Report

April 30, 2012

City of Alexandria, Louisiana
April 30, 2012
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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, 2012, 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, 2012, 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 our report dated October 25, 2012, on our consideration of the City of Alexandria'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

Accounting principles generally accepted in the United States of America require that the management's discussion and analysis and budgetary comparison information on pages 3 through 16 and 70 through 72 be presented to supplement the basic financial statements. Such information, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board, who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. We have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the City of Alexandria's financial statements as a whole. The accompanying schedule of expenditures of federal awards is presented for 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 also not a required part of the financial statements. The accompanying schedule of expenditures of federal awards is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the financial statements. The information has been subjected to the auditing procedures applied in the audit of the financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the financial statements or to the financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the information is fairly stated in all material respects in relation to the financial statements as a whole. The accompanying summary of utility service customers and 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 do not express an opinion or provide any assurance on them.

Payne, Moore & Herrington, LLP

Certified Public Accountants

October 25, 2012

**Required Supplemental Information –
Part I**

Management's Discussion and Analysis

City of Alexandria, Louisiana
Management's Discussion and Analysis
Year ended April 30, 2012

Our discussion and analysis of the City of Alexandria's financial performance provides an overview of the City's financial activities for the fiscal year ended April 30, 2012. Please read it in conjunction with the City's financial statements, which begin on page 17. For ease of understanding, figures are rounded to the nearest tenth of \$1 million.

Financial Highlights

- The City's assets exceeded liabilities by \$296.8 million. Of this total, \$33.3 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 nearly \$10.1 million during the 2012 Fiscal Year. This is the combined result of an increase of \$2.3 million in net assets from governmental activities and an increase of \$7.8 million in net assets from business activities.
- Unrestricted net assets increased by \$10.3 million in Fiscal 2012. This is the combined result of an increase of \$2.8 million from governmental activities and an increase of \$7.5 million from business type activities.
- Unrestricted fund balance in the General Fund is \$19.1 million, which amounts to approximately 37% of the expenditures of the General Fund in Fiscal 2012.
- The City's long-term debt decreased by \$4.0 million, the net effect of issuing \$3.4 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.

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

City of Alexandria, Louisiana
Management's Discussion and Analysis
Year ended April 30, 2012

- 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, 2012**

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 2012 and 2011:

City of Alexandria, LA
Condensed Statement of Net Assets (in millions)
April 30, 2012 and April 30, 2011

	<u>2012</u>	<u>2011</u>	<u>2012</u>	<u>2011</u>	<u>2012</u>	<u>2011</u>
	<u>Governmental</u>		<u>Business</u>		<u>Total</u>	
Assets						
Current & Other Assets	78.1	77.8	25.9	24.0	104.0	101.9
Restricted Assets	0	0	18.1	13.0	18.1	13.0
Capital Assets	171.3	174.1	123.5	123.3	294.8	297.4
Total Assets	249.4	251.9	167.5	160.3	416.9	412.3
Liabilities						
Current Liabilities	12.8	14.3	7.3	7.9	20.1	22.2
Long Term Liabilities	61.5	64.9	38.4	38.5	99.9	103.4
Total Liabilities	74.3	79.2	45.7	46.4	120.0	125.6
Net Assets						
Invested in Capital Assets (Net)	146.7	148.3	89.8	89.6	236.5	237.9
Restricted	23.3	22.2	3.7	3.7	27.0	25.9
Unrestricted	5.1	2.3	28.2	20.7	33.3	23.0
Total Net Assets	175.1	172.8	121.7	114.0	296.8	286.8

As of April 30, 2012 the City's net assets total \$296.8 million, showing an increase of about 3.49% over the 2011 total of \$286.8 million. Roughly 80% 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 \$27.0 million, or 9%, of the total. Restrictions are placed by entities outside the City government, such as bondholders. These assets are also not available for appropriation. The remaining \$33.3 million, or 11%, of net assets is unrestricted and is available for appropriation.

City of Alexandria, Louisiana
Management's Discussion and Analysis
Year ended April 30, 2012

The following table is a condensed version of the Statement of Activities displaying 2012 and 2011:

City of Alexandria, LA
Condensed Statement of Activities (in millions)
April 30, 2012 and April 30, 2011

	<u>2012</u>	<u>2011</u>	<u>2012</u>	<u>2011</u>	<u>2012</u>	<u>2011</u>
	<u>Governmental</u>		<u>Business</u>		<u>Total</u>	
Revenues						
Program Revenues:						
Charges for Services, Fines, Fees	4.2	4.3	104.1	105.8	108.3	110.1
Grants & Contributions	5.5	5.6	3.3	2.0	8.8	7.6
General Revenues:						
Sales Taxes	42.4	41.0			42.4	41.0
Other Taxes	8.1	8.1			8.1	8.1
Other	1.1	1.0	1.9	.1	3.0	1.1
Total Revenues	61.3	60.0	109.3	107.9	170.6	167.9
Expenses						
General government	14.1	11.5			14.1	11.5
Public safety	28.9	29.6			28.9	29.6
Public works	18.2	17.4			18.2	17.4
Community and economic development	2.6	2.3			2.6	2.3
Interest on long-term debt	2.7	2.9	1.6	1.6	4.3	4.5
Electricity			55.0	60.8	55.0	60.8
Gas			12.2	12.8	12.2	12.8
Water			7.1	7.3	7.1	7.3
Wastewater			7.9	7.9	7.9	7.9
Transit			3.1	3.5	3.1	3.5
Sanitation			4.1	4.4	4.1	4.4
Zoological Park			1.9	2.0	1.9	2.0
Golf Course			1.0	1.0	1.0	1.0
Hotel Operating			.1	.3	.1	.3
Total Expenses	66.5	63.7	94.0	101.6	160.5	165.3
Change in Net Assets before Transfers	-5.2	-3.7	15.3	6.3	10.1	2.6
Transfers	7.5	7.1	-7.5	-7.1	0.0	0.0
Increase (Decrease) In Net Assets	2.3	3.4	7.8	-8	10.1	2.6

City of Alexandria, Louisiana
Management's Discussion and Analysis
Year ended April 30, 2012

The City's total revenues were \$170.6 million and total expenses were \$160.5 million for Fiscal 2012. This results in an increase of net assets before transfers of \$10.1 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 \$2.3 million in Fiscal 2012 compared to an increase of \$3.4 million in Fiscal 2011. Examining the expenses for the 2 years, we see that they are up from \$63.7 million in 2011 to \$66.5 million in 2012, roughly a 4% difference. We see an increase of \$2.6 million in General Government, a decrease of \$.7 million in Public Safety, a \$.8 million increase in Public Works, a \$.3 million increase in Community Development and a \$.2 million decrease in Interest on Long Term Debt. Revenues are the lesser change from the prior year reflecting an increase of \$1.3 million. Sales Taxes account for \$1.4 million of the increase; while 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 in a given year depending on the progress of active construction projects. Expenditures in the combined capital projects were actually down by over \$6.8 million for Fiscal 2012 compared to the prior year, reflected mostly in Public Works activities.

Business-type Activities net assets increased \$7.8 million for Fiscal 2012, compared to the decrease in the prior year of \$.8 million. Expenses are down from \$101.6 million in 2011 to \$94.0 million in Fiscal 2012, a decrease of over 7%. This decrease is largely due to Electric Fuel Cost, the City's cost for purchasing electricity for sale to customers, which decreased from the prior year by approximately \$5.4 million. This trend also applies to Gas Fuel cost reflecting a decrease of \$1.2 million compared to the prior year. Other minor changes round out the differences in expenses. Transfers to the Governmental Activities are \$7.5 million in Fiscal 2012 compared to \$7.1 million in the prior year. Revenues are up from \$107.9 million in 2011 to \$109.3 in 2012, slightly over 1%. The largest categorical change is in Grants and Contributions, showing an increase of \$1.3 million. Other minor changes in revenue account for the remainder.

The City was rebating electric fuel cost in Fiscal 2011 and Fiscal 2012; but the adjustment down was less in 2012. This means that the City was decreasing the current fuel cost as an adjustment for prior fuel cost. Gas Fuel Cost was rebating in both years, also at a lesser rate in Fiscal 2012. 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. These fluctuations in revenue can cause significant differences in the short term.

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 2012 with an increase in Unassigned Fund Balance of about \$2.1 million. In short, the General Fund took in more than it spent by this amount. In order to see the change, a comparison of revenues and expenditures of Fiscal 2012 and 2011 is needed.

City of Alexandria, Louisiana
Management's Discussion and Analysis
Year ended April 30, 2012

Revenues decreased by \$.5 million, around 3%. Significant changes include increase in Taxes of \$.2 million while Licenses and Permits increased \$.1 million. These are more than offset by a \$.9 million decrease in Intergovernmental Revenue and a decrease of \$.2 million in Fines. Transfers In are up by nearly \$2 million, more than countering the decrease in revenues.

Expenditures and Transfers Out increased roughly \$4 million when compared to the previous year. This is due to a variety of factors. General Government reflects an increase of \$1.7 million; Public Safety a decrease of \$.4 million, and Public Works remains substantially the same. Operating Capital (purchases of vehicles, equipment, etc.) is up by \$.3 million in Fiscal 2012. Transfers Out are up about \$2.3 million from the previous year as the deficit support for the Zoo Fund and Golf Course Funds was shifted back to the General Fund from the Utilities System Fund.

Overall, the decrease in General Fund revenue could have been harmful had it not been for substantial increases in Transfers In; about \$1.4 million in increased Transfer from the Utilities System Fund and \$.8 million increase in Transfers from City Sales Tax Fund. On the expenditure side, efforts to reduce costs in virtually every department yielded considerably less expenditures than budgeted. Although this appears favorable in the short term, some costs such as routine maintenance and replacement of equipment cannot be deferred indefinitely without dire consequences such as system and equipment failures.

General Fund Budgetary Highlights

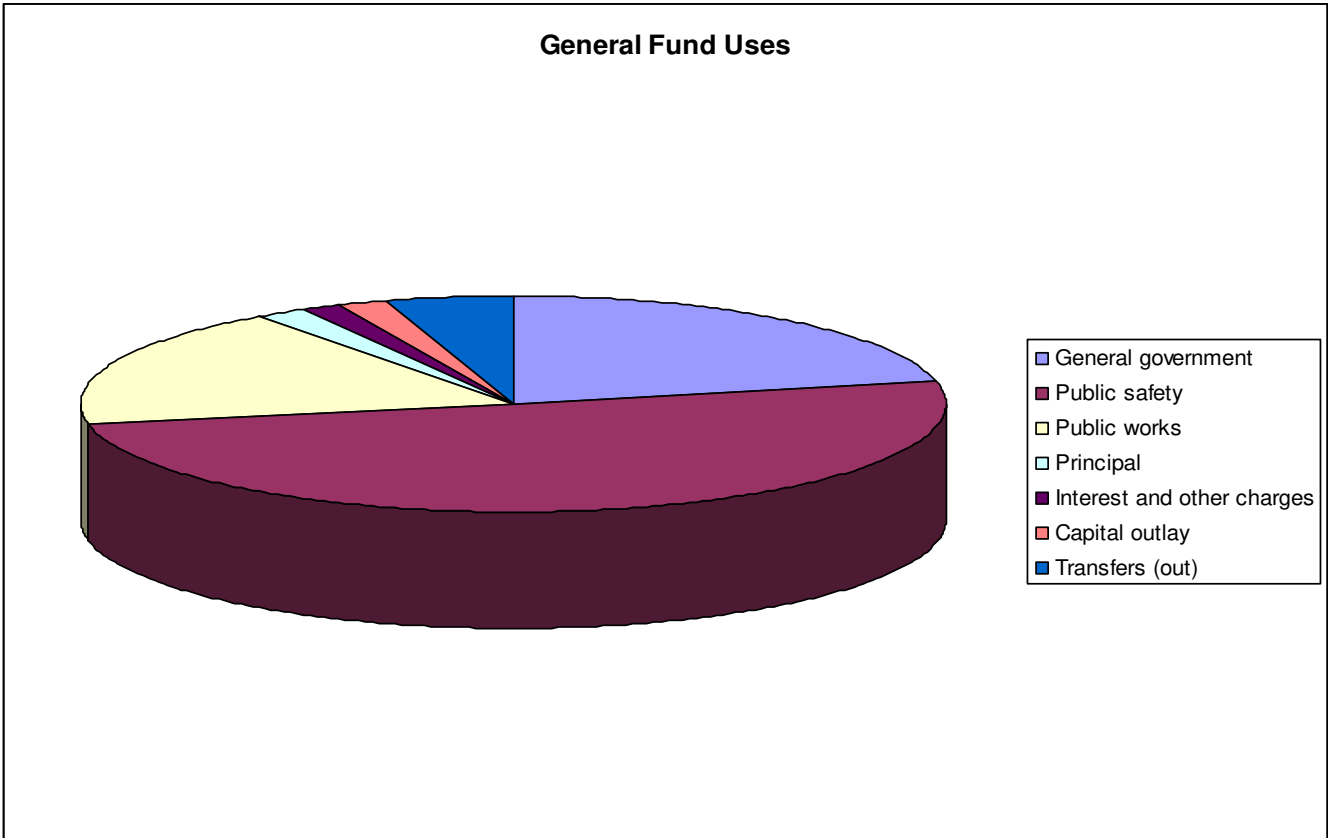
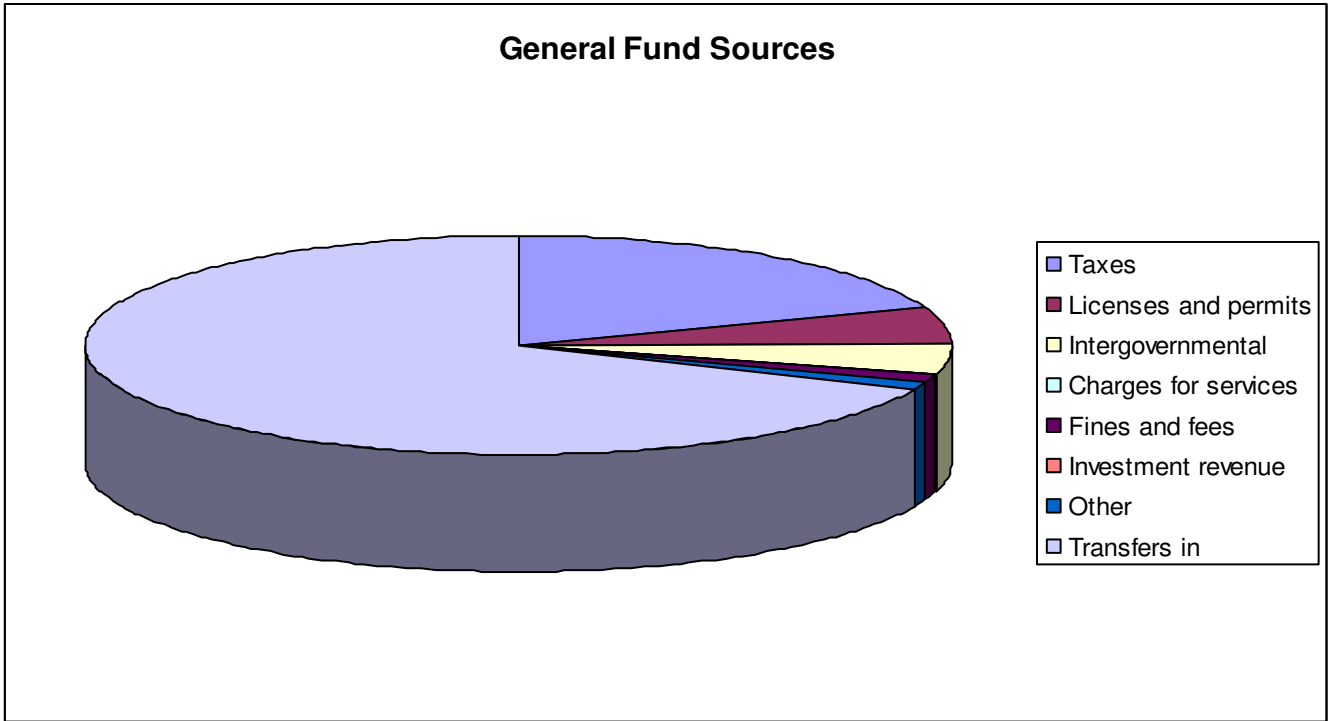
The original budget of the General Fund reflects the City's plan and financial intent at the beginning of the fiscal year. This is routinely adjusted during the year to better reflect actual revenues available and actual expenditures incurred. The City does its most comprehensive adjustment at Major Budget Amendment (MBA). Revenues and Transfers In were adjusted resulting in a net increase of slightly more than \$3.3 million (6.21%). The category of Intergovernmental Revenue had an increase of \$.7 million consisting primarily in recognition of grant funds. Taxes was another major factor with increases for Property and Franchise taxes totaling \$.3 million; while Licenses and Permits were increased nearly \$.2 million. Transfers In was increased by \$.9 million reflecting adjustments in Cost Allocation and Sales Taxes. Other minor changes in Revenues and Transfers In account for the remaining difference. The City originally budgeted \$.9 million in use of fund balance for Fiscal 2012, and finished the year with a budgeted use of \$2.2 million.

Budgeted Expenditures and Transfers Out were adjusted up during the year by \$2.3 million due to a variety of factors. Overtime in the various departments was increased \$.3 million; Capital Outlay was increased \$.2 million, Professional Fees were increased by \$.4 million. The greatest change was in increases to Transfers Out at \$2.4 million as the General Fund increased deficit support for the Zoo and Golf Course Funds as well as the Risk Management and Employee Benefits Funds.

Fortunately, the City did not use the \$2.2 million in fund balance budgeted for Fiscal 2012 but, as previously noted, actually increased fund balance by nearly \$2.1 million. Actual revenues and transfers in exceeded budgeted figures by nearly \$2 million, and actual expenditures were about \$2.6 million less than budgeted expenditures. There were various offsets in the revenues, but the greatest factor was the combined Sales Taxes coming in nearly \$1.7 million above the budgeted figures. 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 \$1.4 million in reduced expenditures, even after adjusting budgets down at Major Budget Amendment. The combined budgets for Professional Fees in the General Fund exceeded actual expenditures by roughly \$.3 million. 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, 2012**

The following charts represent the actual sources and uses of General Fund monies for Fiscal 2012:



City of Alexandria, Louisiana
Management's Discussion and Analysis
Year ended April 30, 2012

City Sales Tax Fund

The City Sales Tax Fund showed an increase of \$1 million, or 3.0% in revenues and a matching increase in Transfers Out compared to the prior year. Although not necessarily a trend, the increase is a welcome change as the last 2 fiscal years reflected decreases in the City Sales Tax Fund. 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 up in this fund by over \$.3 million, mostly due to increased Intergovernmental Revenues as other sources like the State and Federal governments slightly increase their participation in funding the City's capital projects.

Expenditures and Transfers Out for Fiscal 2012 are nearly \$.5 million less than 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 2012, including the Extension of Jackson Street, Sugarhouse Road, and the Zoo Festival Plaza.

Overall fund balance remained about the same.

General Capital Projects 2008 Sales Tax Bonds Fund

This fund was created in Fiscal 2009. It represents the proceeds of a bond issue done by the City in the amount of \$25 million. Bonds issued for capital projects are often temporary, meaning they exist only until the proceeds are spent. The sole Revenue for this fund in 2012 was Investment Revenue for less than \$.1 million. Expenditures for 2012 totaled \$.8 million and included such projects as Lincoln Road Improvements. The net effect was a decrease in Fund Balance of roughly \$.8 million, leaving a remaining Fund Balance of approximately \$17.0 million.

General Capital Projects 2008 Limited Tax Bond Fund

This fund was also created in Fiscal 2009. It represents the proceeds of a bond issue done by the City in the amount of \$15 million. The sole Revenue for this fund in 2012 was Investment Revenue for less than \$.1 million. Expenditures for 2012 totaled \$1.5 million and included such projects as Residential Drainage Ditch Closures, Bolton Avenue Traffic Softening, and Green Oak Street Improvements. The net effect was a decrease in Fund Balance of roughly \$1.5 million, leaving a remaining Fund Balance of approximately \$4.6 million.

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 down \$2.4 million in 2012 compared to the prior year. This is partially

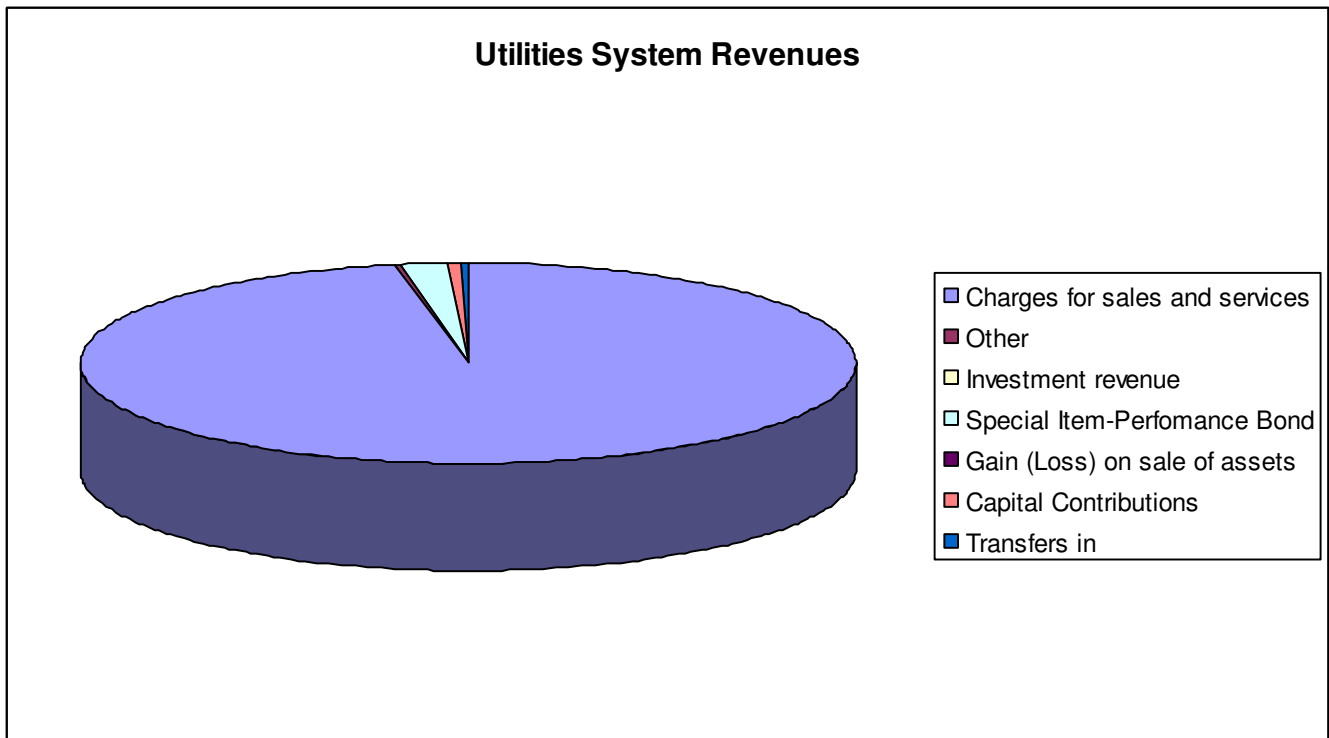
**City of Alexandria, Louisiana
Management's Discussion and Analysis
Year ended April 30, 2012**

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 costs can cause considerable fluctuations in the revenue and expense of the System. Electric and Gas fuel recovery accounts are down a combined \$3.8 million in Fiscal 2012 compared to the prior year. The offsetting \$1.4 million increase in Charges for Services represents actual increase in proceeds from the sale of utilities services to customers. Lastly, the City received nearly \$1.9 million on a special item. This is the proceeds of a performance bond for a contractor doing work for the City that was determined to be substandard. The City will be getting the work done by another contractor with these proceeds.

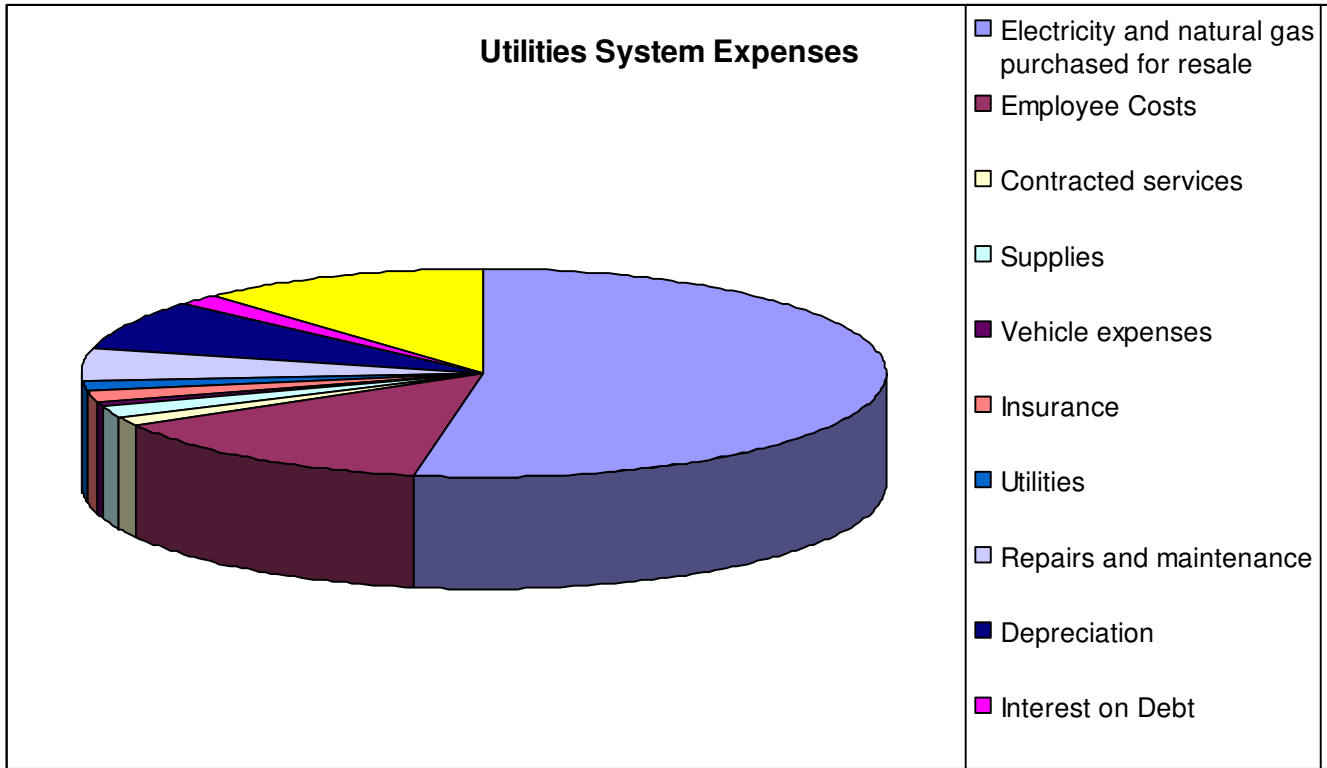
Operating expenses are down \$6.4 million in Fiscal 2012 compared to the previous year. The biggest factor here is the expense side of fuel cost, which is down \$6.6 million compared to prior year. It should be noted that whereas the revenue and expense of fuel cost are both up, they are not equal due to timing differences and fluctuations in consumption. This condition can significantly influence the net income or net loss of a given year in the Utilities System Fund. The reduction in Fuel Cost is joined by decreases in Personnel Costs of \$1.2 million. Payments in Lieu of Insurance are up \$1.0 million, while Depreciation is up nearly \$.2 million, partially offsetting the reductions. Increases in Vehicle Expense and Contracted Services are up \$.1 million each. Other relatively minor changes in items such as Supplies and Utilities account for the remaining changes in expenses. Transfers Out are up \$1.2 million compared to the prior year; partly due to increases in deficit support of General Fund amounting to \$1.4 million. Other expenses are down in the Utilities System Fund as in other funds due to diligent cost cutting measures in response to the economy.

The results of the above were net income to the Utilities System Fund of almost \$6.3 million for Fiscal 2012. 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 2012:



**City of Alexandria, Louisiana
Management's Discussion and Analysis
Year ended April 30, 2012**



Capital Asset and Debt Administration

Capital Assets

Governmental Funds

The City had a net decrease of \$2.8 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 decrease of about \$.1 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, 2012**

Capital Assets (Net of Depreciation)

	<u>Governmental</u>		<u>Business</u>	
	<u>2012</u>	<u>2011</u>	<u>2012</u>	<u>2011</u>
Land	14.3	14.3	2.8	2.8
Construction in Progress	11.8	12.3	5.6	3.8
Buildings	62.2	62.0	3.2	3.3
Furniture & Fixtures	0	0	.1	.2
Equipment	3.5	4.5	-	-
Vehicles	2.1	2.5	4.0	2.9
Infrastructure	77.4	78.5	107.8	110.3
 Net Capital Assets	 171.3	 174.1	 123.5	 123.3

In governmental activities, we see that Construction in Progress decreased \$.5 million as work completed on projects such as Woodale Outfall Drainage and Culpepper/Llewellyn Drainage slightly exceeded incoming Construction in Progress. Buildings increased slightly for \$.2 million. Equipment and Vehicles decreased \$1.0 million and \$.4 respectively as additions did not exceed retirement and depreciation. The same can be said for Infrastructure as it decreased \$1.1 million.

In business activities, Construction in Progress is up by \$1.8 million as work continues on various projects. Vehicles are up \$1.1 million as the City made considerable acquisitions in Fiscal 2012, including \$1.5 million in new buses. Infrastructure is down by \$2.5 million as additions were exceeded by retirements and depreciation. The same can be said for Buildings and Furniture, as these decreased \$.1 million each.

Debt Administration

Governmental Funds

The City issued no new debt in Governmental Funds during Fiscal 2012. The reduction in debt balance of \$4.6 million merely reflects scheduled payments made on the principal.

Enterprise Funds

The City issued \$3.4 million in new debt for the Utilities System in 2012. This is in the form of a revolving loan from the State of Louisiana for water improvements, secured by Utility Revenue Bonds. This debt will rise as work is done on the related projects. Other 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, 2012**

Bonded Long-Term Debt

	<u>Governmental</u>		<u>Business</u>	
	<u>2012</u>	<u>2011</u>	<u>2012</u>	<u>2011</u>
Sales Tax Revenue Bonds	33.8	35.3		
Ad Valorem Tax Bonds	2.3	2.8		
Limited Tax Bonds	10.2	11.6		
Certificates of Indebtedness	11.1	12.3	.3	.5
Utility Revenue Bonds			35.5	34.7
 Total Outstanding Debt	 57.4	 62.0	 35.8	 35.2

Future Outlook

Economic conditions deteriorated during Fiscals 2009-2011. There were some signs of improvement in Fiscal 2012, and while some say the national economy is improving, others say it is not. Most seem to be of the opinion that even if it is improving, it is a slow and weak recovery. This could adversely affect the City in a multitude of ways. Sales taxes accounted for nearly 2/3 of General Fund Revenue sources in 2012. As previously noted, City Sales Taxes were up in Fiscal 2012 after being down for both of the previous 2 years. Although the first 4 months of Fiscal 2013 show an increase of almost 5% in the City Sales Taxes, they show a decrease of 1% in Parish taxes, possibly reflective of temporary construction activity going on within the City and not in the Parish. These taxes are very elastic, meaning they rise and fall quickly with changes in the economy. Typically, economic downturns as we have seen 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. The City belongs to State run pension systems for Police and Fire employees, and the indication from the State is that those will rise in each of the next 4 years, possibly up to 35% of salaries. 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. Significant increases are not affordable by either party. The General Fund by its nature is very labor intensive with salaries and fringes amounting to 62% of total expenditures for Fiscal 2012. Any increases in these costs could become extremely burdensome to the General Fund.

In business type activities, the Utilities System Fund shows a net income in Fiscal 2012, even greater than 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 down \$3.9 million while the expense was down \$6.6 million. As previously noted, this difference should even out in the long run, but can cause fluctuations in net income and cash flow in the short run. The combined fuel cost for electricity and gas amounted to 53.7% of expenses and transfers out for Fiscal 2012.

**City of Alexandria, Louisiana
Management's Discussion and Analysis
Year ended April 30, 2012**

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. Johnson, CPA
Interim Director of Finance
City of Alexandria, Louisiana

Basic Financial Statements

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

**City of Alexandria
Alexandria, Louisiana
Statement of Net Assets
April 30, 2012**

Exhibit A

	Primary Government			Component Units
	Governmental Activities	Business-Type Activities	Total	
Assets				
Cash and cash equivalents	\$ 6,726,990	\$ 2,057,423	\$ 8,784,413	\$ 1,284,470
Investments	4,033,689	8,348,552	12,382,241	939,286
Equity in pooled cash and investments	57,216,107	2,340,616	59,556,723	-
Receivables	4,818,466	14,673,605	19,492,071	22,557
Internal balances	4,924,297	(4,924,297)	-	13,992
Inventories	275,118	3,204,899	3,480,017	-
Restricted equity in pooled cash and investments	-	18,109,211	18,109,211	-
Prepaid expenses/other assets	113,180	-	113,180	2,004
Deferred bond issue costs	-	251,306	251,306	-
Capital assets, net of depreciation				
Nondepreciable				
Land and improvements	14,261,292	2,789,049	17,050,341	-
Construction in progress	2,024,936	5,585,816	7,610,752	-
Infrastructure in progress	9,752,434	-	9,752,434	-
Depreciable				
Infrastructure	77,435,891	-	77,435,891	-
Other capital assets	67,798,242	115,144,372	182,942,614	246,138
Total Assets	<u>249,380,642</u>	<u>167,580,552</u>	<u>416,961,194</u>	<u>2,508,447</u>
Liabilities				
Bank overdraft	570,098	46,457	616,555	-
Accounts and contracts payable	1,780,696	2,698,082	4,478,778	20,034
Accrued interest	738,064	665,589	1,403,653	-
Salaries payable	1,534,373	792,201	2,326,574	-
Long-term liabilities				
Due within one year				
Bonds, and other	4,820,000	2,825,000	7,645,000	-
Compensated absences	574,776	307,700	882,476	-
Claims and judgments	2,825,575	-	2,825,575	-
Due in more than one year				
Bonds, and other	52,545,000	32,100,394	84,645,394	-
Customer guaranteed deposits	-	4,617,043	4,617,043	-
Compensated absences	3,242,015	1,743,635	4,985,650	-
Claims and judgments	4,579,865	-	4,579,865	-
Other noncurrent liability - net				
Post employment benefit obligation	1,110,532	-	1,110,532	-
Total Liabilities	<u>74,320,994</u>	<u>45,796,101</u>	<u>120,117,095</u>	<u>20,034</u>
Net Assets				
Invested in capital assets, net of related debt	146,660,867	89,860,529	236,521,396	246,138
Restricted for				
Capital projects, net of related debt	17,527,218	1,363,843	18,891,061	-
Debt service	5,804,977	1,303,246	7,108,223	-
Capital additions and contingencies	-	1,000,000	1,000,000	-
Unrestricted	5,066,586	28,256,833	33,323,419	2,242,275
Total Net Assets	<u>\$ 175,059,648</u>	<u>\$ 121,784,451</u>	<u>\$ 296,844,099</u>	<u>\$ 2,488,413</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, 2012

Exhibit B

Functions/Programs Primary Government	Net (Expense) Revenue and Changes in Net Assets					
	Program Revenue			Primary Government		Component Units
	Expenses	Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions	Governmental Activities	
Governmental activities						
General government	\$ 14,120,370	\$ 3,980,279	\$ 307,324	\$ -	\$ (9,832,767)	\$ (9,832,767)
Public safety	28,832,591	1,211	1,947,634	-	(26,883,746)	(26,883,746)
Public works	18,223,533	184,359	47,851	635,473	(17,375,850)	(17,375,850)
Community and economic development	2,627,485	15,319	2,473,222	121,145	(17,799)	(17,799)
Interest on long-term debt	2,717,757	-	-	-	(2,717,757)	(2,717,757)
Total Governmental Activities	66,521,736	4,161,168	4,776,031	756,618	(56,827,919)	(56,827,919)
Business-type activities						
Electricity	55,035,864	74,915,560	-	-	19,879,696	19,879,696
Natural gas	12,202,163	10,109,103	-	-	(2,093,060)	(2,093,060)
Water	7,156,442	7,169,118	-	754,866	767,542	767,542
Waste water	7,889,751	5,459,069	-	-	(2,430,682)	(2,430,682)
Municipal transit	3,115,415	462,539	1,011,336	1,098,538	(543,002)	(543,002)
Sanitation	4,092,600	5,007,403	-	-	914,803	914,803
Zoological park	1,901,346	404,103	-	423,582	(1,073,661)	(1,073,661)
Golf course	977,284	584,658	-	-	(392,626)	(392,626)
Hotel operating	83,163	-	-	-	(83,163)	(83,163)
Interest on long-term debt	1,586,740	-	-	-	(1,586,740)	(1,586,740)
Total Business-Type Activities	94,040,768	104,111,553	1,011,336	2,276,986	13,359,107	13,359,107
Total Primary Government	\$ 160,562,504	\$ 108,272,721	\$ 5,787,367	\$ 3,033,604	\$ (56,827,919)	\$ (43,468,812)
Component Units						
City Marshal	\$ 322,541	\$ 182,176	\$ -	\$ -	\$ 7,385,391	\$ 7,385,391
City Court	614,851	607,412	-	-	42,400,476	42,400,476
Total Component Units	\$ 937,392	\$ 789,588	\$ -	\$ -	\$ 721,952	\$ 721,952
General Revenues						
Taxes						
Property taxes						
Sales tax						
Franchise and miscellaneous taxes						
Entitlements and shared revenues						
Hotel occupancy taxes						
Investment earnings						
Miscellaneous						
Gain (loss) on sale of assets						
Special item - project performance bonds						
Transfers						
Total General Revenues and Transfers						
Total Component Units						
City Marshal						
City Court						
Total Component Units						
Total General Revenues and Transfers						
Total Primary Government						
City Marshal						
City Court						
Total Component Units						
Total General Revenues and Transfers						
Change in Net Assets						
Net Assets, Beginning of Year						
Net Assets, End of Year						

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

Fund Financial Statements

City of Alexandria
Alexandria, Louisiana
Balance Sheet
Governmental Funds
April 30, 2012

Exhibit C

	General Fund	City Sales Tax Fund	General Capital Projects Fund	Gen Cap Proj '08 Ltd Tax Bds Fund	Gen Cap Proj '08 ST Bonds Fund	Other Governmental Funds	Total Governmental Funds
Assets							
Cash and cash equivalents	\$ 1,034,190	\$ 3,204,996	\$ 62,366	\$ -	\$ -	\$ 2,339,702	\$ 6,641,254
Investments	-	-	-	-	-	4,033,689	4,033,689
Equity in pooled cash and investments	9,525,483	-	13,696,866	4,684,388	17,162,437	3,772,583	48,841,757
Receivables	787,623	2,830,144	141,406	-	-	718,891	4,478,064
Due from other governments	30,562	-	126,329	-	-	140,769	297,660
Due from other funds	9,760,588	-	699,685	-	-	38,299	10,498,572
Interfund receivables	-	-	-	-	-	-	-
Inventories	275,118	-	-	-	-	-	275,118
Other assets	-	-	-	-	-	-	-
Total Assets	\$ 21,413,564	\$ 6,035,140	\$ 14,726,652	\$ 4,684,388	\$ 17,162,437	\$ 11,043,933	\$ 75,066,114
Liabilities and Fund Balances							
Liabilities							
Bank overdraft	-	\$ -	\$ -	\$ -	\$ -	\$ 500,971	\$ 500,971
Accounts payable	791,243	-	569,316	105,059	123,692	139,922	1,729,232
Accrued expense/other payables	1,506,401	-	-	-	-	6,004	1,512,405
Due to other funds	41,559	5,527,789	-	-	-	4,556	5,573,904
Deferred revenue	-	-	-	-	-	687,423	687,423
Total Liabilities	2,339,203	5,527,789	569,316	105,059	123,692	1,338,876	10,003,935
Fund Balances							
Nonspendable	-	-	-	-	-	-	-
Inventories	275,118	-	-	-	-	-	275,118
Restricted	-	-	-	-	-	-	-
Debt service	-	-	-	-	-	5,804,977	5,804,977
Capital projects	-	507,351	14,157,336	4,579,329	17,038,745	2,862,529	39,145,290
Committed	-	-	-	-	-	-	-
Economic development	-	-	-	-	-	1,037,551	1,037,551
Unassigned	18,799,243	-	-	-	-	-	18,799,243
Total Fund Balances	19,074,361	507,351	14,157,336	4,579,329	17,038,745	9,705,057	65,062,179
Total Liabilities and Fund Balances	\$ 21,413,564	\$ 6,035,140	\$ 14,726,652	\$ 4,684,388	\$ 17,162,437	\$ 11,043,933	\$ 75,066,114

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, 2012**

Exhibit D

Total Fund Balance - Governmental Funds \$ 65,062,179

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

Capital assets used in governmental activities are not current financial resources and, therefore, are not reported in the fund financial statement but are reported in the governmental activities of the Statement of Net Assets. 171,272,795

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 payable	(57,365,000)
Compensated absences	(3,816,791)

Interest on long-term debt is accrued in the Statement of Net Assets, but not in the governmental funds. (738,064)

Deferred revenue reported in governmental funds but not in the Statement of Net Assets. 687,423

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. (42,894)

Net Assets of Governmental Activities in the Statement of Net Assets \$ 175,059,648

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, 2012

Exhibit E

	General Fund	City Sales Tax Fund	General Capital Projects Fund	Gen Cap Proj '08 Ltd Tax Bds Fund	Gen Cap Proj '08 ST Bonds Fund	Other Governmental Funds	Total Governmental Funds
Revenues							
Taxes							
Property taxes	\$ 2,476,235	\$ -	\$ -	\$ -	\$ -	\$ 4,909,156	\$ 7,385,391
Sales taxes	7,711,470	34,689,006	-	-	-	-	42,400,476
Other	721,952	-	-	-	-	431,019	1,152,971
Intergovernmental	2,377,888	-	635,473	-	-	2,594,367	5,607,728
Fees, commissions, and fines	550,839	-	-	-	-	-	550,839
Licenses and permits	2,939,643	-	-	-	-	-	2,939,643
Charges for services	238,769	-	-	-	-	163,175	401,944
Investment earnings	18,986	-	43,574	15,938	52,132	19,433	149,763
Miscellaneous	668,053	-	-	-	-	25,782	693,835
Total Revenues	17,703,535	34,689,006	679,047	15,938	52,132	8,142,932	61,282,590
Expenditures							
Current							
General government	11,640,833	-	-	-	-	520,008	12,160,841
Public safety	27,063,710	-	-	-	-	-	27,063,710
Public works	9,612,616	-	-	-	-	-	9,612,616
Community and economic development	-	-	-	-	-	2,238,226	2,238,226
Capital outlay	965,915	-	3,837,772	1,547,205	834,221	1,363,516	8,548,629
Debt service	-	-	-	-	-	3,500,000	4,600,000
Principal	1,100,000	-	-	-	-	2,020,470	2,766,542
Interest and other charges	746,072	-	-	-	-	9,642,220	66,990,564
Total Expenditures	51,129,146	-	3,837,772	1,547,205	834,221	9,642,220	66,990,564
Excess (Deficiency) of Revenues over Expenditures	(33,425,611)	34,689,006	(3,158,725)	(1,531,267)	(782,089)	(1,499,288)	(5,707,974)
Other Financing Sources (Uses)							
Transfers in	38,122,013	-	3,996,581	-	-	4,970,760	47,089,354
Transfers out	(2,609,435)	(34,684,536)	(768,794)	-	-	(1,905,337)	(39,968,102)
Proceeds from sale of assets	9,201	-	-	-	-	-	9,201
Total Other Financing Sources (Uses)	35,521,779	(34,684,536)	3,227,787	-	-	3,065,423	7,130,453
Net Change in Fund Balances	2,096,168	4,470	69,062	(1,531,267)	(782,089)	1,566,135	1,422,479
Fund Balances, Beginning of Year	16,978,193	502,881	14,088,274	6,110,596	17,820,834	8,138,922	63,639,700
Fund Balances, End of Year	\$ 19,074,361	\$ 507,351	\$ 14,157,336	\$ 4,579,329	\$ 17,038,745	\$ 9,705,057	\$ 65,062,179

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, 2012**

Exhibit F

Net Change in Fund Balances - Total Governmental Funds \$ 1,422,479

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	5,116,954
Depreciation included in the Statement of Activities	(7,902,778)

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).

(11,228)

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.

4,600,000

Governmental fund receivable determined to potentially be uncollectible at year end.

(347,331)

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:

Interest expense	48,786
Deferred revenue	(24,885)
Compensated absences	65,271

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.

(697,899)

Change in Net Assets of Governmental Activities \$ 2,269,369

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

**City of Alexandria
Alexandria, Louisiana
Statement of Net Assets
Proprietary Funds
April 30, 2012**

Exhibit G

	<u>Enterprise Funds</u>			<u>Internal Service Funds</u>
	<u>Utilities System</u>	<u>Other Enterprise Funds</u>	<u>Total</u>	
Assets				
Current Assets				
Cash and cash equivalents	\$ 1,809,453	\$ 247,968	\$ 2,057,421	\$ 85,736
Equity in pooled cash and investments	8,348,552	2,340,616	10,689,168	8,374,350
Receivables (net of allowances for uncollectible)	13,931,030	345,384	14,276,414	42,742
Due from other funds	69,623	105,800	175,423	-
Due from other governments	67,760	329,432	397,192	-
Inventories	3,204,899	-	3,204,899	-
Prepaid expenses/other assets	-	-	-	113,180
Total Current Assets	<u>27,431,317</u>	<u>3,369,200</u>	<u>30,800,517</u>	<u>8,616,008</u>
Non-Current Assets				
Restricted equity in pooled cash and investments	18,109,211	-	18,109,211	-
Capital assets				
Land and improvements	1,698,084	1,090,965	2,789,049	-
Construction in progress	5,162,234	423,582	5,585,816	-
Property, plant and equipment	246,242,260	22,981,048	269,223,308	12,041
Less accumulated depreciation	(143,357,362)	(10,721,574)	(154,078,936)	(12,041)
Deferred bond issue costs	251,306	-	251,306	-
Total Non-Current Assets	<u>128,105,733</u>	<u>13,774,021</u>	<u>141,879,754</u>	<u>-</u>
Total Assets	<u>155,537,050</u>	<u>17,143,221</u>	<u>172,680,271</u>	<u>8,616,008</u>
Liabilities				
Current Liabilities				
Bank overdraft	-	46,457	46,457	69,126
Accounts payable	1,600,847	138,192	1,739,039	49,744
Salaries payable	612,731	179,469	792,200	2,704
Due to other funds	4,781,447	318,272	5,099,719	371
Compensated absences	251,128	56,572	307,700	-
Certificates of indebtedness	165,000	-	165,000	-
Estimated liability for claims incurred	-	-	-	2,825,575
Totals	<u>7,411,153</u>	<u>738,962</u>	<u>8,150,115</u>	<u>2,947,520</u>
Liabilities payable from restricted assets				
Accounts and contracts payable	959,046	-	959,046	-
Interest	665,589	-	665,589	-
Revenue bonds	2,660,000	-	2,660,000	-
Totals	<u>4,284,635</u>	<u>-</u>	<u>4,284,635</u>	<u>-</u>
Non-Current Liabilities				
Compensated absences	1,423,060	320,575	1,743,635	20,981
Certificates of indebtedness	170,000	-	170,000	-
Customer guaranteed deposits	4,617,043	-	4,617,043	-
Estimated liability for claims incurred	-	-	-	4,579,865
Post employment benefit obligation	-	-	-	1,110,532
Revenue Bonds	31,930,394	-	31,930,394	-
Total Non-Current Liabilities	<u>38,140,497</u>	<u>320,575</u>	<u>38,461,072</u>	<u>5,711,378</u>
Total Liabilities	<u>49,836,285</u>	<u>1,059,537</u>	<u>50,895,822</u>	<u>8,658,898</u>
Net Assets				
Invested in capital assets, net of related debt	76,086,508	13,774,021	89,860,529	-
Restricted for debt service	1,303,246	-	1,303,246	-
Restricted for capital additions and contingencies	1,000,000	-	1,000,000	-
Restricted for construction	1,363,843	-	1,363,843	-
Unrestricted	25,947,168	2,309,663	28,256,831	(42,890)
Total Net Assets	<u>\$ 105,700,765</u>	<u>\$ 16,083,684</u>	<u>\$ 121,784,449</u>	<u>\$ (42,890)</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, 2012

	Enterprise Funds			Internal Service Funds
	Other			
	Utilities System	Enterprise Funds	Total	
Operating Revenues				
Charges for services	\$ 97,439,793	\$ 6,458,723	\$ 103,898,516	\$ 12,500,814
Miscellaneous	213,056	22,176	235,232	129,007
Total Operating Revenues	97,652,849	6,480,899	104,133,748	12,629,821
Operating Expenses				
Electricity and natural gas purchases	49,794,427	-	49,794,427	-
Personnel costs	13,149,091	4,408,366	17,557,457	62,799
Contractual and professional services	1,223,744	139,211	1,362,955	1,269,970
Disposal costs	-	1,065,199	1,065,199	-
Utilities	1,638,506	746,154	2,384,660	-
Repairs and maintenance	4,808,512	186,833	4,996,345	-
Vehicle expense	699,173	1,341,680	2,040,853	-
Other supplies and expenses	1,558,900	471,347	2,030,247	2,323
Miscellaneous expenses	-	217,419	217,419	2,844
Payments in lieu of insurance	1,544,968	259,266	1,804,234	-
Insurance, claims, and related expenses	-	-	-	12,997,979
Depreciation	7,388,887	1,077,384	8,466,271	2,408
Total Operating Expenses	81,807,208	9,912,859	91,720,067	14,338,323
Operating Income (Loss)	15,845,641	(3,431,960)	12,413,681	(1,708,502)
Nonoperating Revenues (Expenses)				
Investment earnings	77,761	5,455	83,216	19,605
Uncollectible grant revenues	-	(186,851)	(186,851)	-
Operating grants and contributions	-	1,011,336	1,011,336	-
Interest expense	(1,586,740)	-	(1,586,740)	-
Gain (loss) on sale of assets	11,493	-	11,493	-
Total Nonoperating Revenues (Expenses)	(1,497,486)	829,940	(667,546)	19,605
Income (Loss) Before Contributions and Transfers	14,348,155	(2,602,020)	11,746,135	(1,688,897)
Transfers in	160,374	4,193,782	4,354,156	991,000
Transfers out	(10,878,243)	(1,588,165)	(12,466,408)	-
Capital contributions	754,866	1,522,120	2,276,986	-
Special item - project performance bonds	1,898,286	-	1,898,286	-
Change in Net Assets	6,283,438	1,525,717	7,809,155	(697,897)
Total Net Assets - Beginning of Year	99,417,327	14,557,967	113,975,294	655,007
Total Net Assets - End of Year	\$ 105,700,765	\$ 16,083,684	\$ 121,784,449	\$ (42,890)

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, 2012

Exhibit I

Change in Net Assets - Enterprise Funds	\$ 7,809,155
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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>\$ 7,809,155</u>
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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, 2012**

**Exhibit J
(Continued)**

	Enterprise Funds			Internal Service Funds
	Utilities System	Other Enterprise Funds	Total Enterprise Funds	
Cash Flows from Operating Activities				
Receipts from customers	\$ 95,508,907	\$ 6,422,831	\$ 101,931,738	\$ 2,387,365
Internal activity - receipts from other funds	1,770,912	-	1,770,912	10,283,351
Other receipts	156,468	-	156,468	
Payments for personnel costs	(13,104,623)	(4,371,782)	(17,476,405)	(64,638)
Payments to vendors and others	(58,111,700)	(1,817,548)	(59,929,248)	(12,683,760)
Internal activity - payments to other funds	<u>(3,736,348)</u>	<u>(2,615,027)</u>	<u>(6,351,375)</u>	<u>(2,358)</u>
Net Cash Provided (Used) by Operating Activities	22,483,616	(2,381,526)	20,102,090	(80,040)
Cash Flows from Noncapital Financing Activities				
Bank overdraft	2,634,148	(518,793)	2,115,355	(47,754)
Operating grants and subsidies	-	760,462	760,462	
Transfers between funds	<u>(10,784,221)</u>	<u>3,519,876</u>	<u>(7,264,345)</u>	<u>990,792</u>
Net Cash Provided (Used) by Noncapital Financing Activities	(8,150,073)	3,761,545	(4,388,528)	943,038
Cash Flows from Capital and Related Financing Activities				
Capital grants	760,088	1,522,120	2,282,208	-
Interest received on construction funds	10,566	-	10,566	-
Proceeds from sale of capital assets	11,493	-	11,493	-
Acquisition or construction of capital assets	(6,712,342)	(2,024,629)	(8,736,971)	-
Principal paid on capital debt	(2,818,000)	-	(2,818,000)	-
Interest paid on capital debt	<u>(1,519,844)</u>	<u>-</u>	<u>(1,519,844)</u>	<u>-</u>
Net Cash Provided (Used) by Capital and Related Financing Activities	(10,268,039)	(502,509)	(10,770,548)	-
Cash Flows from Investing Activities				
Net change in equity in pooled cash and investments	(7,999,803)	(693,720)	(8,693,523)	(882,002)
Interest received on operating funds	<u>67,196</u>	<u>5,456</u>	<u>72,652</u>	<u>19,605</u>
Net Cash Provided (Used) by Investing Activities	<u>(7,932,607)</u>	<u>(688,264)</u>	<u>(8,620,871)</u>	<u>(862,397)</u>
Net Increase (Decrease) in Cash and Cash Equivalents	(3,867,103)	189,246	(3,677,857)	601
Cash and Cash Equivalents, Beginning of Year	<u>5,676,556</u>	<u>58,724</u>	<u>5,735,280</u>	<u>85,135</u>
Cash and Cash Equivalents, End of Year	<u>\$ 1,809,453</u>	<u>\$ 247,970</u>	<u>\$ 2,057,423</u>	<u>\$ 85,736</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, 2012**

**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)	\$ 15,845,641	\$ (3,431,960)	\$ 12,413,681	\$ (1,708,502)
Adjustments to Reconcile Operating Income (Loss) to Net Cash Provided (Used) by Operating Activities				
Depreciation	7,388,888	1,077,384	8,466,272	2,409
Changes in assets and liabilities				
Receivables	(373,030)	(58,068)	(431,098)	40,891
Due from other funds	-	-	-	-
Inventories	74,387	-	74,387	-
Accounts payable	(653,213)	(5,466)	(658,679)	(48,005)
Accrued expenses and other current liabilities	37,042	36,584	73,626	217
Estimated liability for claims incurred	-	-	-	1,336,794
Post employment benefit obligation	-	-	-	298,212
Compensated absences	7,433	-	7,433	(2,056)
Customer guaranteed deposits	156,468	-	156,468	-
Net Cash Provided (Used) by Operating Activities	<u>\$ 22,483,616</u>	<u>\$ (2,381,526)</u>	<u>\$ 20,102,090</u>	<u>\$ (80,040)</u>

Additional required disclosure:

There were no material noncash operating, noncapital financing, or capital and related financing activities.

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, 2012**

Exhibit K

	Pension Trust Funds		
	City Employees' Retirement System (12/31/11)	Firemen's Pension and Relief Fund	Total
Assets			
Cash and cash equivalents	\$ 5,260,576	\$ 9,653	\$ 5,270,229
Receivables			
Interest and dividends	584,133	-	584,133
Investments, at fair value			
Corporate bonds	35,614,769	-	35,614,769
Corporate stocks	66,543,368	-	66,543,368
Zero coupon treasury receipts	2,889,543	-	2,889,543
GNMA notes	23,945	-	23,945
Certificate of deposit	-	96,637	96,637
Total Investments	105,071,625	96,637	105,168,262
Capital assets			
Furniture, fixtures and equipment-net	1,771	-	1,771
Total Capital Assets	1,771	-	1,771
Total Assets	110,918,105	106,290	111,024,395
Liabilities			
Payroll taxes withheld	540	-	540
Total Liabilities	540	-	540
Net Assets			
Held in trust for pension benefits	\$ 110,917,565	\$ 106,290	\$ 111,023,855

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, 2012

Exhibit L

	Pension Trust Funds		
	City Employees' Retirement System (12/31/11)	Firemen's Pension and Relief Fund	Total
Additions			
Contributions			
Employer	\$ 5,033,392	\$ 21,500	\$ 5,054,892
Plan members	1,770,302	-	1,770,302
Total Contributions	6,803,694	21,500	6,825,194
Investment earnings			
Net appreciation (depreciation) in fair value of investments	4,046,760	-	4,046,760
Interest	1,900,847	389	1,901,236
Dividends	1,394,057	-	1,394,057
Total Investment Earnings	7,341,664	389	7,342,053
Total Additions	14,145,358	21,889	14,167,247
Deductions			
Plan benefits	6,643,878	21,124	6,665,002
DROP benefits	420,934	-	420,934
Refunds/transfers of contributions	435,995	-	435,995
Administrative	130,233	-	130,233
Total Deductions	7,631,040	21,124	7,652,164
Change in Net Assets	6,514,318	765	6,515,083
Net Assets, Beginning of Year	104,403,247	105,525	104,508,772
Net Assets End of Year	\$ 110,917,565	\$ 106,290	\$ 111,023,855

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

Notes to Financial Statements

City of Alexandria, Louisiana
April 30, 2012

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 as set forth in the *Codification for Governmental Accounting and Financial Reporting*.

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.

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, 2011.

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.

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

City of Alexandria, Louisiana
April 30, 2012

Notes to Financial Statements

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.

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.

City of Alexandria, Louisiana
April 30, 2012

Notes to Financial Statements

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.

Nonspendable fund balances include amounts that cannot be spent because they are either not in a spendable form or legally or contractually required to be maintained intact. Restricted fund balances represent those portions of fund balance that are restricted to specific purposes by external parties, such as creditors, grantors, contributors, or laws or regulations of other governments or by law through constitutional provisions or enabling legislation. Committed fund balances are amounts that can only be used for specific purposes pursuant to constraints imposed by formal action of the government's highest level of decision-making authority, which is the City Council. Formal action of the City to establish or rescind committed funds is by adopting a resolution in a public meeting. Amounts that are constrained by the government's intent to be used for specific purposes, but are neither restricted nor committed, are reported as assigned fund balances. In cases where restricted and unrestricted monies are received by the City for the same function or purpose, the restricted monies are used first. Unrestricted monies are then spent in the following order: committed, assigned, and unassigned.

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 for proceeds from the sale of \$15,000,000 Limited Tax Revenue Bonds, Series 2008 and subsequent expenditure of the funds.

City of Alexandria, Louisiana
April 30, 2012

Notes to Financial Statements

- General Capital Projects '08 Sales Tax Bonds Fund – This fund accounts for 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 federal and state funded projects are accrued as revenue at the time the expenditures are made, or when received in advance, are deferred until expenditures are made.

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.

City of Alexandria, Louisiana
April 30, 2012

Notes to Financial Statements

- 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.

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. 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.

City of Alexandria, Louisiana
April 30, 2012

Notes to Financial Statements

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.

E. 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.

F. 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.

G. 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.

H. 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.

City of Alexandria, Louisiana
April 30, 2012

Notes to Financial Statements

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. No interest was capitalized during the current period.

I. 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.

J. 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.

K. 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.

City of Alexandria, Louisiana
April 30, 2012

Notes to Financial Statements

L. 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.

M. 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.

N. 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	\$ 30,118,371
Certificates of deposit with maturities of less than one year	<u>27,097,736</u>
	\$ 57,216,107

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.

City of Alexandria, Louisiana
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Notes to Financial Statements

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 plan

At December 31, 2011, the City Employees' Retirement System 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	\$ 35,614,769	\$ 517,572	\$ 1,071,510	\$ 3,762,325	\$ 30,263,362
Zero coupon treasury receipts	2,889,543	-	-	2,889,543	
GMNA mortgage notes	23,945	-	9,064	14,881	
Total interest-bearing	38,528,257	\$ 517,572	\$ 1,080,574	\$ 6,666,749	\$ 30,263,362
Common stocks	63,412,756				
Preferred stocks	3,130,612				
	\$105,071,625				

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 policies limits its corporate debt investments to bonds rated at least BBB by Standards and Poor's or Baa by Moody's Investors Service. Due to the extraordinary market conditions experienced during 2009, 2010 and 2011 management determined that it would be detrimental to the System to sell the bonds whose credit ratings dropped below Baa.

Moody's Investor Services Credit Rating

	Fair Value
A or better	\$ 32,587,095
Baa	3,059,390
Less than Baa	2,881,772
	<u>\$ 38,528,257</u>

Custodial Credit Risk: 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.

City of Alexandria, Louisiana
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Notes to Financial Statements

3. Receivables

Receivables as shown in the Fund Financial Statements, at April 30, 2012, consist of the following:

	<u>Governmental Funds</u>	<u>Proprietary Funds</u>	<u>Internal Service Funds</u>	<u>Totals</u>
Receivables				
Taxes - sales	\$ 3,449,357	\$	\$	\$ 3,449,357
Accounts				
Uncollected cycle billings		8,542,700		8,542,700
Estimated unbilled services		5,222,987		5,222,987
Interest	357	148		505
Performance bonds		1,898,286		1,898,286
Other	<u>954,435</u>	<u>12,293</u>	<u>42,742</u>	<u>1,009,470</u>
Gross receivables	4,404,149	15,676,414	42,742	20,123,305
Allowance for uncollectibles		<u>(1,400,000)</u>		<u>(1,400,000)</u>
Net receivables	4,404,149	14,276,414	42,742	18,723,305
Intergovernmental				
Federal	23,984	303,650		327,634
State	273,677	93,542		367,219
Local	<u>73,914</u>	<u>-</u>	<u>-</u>	<u>73,914</u>
Total Intergovernmental	<u>371,575</u>	<u>397,192</u>	<u>-</u>	<u>768,767</u>
Total receivables	\$ 4,775,724	\$ 14,673,606	\$ 42,742	\$ 19,492,072

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, 2012, taxes of 20.23 mills were levied on property with assessed values totaling \$366,352,112 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 \$7,411,350 of which a balance of \$-0- representing current taxes, (net of allowance for uncollectibles) remained uncollected at April 30, 2012.

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 \$1,400,000, which represents the projected uncollectible utility accounts at April 30, 2012.

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, 2012, consist of the following:

City of Alexandria, Louisiana
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Notes to Financial Statements

Receivable Fund	Payable Fund	Amount
General	City Sales Tax	\$ 4,828,103
General	Home Investment Partnership Program	52
Community Development Block	General	27,634
General	Sanitation	59,117
General	Neighborhood Stabilization	4,417
General	Utilities System	4,685,119
General	Municipal Bus Line	162,010
General	Zoological Park	21,398
General	Risk Management	371
Community Development	Home Investment Partnership Program	88
Economic Development Hotel	General	10,577
General Capital Projects	City Sales Tax	699,685
Total Governmental Funds		10,498,571
Municipal Bus Line	Utilities System	3,153
Sanitation	Utilities System	93,175
Golf Course	General	3,348
Golf Course	Hotel Operations	6,124
Utilities System	Hotel Operations	67,832
Utilities System	Golf Course	1,619
Utilities System	Zoological Park	171
Total Enterprise Funds		175,422
Total Due From/To Other Funds		\$ 10,673,993

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.

Transfers, for the year ending April 30, 2012, shown in the fund financial statements were as follows:

Transfers in	Transfers out	Amount
General	City Sales Tax	\$ 27,750,552
General	General Capital Projects	411,000
General	Utilities System	8,532,670
General	Sanitation	664,706
General	Municipal Bus Line	419,264
General	Zoological Park	291,604
General	Golf Course	52,217
General Capital Projects	City Sales Tax	3,896,581
General Capital Projects	Utilities System	100,000
Community Development Block	General	28,020
Debt Service	General Capital Projects '08 ST Bonds	1,905,338
Debt Service	City Sales Tax	3,037,402
Total Governmental Funds		47,089,354
Utilities System	Sanitation	133,642
Utilities System	Municipal Bus Line	26,732
Municipal Bus Line	General Capital Projects	357,794
Municipal Bus Line	Utilities System	1,595,573

City of Alexandria, Louisiana
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Notes to Financial Statements

Transfers in	Transfers out	Amount
Golf Course	General	268,681
Zoological Park	General	1,971,734
Total Enterprise Funds		4,354,156
Employee Benefits	Utilities System	650,000
Employee Benefits	General	341,000
Total Fiduciary Funds		991,000
Total Transfers		\$ 52,434,510

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.

5. Restricted Assets

At April 30, 2012, restricted assets of the Utility System Enterprise Fund consist of equity in pooled cash and investments totaling \$18,109,211 as follows:

Revenue bond current debt service	\$ 3,325,589
Customers' deposits	4,617,043
Special projects	150,000
Revenue bond reserve	64,047
Revenue bond reserve	1,303,245
Revenue bond capital additions and contingencies	1,000,000
Utilities capital projects - unexpended bond funds	1,365,649
Utilities capital projects - other	6,283,638
	\$ 18,109,211

6. Capital Assets and Depreciation

Capital asset activity for the year ended April 30, 2012, was as follows:

	Balance May 1, 2011	Increases	Decreases	Balance April 30, 2012
Governmental Activities				
Capital Assets not Being Depreciated				
Land and land improvements	\$ 14,261,292	\$ -	\$ -	\$ 14,261,292
Infrastructure in progress	12,279,189	2,932,045	(3,433,865)	11,777,369
Total Capital Assets not Being Depreciated	26,540,481	2,932,045	(3,433,865)	26,038,661
Other Capital Assets				
Buildings and improvements	93,243,379	2,680,156	-	95,923,535
Furniture and fixtures	839,748	-	-	839,748
Equipment	15,436,095	134,330	(168,862)	15,401,563
Vehicles	11,585,652	388,639	(343,621)	11,630,670
Infrastructure	112,860,126	2,415,650	-	115,275,776
Total Other Capital Assets	233,965,000	5,618,775	(512,483)	239,071,292

City of Alexandria, Louisiana
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Notes to Financial Statements

	<u>Balance</u> <u>May 1, 2011</u>	<u>Increases</u>	<u>Decreases</u>	<u>Balance</u> <u>April 30, 2012</u>
Accumulated Depreciation				
Buildings and improvements	(31,250,895)	(2,457,135)	-	(33,708,030)
Furniture and fixtures	(797,241)	(7,219)	-	(804,460)
Equipment	(10,963,224)	(1,134,486)	161,907	(11,935,803)
Vehicles	(9,031,677)	(856,651)	339,348	(9,548,980)
Infrastructure	(34,390,190)	(3,449,695)	-	(37,839,885)
Total Accumulated Depreciation	<u>(86,433,227)</u>	<u>(7,905,186)</u>	<u>501,255</u>	<u>(93,837,158)</u>
Other Capital Assets, Net	<u>147,531,773</u>	<u>(2,286,411)</u>	<u>(11,228)</u>	<u>145,234,134</u>
 Net Capital Assets	 \$ 174,072,254	 \$ 645,634	 \$(3,445,093)	 \$ 171,272,795

Depreciation increases (expense), including internal service fund of \$2,408, was charged to functions as follows:

Governmental Activities	
General government	\$ 1,736,763
Public safety	1,041,296
Public works	5,126,702
Community development	<u>425</u>
Total Depreciation Expense for Governmental Activities	\$ 7,905,186

Capital 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

City of Alexandria, Louisiana
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Notes to Financial Statements

	<u>Balance</u> <u>May 1, 2011</u>	<u>Increases</u>	<u>Decreases</u>	<u>Balance</u> <u>April 30, 2012</u>
Business-Type Activities				
Capital Assets not Being Depreciated				
Land	\$ 2,789,049	\$ -	\$ -	\$ 2,789,049
Construction in progress	<u>3,815,969</u>	<u>5,103,806</u>	<u>(3,333,959)</u>	<u>5,585,816</u>
Total Capital Assets not Being Depreciated	6,605,018	5,103,806	(3,333,959)	8,374,865
Other Capital Assets				
Plant and equipment	245,598,863	4,668,775	(1,621,295)	248,646,343
Buildings and improvements	6,202,907	27,308	-	6,230,215
Vehicles and buses	11,509,160	2,266,716	(1,134,811)	12,641,065
Furniture, fixtures and equipment	<u>2,228,883</u>	<u>-</u>	<u>(523,198)</u>	<u>1,705,685</u>
Total Other Capital Assets	265,539,813	6,962,799	(3,279,304)	269,223,308
Accumulated Depreciation				
Plant and equipment	(135,338,250)	(7,088,679)	1,621,295	(140,805,634)
Buildings and improvements	(2,850,391)	(172,541)	-	(3,022,932)
Vehicles and buses	(8,588,972)	(1,135,744)	1,079,742	(8,644,974)
Furniture, fixtures and equipment	<u>(2,059,286)</u>	<u>(69,307)</u>	<u>523,197</u>	<u>(1,605,396)</u>
Total Accumulated Depreciation	<u>(148,836,899)</u>	<u>(8,466,271)</u>	<u>3,224,234</u>	<u>(154,078,936)</u>
Other Capital Assets, Net	<u>116,702,914</u>	<u>(1,503,472)</u>	<u>(55,070)</u>	<u>115,144,372</u>
 Net Capital Assets	 \$123,307,932	 \$ 3,600,334	 \$ (3,389,029)	 \$123,519,237

Depreciation was charged to functions as follows:

Business-Type Activities	
Electricity	\$ 2,789,604
Natural gas	1,377,398
Water	1,220,227
Waste water	2,001,658
Municipal bus line	433,557
Sanitation	242,429
Municipal zoo	166,214
Municipal golf course	235,184
Total Depreciation Expense for Business-Type Activities	<u>\$ 8,466,271</u>

Capital 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

City of Alexandria, Louisiana
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Notes to Financial Statements

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	\$ 9,440,108	\$ 1,984,445	\$ 220,670	None
Gas	1,616,219	421,621	546,610	None
Water	12,587,525	5,209,830	2,032,407	None
Waste water	7,201,103	567,218	1,306,248	None
General and administrative	<u>937,838</u>	<u>313,079</u>	<u>89,656</u>	None
	<u>\$ 31,782,793</u>	<u>\$ 8,496,193</u>	<u>\$ 4,195,591</u>	

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, 2012. 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.

	<u>Loss Retained</u>	
	<u>Each Occurrence</u>	<u>In Aggregate</u>
General liability/Law enforcement liability	\$500,000	\$ 3,000,000
Workers' compensation	500,000	Statutory
Public officials and employees liability	500,000	3,000,000
Property damage	100,000	(*)

(*) \$300,000,000 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 \$6,869,865 as of April 30, 2012, 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.

City of Alexandria, Louisiana
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Notes to Financial Statements

Changes in the Fund's claims liability amount in the fiscal year ending April 30, 2012, were as follows:

Balance, beginning of the year	\$ 5,597,787
Current year claims and changes in estimates	4,327,217
Claims payments	<u>(3,055,139)</u>
Balance, end of the year	\$ 6,869,865

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 (see note 22). 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.

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 \$125,000 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 \$125,000 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.

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 \$535,575 reported in the Fund at April 30, 2012, 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, 2012, were as follows:

Balance, beginning of the year	\$ 470,859
Current year claims and changes in estimates	6,941,000
Claims payments	<u>(6,876,284)</u>
Balance, end of the year	\$ 535,575

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.

City of Alexandria, Louisiana
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Notes to Financial Statements

During the year ended April 30, 2012, claim payments of \$24,853 were paid by 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, 2012, 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.

A summary of long-term debt, as of April 30, 2012, 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				
2004 Issue	2012 - 2024	2.75 - 4.20	\$	\$ 11,215,000
2008 Series	2012 - 2028	3.50 - 5.00		22,555,000
Ad valorem tax bonds -refunding	2012 - 2016	2.00 - 3.75		2,315,000
Limited Tax bonds - series 2008	2012 - 2018	3.50 - 4.00		10,145,000
Certificates of indebtedness				
Series 1998 A & B - refunding	2012 - 2014	5.00 - 5.10		585,000
Series 1998 C - refunding	2012 - 2022	5.75 - 6.58		10,550,000
Compensated absences				3,831,839
Risk Management Claims				7,405,440
Business-type activities				
Enterprise Funds				
Utilities System revenue bonds				
2003 refunding	2012 - 2014	2.50 - 3.625	1,990,000	
2004 A capital additions	2012 - 2034	3.00 - 5.00	14,325,000	
2004 B refunding	2012 - 2021	3.00 - 5.00	13,385,000	
State Revolving loan funds	2012 - 2031		4,987,551	
Certificates of indebtedness				
Series 2004 - capital additions	2012 - 2013	2.80 - 4.15	335,000	

City of Alexandria, Louisiana
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Notes to Financial Statements

	<u>Business-type Activities</u>	<u>Governmental Activities</u>
Customer guaranteed deposits	4,617,043	
Compensated absences	<u>2,051,335</u>	
Totals	41,690,929	68,602,279
Current portion	<u>(3,132,700)</u>	<u>(8,220,351)</u>
Totals	\$ 38,558,229	\$ 60,381,928
Deferred loss on Revenue Bonds 2003 B refunding	<u>(97,158)</u>	
Totals	\$ 38,461,071	

During the year ended April 30, 2012, the following changes occurred in governmental activities long-term liabilities:

	<u>Balance 05/01/11</u>	<u>Additions</u>	<u>(Reductions)</u>	<u>Balance 04/30/12</u>
Governmental Activities Long-Term Debt				
Sales tax bonds	\$ 35,290,000	\$	\$ (1,520,000)	\$ 33,770,000
Ad valorem tax bonds	14,440,000		(1,980,000)	12,460,000
Certificates of indebtedness	12,235,000		(1,100,000)	11,135,000
Compensated absences - net	3,882,062		(50,223)	3,831,839
Risk management claims	<u>6,068,646</u>	<u>1,336,794</u>		<u>7,405,440</u>
Totals	\$ 71,915,708	\$ 1,336,794	\$ (4,650,223)	\$ 68,602,279

	<u>Balance 04/30/12</u>	<u>Due within one year</u>	<u>Due in more than one year</u>
Governmental Activities Long-Term Debt			
Sales tax bonds	\$ 33,770,000	\$ 1,595,000	\$ 32,175,000
Ad valorem tax bonds	12,460,000	2,060,000	10,400,000
Certificates of indebtedness	11,135,000	1,165,000	9,970,000
Compensated absences - net	3,831,839	574,776	3,257,063
Risk management claims - net	<u>7,405,440</u>	<u>2,825,575</u>	<u>4,579,865</u>
Totals	\$ 68,602,279	\$ 8,220,351	\$ 60,381,928

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

<u>Year ended April 30,</u>	<u>Principal Payments</u>	<u>Interest Payments</u>	<u>Total</u>
2013	\$ 4,820,000	\$ 2,584,204	\$ 7,404,204
2014	4,850,000	2,391,046	7,241,046
2015	4,875,000	2,192,249	7,067,249
2016	5,120,000	1,972,929	7,092,929
2017	4,725,000	1,735,283	6,460,283
2018-2022	19,155,000	5,574,694	24,729,694
2023-2027	7,465,000	1,506,794	8,971,794
2028-2029	<u>3,665,000</u>	<u>185,375</u>	<u>3,850,375</u>
	\$ 54,675,000	\$ 18,142,574	\$ 72,817,574

City of Alexandria, Louisiana
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During the year ended April 30, 2012, the following changes occurred in business-type activities long-term liabilities:

	Balance 05/01/11	Additions	(Reductions)	Balance 04/30/12
Business-Type Activities Long-Term Debt				
Revenue bonds	\$ 34,711,403	\$ 2,636,148	\$ (2,660,000)	\$ 34,687,551
Certificates of indebtedness	495,000	-	(160,000)	335,000
Compensated absences - net	2,030,932	20,403		2,051,335
Customer guaranteed deposits - net	4,460,574	156,469		4,617,043
Totals	\$ 41,697,909	\$ 2,813,020	\$ (2,820,000)	\$ 41,690,929
		Balance 04/30/12	Due within one year	Due in more than one year
Business-Type Activities Long-Term Debt		\$ 42,445,794	\$ 3,132,700	\$ 39,313,094

The annual requirements to amortize outstanding business-type activities long-term debt excluding customer guaranteed deposits, compensated absences and state revolving loans without established amortization schedules are as follows:

Year ended April 30,	Principal Payments	Interest Payments	Total
2013	2,825,000	1,294,101	4,119,101
2014	2,920,000	1,191,169	4,111,169
2015	1,810,000	1,093,635	2,903,635
2016	1,880,000	1,001,385	2,881,385
2017	1,960,000	905,385	2,865,385
2018-2022	9,300,000	3,141,865	12,441,865
2023-2027	3,255,000	1,813,384	5,068,384
2028-2032	4,130,000	961,866	5,091,866
2033-2034	1,955,000	92,943	2,047,943
	\$30,035,000	\$ 11,495,733	\$ 41,530,733

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 \$1,629,367 is recognized as intergovernmental revenue in the General Fund and as expenditures in the following public safety departments:

Police	\$ 909,450
Fire	719,917
	\$ 1,629,367

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:

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	Utilities System
Condensed Statement of Net Assets	
Assets	
Current assets	
Due from other funds	\$ 69,623
Other current assets	27,361,694
Noncurrent assets	
Restricted equity in pooled cash and investments	18,109,211
Capital assets	109,745,216
Other noncurrent assets	251,306
Total Assets	155,537,050
Liabilities	
Current liabilities	
Due to other funds	4,781,447
Other current liabilities	2,629,706
Liabilities payable from restricted assets	4,284,635
Noncurrent liabilities	38,140,497
Total Liabilities	49,836,285
Net Assets	
Invested in capital assets, net of related debt	89,541,754
Restricted	3,736,260
Unrestricted	12,422,751
Total Net Assets	\$ 105,700,765
Condensed Statement of Revenues, Expenses and Changes in Net Assets	
Operating revenues (operating revenues are pledged against revenue bonds)	\$ 97,652,850
Operating expenses	
Depreciation	(7,388,887)
Other	(74,418,322)
Operating income (loss)	15,845,641
Nonoperating revenues (expenses)	
Investment income	77,761
Gain (loss) on sale of assets	11,493
Interest expense and fiscal charges	(1,586,740)
Capital contributions	754,866
Transfers in (out)	(10,717,869)
Special item – project performance bond	1,898,286
Change in Net Assets	6,283,438
Net Assets, beginning	99,417,327
Net Assets, ending	\$ 105,700,765

City of Alexandria, Louisiana
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	Utilities System
Condensed Statement of Cash Flows	
Net cash provided (used) by	
Operating activities	\$ 22,483,616
Noncapital financing activities	(8,150,073)
Capital and related financing activities	(10,268,039)
Investing activities	<u>(7,932,607)</u>
Net decrease	\$ (3,867,103)
Cash and cash equivalents, beginning	<u>5,676,556</u>
Cash and cash equivalents, ending	<u>\$ 1,809,453</u>

Segment information for the Utilities System Enterprise Fund for the fiscal year ended April 30, 2012, follows:

	Total	Electric	Gas	Water	Waste Water
Operating revenues	\$ 97,652,850	\$ 74,915,645	\$ 10,109,103	\$ 7,169,118	\$ 5,458,984
Operating expenses					
Depreciation	(7,388,887)	(2,789,601)	(1,377,398)	(1,220,227)	(2,001,661)
Other	<u>(74,418,322)</u>	<u>(52,097,118)</u>	<u>(10,730,986)</u>	<u>(5,807,870)</u>	<u>(5,782,348)</u>
Operating income (loss)	\$ 15,845,641	\$ 20,028,926	\$ (1,999,281)	\$ 141,021	\$ (2,325,025)

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, they should 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).

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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.

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

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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 (ending 4/30) on the bonds (the "Reserve Funds Requirement"), (iii) or 125% of the aggregate amount of principal installments and interest becoming due in any fiscal year on the bonds (ending 04/30). 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 Reserve Funds Requirement. The money in the Reserve Funds shall be retained solely for the purpose of paying the principal 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

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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.

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.

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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:

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 (3 ⅓ %) 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 twenty-five percent (25.00%) of the member's salary, including supplemental pay. The City's contributions to MPERS, for the fiscal years ended April 30, 2012, 2011, and 2010, were \$2,176,798, \$2,128,329 and \$1,107,453 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 (3 ⅓ %) 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.

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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 twenty one and five tenths percent (21.5%) of the member's salary, including supplemental pay. The City's contributions to FRS, for the fiscal years ended April 30, 2012, 2011, and 2010, were \$1,404,511, \$1,284,842 and \$875,423, 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 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 twenty two percent (22.00%) of the member's annual salary. The City's contributions to LASERS for the years ended April 30, 2012, 2011, and 2010 were \$13,977, \$9,847 and \$8,112, 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

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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 fifteen and three-fourth percent (15.75%) to the System as an employer match. The City's contributions to PERSL, for the fiscal years ended April 30, 2012, 2011, and 2010, were \$3,920, \$3,920 and \$3,315, respectively.

Information relative to the two 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 System provides retirement benefits, disability benefits, and survivors' benefits.

Members with 10 years of creditable service may retire at age 62; members with at least 20 years of creditable service may retire at age 60; members with 30 years of service may retire regardless of age. The retirement allowance is equal to 3% of the member's average compensation multiplied by their number of years of creditable service, not to exceed 100% of their average compensation. Average compensation is defined as the highest 3 year average annual compensation.

Benefit and contribution provisions are established by state statute and may be amended only by the Louisiana Legislature. 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. Covered employees are required by statute to contribute 10% of their salary to the System. The City is required by statute to contribute remaining amounts necessary to finance the System at an actuarially determined rate currently set at 27.45%. The City's contributions to COAERS, for the fiscal years ended April 30, 2012, 2011, and 2010 were \$5,033,392, \$5,134,545 and \$4,794,266 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 their right to a 20 year retirement any time under the age of 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.

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Benefits and contribution provisions are established by state statute and may be amended only by the Louisiana Legislature. 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. Covered members are not required to contribute to the Fund. The City is required to contribute an amount sufficient to meet any deficit of the 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, 2012, 2011, and 2010 were \$21,500, \$25,000 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.

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:

	COAERS	FPARF
Contribution rate		
City	27.45%	n/a
Plan members	10.00%	n/a
Annual pension cost	\$ 5,033,392	\$ 21,500
Contributions made	\$ 5,033,392	\$ 21,500
Actuarial valuation date	12/31/11	n/a
Actuarial cost method	Frozen Entry Age Normal	n/a
Remaining amortization period	9 years	n/a
Asset valuation method	Five year smoothing for stocks. Other assets at amortized cost.	n/a

	COAERS	FPARF
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

	Year Ending	Annual Pension Cost (APC)	Percentage of APC Contributed	Net Pension Obligation
City of Alexandria	04/30/12	\$ 4,915,468	100%	\$ -
Employees' Retirement	04/30/11	5,382,069	100	-
System	04/30/10	4,601,100	100	-

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	<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>
Firemen's Pension	04/30/12	\$ 21,500	100%	\$ -
and Relief Fund	04/30/11	25,000	100	-
	04/30/10	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 \$1,373,692. Employer contributions for the fiscal year were \$197,922 or approximately sixteen and thirty hundredths percent (16.30%). Employees do not contribute to the plan.

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 2008, the City of Alexandria recognized the cost of providing post-employment medical benefits (the 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. In 2012 and 2011, the City's portion of health care funding cost for retired employees totaled \$276,872 and \$256,363, respectively.

Effective May 1, 2008, the 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). This amount was applied toward the Net OPEB Benefit Obligation as shown in the following table.

Annual Required Contribution. The City of Alexandria's Annual Required Contribution (ARC) is an amount actuarially determined in accordance with GASB 45. The ARC is the sum of the Normal Cost plus the contribution to amortize the Unfunded Actuarial Accrued Liability (UAAL). 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 actuarially computed ARC is as follows:

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	2012	2011
Normal cost	\$ 229,511	\$ 220,683
30 year UAL amortization amount	360,057	346,209
Annual required contribution (ARC)	\$ 589,568	\$ 566,892

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

	2012	2011
Beginning Net OPEB Obligation	\$ 812,320	\$ 510,900
Annual required contribution	589,568	566,892
Interest on Net OPEB Obligation	32,493	20,436
ARC Adjustment	(46,977)	(29,545)
OPEB Cost	575,084	557,783
Contribution	-	-
Current year retiree premium	(276,872)	(256,363)
Change in Net OPEB Obligation	298,212	301,420
Ending Net OPEB Obligation	\$ 1,110,532	\$ 812,320

The following table shows the City of Alexandria's annual other post employment benefits (OPEB) cost, percentage of the cost contributed, and the net unfunded other post employment benefits (OPEB) liability for last year and this year:

Fiscal Year Ended	Annual OPEB Cost	Percentage of Annual Cost Contributed	Net OPEB Liability (Asset)
April 30, 2012	\$ 575,084	48.14%	\$ 1,110,532
April 30, 2011	\$ 557,783	45.96%	\$ 812,320

Funded Status and Funding Progress. In 2012 and 2011, the City of Alexandria made no contributions to its post employment benefits plan. The plan is not funded, has no assets, and hence has a funded ratio of zero. Based on the May 1, 2010 actuarial valuation, the most recent valuation, the Actuarial Accrued Liability (AAL) at the end of the year April 30, 2012 was \$6,225,952 which is defined as that portion, as determined by a particular actuarial cost method (the City of Alexandria uses the Projected Unit Credit Cost Method), of the actuarial present value of post employment plan benefits and expenses which is not provided by normal cost.

	2012	2011
Actuarial Accrued Liability (AAL)	\$ 6,225,952	\$ 5,986,492
Actuarial Value of Plan Assets (AVP)	-	-
Unfunded Act. Accrued Liability (UAAL)	\$ 6,225,952	\$ 5,986,492
Funded Ratio (AVP/AAL)	0.00%	0.00%
Covered Payroll (active plan members)	\$ 33,197,812	\$ 37,015,424
UAAL as a percentage of covered payroll	18.75%	16.17%

City of Alexandria, Louisiana
April 30, 2012

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 the City of Alexandria and its employee plan members) at the time of the valuation and on the pattern of sharing costs between the 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 the 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 Projected 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. There are not any plan assets. It is anticipated that in future valuations, should funding take place, 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 has been used. The rates, when applied to the active employee census, produce a composite average annual turnover of approximately 10%. 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. 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.

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.

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.

City of Alexandria, Louisiana
April 30, 2012

Notes to Financial Statements

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 a published mortality table which was designed 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 total blended active/retired rate.

Inflation Rate. Included in both the Investment Return Assumption and the Healthcare Cost Trend rates above is an implicit inflation assumption of 2.50% annually.

Projected Salary Increases. This assumption is not applicable since neither the benefit structure nor the valuation methodology involves salary.

Post-retirement Benefit Increases. The plan benefit provisions in effect for retirees as of the valuation date have been used and it has been assumed for valuation purposes that there will not be any changes in the future.

Below is a summary of OPEB cost and contributions for the last three fiscal calendar years.

	OPEB Cost and Contributions		
	FY 2010	FY 2011	FY 2012
OPEB Cost	\$ 448,735	\$ 557,783	\$ 575,084
Contribution	-	-	-
Retiree Premium	<u>320,634</u>	<u>256,363</u>	<u>276,872</u>
Total contribution and premium	<u>320,634</u>	<u>256,363</u>	<u>276,872</u>
Change in net OPEB obligation	<u>\$ 128,101</u>	<u>\$ 301,420</u>	<u>\$ 298,212</u>
% of contribution to cost	0.00%	0.00%	0.00%
% of contribution plus premium to cost	71.45%	45.96%	48.14%

City of Alexandria, Louisiana
April 30, 2012

Notes to Financial Statements

19. Leases

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 services 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 \$26,203, under the terms of the lease representing fiscal year ended April 30, 2012 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:

- A) The City of Alexandria agrees to lease from Community Receiving Home, 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 Home, 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. This lease expired.
- C) On July 7, 2012, the City of Alexandria agreed to lease from the Community Receiving Home, Home, Inc. 74.92 acres for the sum of \$125.00 per acre or \$9,365 payable on the 15th day of May annually. The rent will increase by 2.75% annually for the term of the lease which will expire on September 31, 2031. The term commenced on September 15, 2011.

Annual lease payments total \$7,492 for the current fiscal year.

Year ending	
2013	\$ 9,365
2014	9,623
2015	9,887
2016	10,159
2017	10,438
2018-2022	56,659
2023-2027	64,890
2028-2032	58,636
	<u>58,636</u>
	\$ 229,657

City of Alexandria, Louisiana
April 30, 2012

Notes to Financial Statements

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, 2012.

Charles L. Fowler, Jr.	\$ 18,000
Harry Silver	18,000
Roosevelt L. Johnson	18,000
Edward Larvadain, III	18,000
Mitzi Gibson	18,000
James A. Villard	18,000
Jonathon D. Goins	11,423
Jerry W. Jones Jr.	6,162

21. Deficit Balance - Non-Major Individual Funds

The following non-major funds had deficit balances at April 30, 2012:

Self Insurance Risk Management Fund	\$ 1,980,440
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The Self Insurance Risk Management Fund 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, 2012, 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 statewide 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.

City of Alexandria, Louisiana
April 30, 2012

Notes to Financial Statements

The City is a defendant in a suit entitled “Gerald Bordelon, et al vs. City of Alexandria, Alexandria Civil Service Commission Appeal”. There are approximately 339 individual grievants who asserted civil service grievances before the Alexandria Civil Service Board. It is the contention of the several individuals that they are entitled to certain wage and related payments for a period of time from July 1, 1998 to July 31, 1990 pursuant to a November 13, 1987 contract. The City denies responsibility or any obligation to the employees for the claims and it is believed the underlying claims are prescribed. Management and legal counsel for the City are unable to provide reasonable estimates of the claims amount, if any, and it is not practical to calculate such amounts under current known facts and conditions. Subsequent to year end, the court of appeals ordered dismissal of this lawsuit.

The City is a defendant in a suit entitled “Charles W. Armand, et al vs. City of Alexandria” referred to as the “dual pay plan”. Nothing is currently set or pending but the claim is viable. No class has been certified and the plaintiff’s counsel must attempt to define the class. In the opinion of legal counsel, some contingent exposure for possible payment of wages and other considerations may be considered. Management and legal counsel for the City are unable to provide reasonable estimates of the claims amount, if any, and it is not practical to calculate such amounts under current known facts and conditions.

The City is a defendant in a suit entitled “Armested Franklin, et al vs. City of Alexandria”. This is a petition for damages filed originally by eight named claimants who are residential, rental, and commercial rate payers who received electric services from the City. The claims assert legal conclusions that the City for a period of time from 1997 to the present incorrectly calculated fuel adjustment cost for electricity and engaged “incorrect application of the monthly fuel adjustment rates”. In the opinion of legal counsel, the claim does not lead to any belief that a material adverse impact on the City’s financial condition, calculation of fuel cost adjustments or application of fuel cost adjustment will occur or result there from.

The City is also a defendant in other suits as a result of recent litigation with CLECO. Matters are pending with three attorneys whom signed contingency contracts with the City to receive a percentage of any judgment the City may receive incident the CLECO matter. While the ultimate outcome of this suit cannot be determined at the present time, the City has a potential liability exposure of up to \$2,000,000.

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 89-90.*

City of Alexandria, Louisiana
April 30, 2012

Notes to Financial Statements

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 6, Pages 78-79.*
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 5, Page 77*
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. Net Assets and Governmental Fund Balances

Nonspendable Fund Balances

The City has recorded a nonspendable fund balance of \$275,118 for unused inventory in the Fund Financial Statements. This amount is recorded as unrestricted net assets in the Government-Wide Financial Statements.

Restricted Fund Balances

In accordance with the provisions of the sales tax propositions passed by the voters in 1976, any funds remaining, after proceeds from this sales tax are transferred to their dedicated funds, as stated in Note 13 to the financial statements, 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). These remaining funds totaled \$507,351 at April 30, 2012.

The City has restricted the fund balance and restricted net assets in the amount of \$5,804,977 for debt service.

The City also has restricted the fund balance for capital projects in the amount of \$39,145,290. This amount of \$39,145,290 is shown net of \$21,618,072 unexpended related debt totaling \$17,527,218.

Committed Fund Balances

The City has formally designated the use of \$1,037,551 for community and economic development by recording it as committed fund balances. This amount is shown as unrestricted net assets in the Government-Wide Financial Statements.

Required Supplemental Information - Part II

**City of Alexandria, Louisiana
General Fund
Budgetary Comparison Schedule
For the Year Ended April 30, 2012**

Schedule 1

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

	Budgeted Amounts		Actual	
	Original	Final		
Revenues				
Taxes				
Property taxes	\$ 2,422,000	2,547,000	\$ 2,476,235	\$ (70,765)
Sales taxes	6,900,000	7,200,000	7,711,470	511,470
Other	470,000	680,000	721,952	41,952
Intergovernmental	1,986,286	2,408,868	2,377,888	(30,980)
Fees, commissions, and fines	704,200	658,200	550,839	(107,361)
Licenses and permits	2,605,200	2,825,200	2,939,643	114,443
Charges for services	265,430	229,430	238,769	9,339
Investment earnings	-	15,000	18,686	3,686
Miscellaneous	1,084,000	312,710	668,053	355,343
Total Revenues	16,437,116	16,876,408	17,703,535	827,127
Expenditures				
Current				
General government	10,427,219	12,688,210	11,640,833	1,047,377
Public safety	24,629,455	28,079,067	27,063,710	1,015,357
Public works	8,438,870	9,933,422	9,612,616	320,806
Capital outlay	888,827	1,200,578	965,915	234,663
Debt service				
Principal	1,000,917	1,099,888	1,100,000	(112)
Interest and other charges	793,976	746,072	746,072	-
Total Expenditures	46,179,264	53,747,237	51,129,146	2,618,091
Deficiency of Revenues over Expenditures	(29,742,148)	(36,870,829)	(33,425,611)	3,445,218
Other Financing Sources (Uses)				
Transfers in	36,266,364	37,213,452	38,122,013	908,561
Transfers out	-	(2,581,415)	(2,609,435)	(28,020)
Proceeds from sale capital assets	-	25,000	9,201	(15,799)
Total Other Financing Sources (Uses)	36,266,364	34,657,037	35,521,779	864,742
Net Change in Fund Balances	6,524,216	(2,213,792)	2,096,168	4,309,960
Fund Balances, Beginning of Year	16,978,193	16,978,193	16,978,193	-
Fund Balances, End of Year	\$ 23,502,409	\$ 14,764,401	\$ 19,074,361	\$ 4,309,960

See independent auditor's report.

**City of Alexandria, Louisiana
City Sales Tax Special Revenue Fund
Budgetary Comparison Schedule
For the Year Ended April 30, 2012**

Schedule 2

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

	Budgeted Amounts		Actual	
	Original	Final		
Revenues				
Taxes				
Sales taxes	\$ 33,312,500	\$ 33,250,000	\$ 34,689,006	\$ 1,439,006
Total Revenues	33,312,500	33,250,000	34,689,006	1,439,006
Other Financing Sources (Uses)				
Transfers out	(33,312,500)	(33,250,000)	(34,684,536)	(1,434,536)
Total Other Financing Sources (Uses)	(33,312,500)	(33,250,000)	(34,684,536)	(1,434,536)
Net Change in Fund Balances	-	-	4,470	4,470
Fund Balances, Beginning of Year	502,881	502,881	502,881	-
Fund Balances, End of Year	\$ 502,881	\$ 502,881	\$ 507,351	\$ 4,470

See independent auditor's report.

City of Alexandria, Louisiana
Schedule of Funding Progress

Schedule 3

Postemployment Health Care and Life Insurance Benefits

Actuarial Valuation Date	4/30/2009	4/30/2010	4/30/2011	4/30/2012
Actuarial Value of Assets (a)	\$ -	\$ -	\$ -	\$ -
Actuarial Accrued Liability (AAL) (b) -- Medical*	\$ 4,695,278	\$ 4,883,089	\$ 5,986,492	\$ 6,225,952
Unfunded AAL (UAAL) (b-a)	0.00%	0.00%	0.00%	0.00%
Funded Ratio (a/b)	\$ 29,613,801	\$ 39,116,116	\$ 37,015,424	\$ 33,197,812
Covered Payroll (c)	15.86%	12.48%	16.17%	18.75%
Unfunded AAL (Funding Excess) as a Percentage of Covered Payroll ((b-a)/c)				

* The unit credit cost method is used for funding purposes.

See independent auditor's report.

Supplemental Information

City of Alexandria, Louisiana
Schedule of Expenditures of Federal Awards
For the Year Ended April 30, 2012

Schedule 4
(Continued)

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		\$ 1,984,260	\$ 831,735	\$ -
Passed-through the State of Louisiana					
Neighborhood Stabilization Program	14.218		1,250,000	533,880	-
Total CFDA 14.218			3,234,260	1,365,615	-
Direct					
Home Investment Partnership Program	14.239		2,547,620	831,063	-
Passed-through the State of Louisiana					
Community Development Block Grants/State's Program					
Comprehensive Resiliency Program	14.228		567,000	149,166	-
ARRA - Homelessness Prevention and Rapid Re-Housing Program Technical Assistance	14.262	CFMS # 685503	534,845	215,445	214,387
		CFMS # 697793 & 679208	76,000	61,997	61,997
Emergency Shelter Grants Program	14.231		6,959,725	2,623,286	276,384
Agency Totals					
U.S. Department of Justice					
Bureau of Justice Assistance					
Passed-through the State of Louisiana					
Passed-through the Louisiana Commission on Law Enforcement and the Administration of Criminal Justice					
Edward Bryne Memorial Justice Assistance Grant Program	16.738	B010-3-004	12,656	10,356	-
		B011-3-003	12,020	12,020	-
Total CFDA 16.738			24,676	22,376	-
Passed-through the Rapides Parish, Louisiana Sherriff					
ARRA - Recovery Act: Edward Bryne Memorial Justice Assistance Program / Grants to Units of Local Governments					
	16.804	2009 DJ-BX-1004	81,096	14,581	-
		2010-DJ-BX-1611	66,794	59,038	-
		2011-DJ-BX-3078	48,744	-	-
Total CFDA 16.804			196,634	73,619	-
Agency Totals			221,310	95,995	-
U.S. Environmental Protection Agency					
Direct					
ARRA - Brownsfields Assessment and Cleanup Cooperative Agreements	66.818	BF-96679901-0	200,000	99,742	-
ARRA - Brownsfields Assessment and Cleanup Cooperative Agreements	66.818	BF-96693401	200,000	80,916	-
Total CFDA 66.818			400,000	180,658	-
Passed-through the State of Louisiana					
ARRA - Capitalization Grants for Clear Water State Revolving Funds Loan					
	66.458		3,500,000	311,116	-
ARRA - Capitalization Grants for Drinking Water State Revolving Funds Grant					
	66.468	1079001	2,060,000	754,866	-
State Revolving Funds Loan	66.468	1079001	7,940,000	2,347,033	-
Total - CFDA 66.468			10,000,000	3,101,899	-
Agency Totals			13,900,000	3,593,673	-
U.S. Department of Transportation					
Federal Transit Administration					
Direct					
Federal Transit Formula Grants	20.507		4,538,373	1,357,678	-
ARRA - Federal Transit Formula Grants	20.507	LA-96-X006-00	1,183,712	583,464	-
Total - CFDA 20.507			5,722,085	1,941,142	-

City of Alexandria, Louisiana
Schedule of Expenditures of Federal Awards
For the Year Ended April 30, 2012

Schedule 4
(Concluded)

Federal Grantor/ Pass Through Grantor/ Program Title	Federal CFDA Number	Pass-through Grant Number	Award Amount	Amount Expended	Amount Provided Subrecipients
National Highway Traffic Safety Administration					
Passed-through the State of Louisiana					
Department of Transportation					
State and Community Highway Safety	20.600	2012-30-14	106,050	23,704	
State and Community Highway Safety		K8HV 10-01-00-00	30,550	-	
State and Community Highway Safety		PT 11-30-20-00	89,720	28,398	
State and Community Highway Safety		PT 10-11-00	38,536	-	-
Total - CFDA 20.600			<u>264,856</u>	<u>52,102</u>	-
Agency Totals			5,986,941	1,993,244	-
U.S. Department of Energy					
Direct					
ARRA - Energy Efficiency and Conservation Block Grant Program	81.128	EE0001486	226,700	159,109	
Passed-through the State of Louisiana					
Department of Natural Resources					
ARRA - State Energy Program	81.041	TR-18	132,800	14,900	-
Agency Totals			<u>359,500</u>	<u>174,009</u>	-
U.S. Department of Interior					
Passed-through the State of Louisiana					
Louisiana Division of Historic Preservation					
Historic Preservation Fund Grants-In-Aid	15.904	22-10-21935	10,000	2,825	-
TOTALS			<u>\$ 27,437,476</u>	<u>\$ 8,483,032</u>	<u>\$ 276,384</u>

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, 2012**

Schedule 5

<u>Type of Service</u>	<u>Number of Customers April 30, 2012</u>
Electricity	24,593
Water	21,709
Gas	16,134
Waste water	17,306

See independent auditor's report.

City of Alexandria, Louisiana
Unaudited Listing of Insurance in Force
April 30, 2012

Schedule 6
(Continued)

Property

Insurer: The Travelers Insurance Companies
Expiration date: May 6, 2012
Coverage:
Real property, comprising buildings, and personal property
Self-insured retention:
\$100,000 per occurrence deductible
Policy limits of liability:
\$300,000,000 per occurrence with specified sublimits

Boiler and Machinery

Insurer: The Travelers Insurance Companies
Expiration date: May 6, 2012
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: Ace American Insurance Company
Expiration date: May 6, 2012
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:
\$1,000,000 each and every loss and/or occurrence Combined Single Limit
\$3,000,000 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, 2012

Schedule 6
(Concluded)

Employee Benefits Liability

Insurer: Ace American Insurance Company

Expiration date: May 6, 2012

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

\$3,000,000 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, 2012

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

Fidelity Bond

Insurer: Ohio Casualty Insurance Company

Expiration date: May 21, 2013

Coverage: Tax Collector

Policy limits of liability: \$10,000

Public Employees Honesty Bond

Insurer: Fidelity and Deposit Company of Maryland

Expiration date: September 1, 2012

Coverage:

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

Loss retention: \$10,000 per occurrence

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

See independent auditor's report.

**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 1946

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, 2012, which collectively comprise the City's basic financial statements and have issued our report thereon dated October 25, 2012. 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

Management of City of Alexandria, Louisiana, is responsible for establishing and maintaining effective 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.

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

Our consideration of internal control over financial reporting was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control over financial reporting that might be deficiencies, significant deficiencies, or material weaknesses. We did not identify any deficiencies in internal control over financial reporting that we consider to be material weaknesses, as defined above. However, we identified certain deficiencies in internal control over financial reporting, described in the accompanying schedule of findings and questioned costs that we consider to be significant deficiencies in internal control over financial reporting. We consider finding 2012-01 to be a significant deficiency.

ROBERT W. BYDRAK, C.P.A. CINDY L. HUMPHRIES, C.P.A.
REBECCA B. MORRIS, C.P.A. DEBORAH R. DUNN, C.P.A.
MICHAEL A. JUNEAU, C.P.A. REBECCA G. NATION, C.P.A.
JAMES N. BALLARD, C.P.A. EVELYN RENFROW, C.P.A.
MARVIN A. JUNEAU, C.P.A. ERNEST F. SASSER, C.P.A.





PAYNE, MOORE & HERRINGTON, LLP

The Honorable Mayor and City Council
City of Alexandria, Louisiana

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 no instances of noncompliance or other matters required to be reported under *Government Auditing Standards*.

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 25, 2012

**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 Budget (OMB) Circular A-133 *Compliance Supplement* that could have a direct and material effect on each of its major federal programs for the year ended April 30, 2012. 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 compliance requirements referred to above that could have a direct and material effect on each of its major federal programs for the year ended April 30, 2012.

ROBERT W. DYDRAK, C.P.A.
REBECCA B. MORRIS, C.P.A.
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ERNEST F. SASSER, C.P.A.





PAYNE, MOORE & HERRINGTON, LLP

The Honorable Mayor and City Council
City of Alexandria, Louisiana

Internal Control Over Compliance

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 to determine the auditing procedures for the purpose of expressing our opinion on compliance, and to test and report on internal control over compliance in accordance with OMB Circular A-133, 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 deficiency in internal control over compliance exists when the design or operation of a control over compliance does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct, noncompliance with a type of compliance requirement of a federal program on a timely basis. *A material weakness in internal control over compliance* is a deficiency, or combination of deficiencies, in internal control over compliance, such that there is a reasonable possibility that material noncompliance with a type of compliance requirement of a federal program will not be prevented, or detected and corrected, on a timely basis. *A significant deficiency* is a deficiency, or a combination of deficiencies, in internal control that is less severe than a material weakness, yet important enough to merit attention by those charged with governance.

Our consideration of internal control over compliance was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control over compliance that might be deficiencies, 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.

Payne, Moore & Herrington, LLP
Certified Public Accountants

October 25, 2012

**City of Alexandria, Louisiana
Schedule of Findings and Questioned Costs
For the Year Ended April 30, 2012**

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?	_____	Yes	_X_	No
Significant deficiency(ies) identified not considered to be material weaknesses?	_X_	Yes	_____	None reported
Noncompliance material to the financial statements?	_____	Yes	_X_	No

Federal Awards

Internal control over major programs:				
Material weakness(es) identified?	_____	Yes	_X_	No
Significant deficiency(ies) identified not considered to be material weaknesses?	_____	Yes	_X_	None reported
Type of auditor's report issued on compliance for major programs:				Unqualified
Any audit findings disclosed that are required to be reported in accordance with Circular A-133, Section 510(a)?	_____	Yes	_X_	No

Identification of major programs:

- CFDA # 14.239 Home Investment Partnership Program
- CFDA # 66.818 ARRA – Brownsfield Assessment & Cleanup Cooperative Endeavor Agreement
- CFDA # 20.507 Federal Transit Formula Grants
ARRA – Federal Transit Formula Grants
- CFDA # 66.468 Environmental Protection Agency
ARRA –Capitalization Grants for Drinking Water State Revolving Funds
- CFDA # 66.458 Environmental Protection Agency
ARRA –Capitalization Grants for Clear Water State Revolving Funds

Dollar threshold used to distinguish between Type A and Type B programs		\$300,000		
Auditee qualified as a low-risk auditee?	_____	Yes	_X_	No

**City of Alexandria, Louisiana
Schedule of Findings and Questioned Costs
For the Year Ended April 30, 2012**

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

FINDING 2012-01

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: In the previous years, we commented on several deficiencies in recordkeeping and accounting for grant awards. We noted improvement during the current year due to the appointment of a grant administrator. However, in certain cases, we continued to experience difficulties in obtaining complete information regarding revenue sources, classifications, and supporting documentation from certain departments.

Recommendation: While noting that certain improvements have been made, we continue to recommend implementation of the following recommendations stated in the prior years, which have not been implemented or completely implemented:

- A copy of all grants, cooperative endeavor agreements, etc. should be provided to the designated individual responsible for centralized recordkeeping at the time grant awards are received.
- When the request for reimbursement is submitted to the granting authority, a copy of the request should be provided to that designated individual and accounting department.
- When reimbursement is received, the designated individual and the accounting department should be timely notified.

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

Part III - Findings and Questioned Costs for Federal Awards

None Reported

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

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.

Certified Public Accountants

October 25, 2012

Management's Corrective Action Plan

**City of Alexandria, Louisiana
Management's Corrective Action Plan
Year Ended April 30, 2012**

The City of Alexandria, Louisiana respectfully submits the following corrective action plan for the year ended April 30, 2012.

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

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

Audit Period: May 1, 2011 through April 30, 2012

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 II: Findings Relating to the Financial Statements Which are Required to be Reported Under Government Auditing Standards	
Finding 2012-01	Centralized Recordkeeping for Grant Awards
Response	<p>The designated individual will be provided copies of grant documents, cooperative endeavor agreements and other data relating to grants in order to maintain centralized recordkeeping from the time of grant award.</p> <p>When a reimbursement is requested to the granting authority, the designated individual and the Accounting Department will both receive a copy of the reimbursement request.</p> <p>Both the Accounting Department and the designated individual will be notified when the reimbursement is received.</p>

Section III: Findings and Questioned Costs for Federal Awards	
None reported	

Management's Schedule of Prior Year Findings

**City of Alexandria, Louisiana
Management's Schedule of Prior Year Findings
For the Year Ended April 30, 2011**

Part II: Internal Control And Compliance Material to the Financial Statements		
Finding 2011-01	Centralized Recordkeeping for Grant Awards	Partially resolved. See 2012-01.
Finding 2011-02	Police and Fire Annual Leave Policy	Resolved.
Finding 2011-03	Theft Allegation	Resolved.
Finding 2011-04	Material Audit Adjustments	Resolved.
Finding 2011-05	Purchasing Procedures	Resolved.
Finding 2011-06	Documentation of Travel Expenses	Resolved.
Finding 2011-07	Error in Utility Rate Change	Resolved.
Finding 2011-08	Budget Compliance	Resolved.
Section II: Other Comments and Recommendations (Management Letter)		
Finding 2011-09	Lease Agreements	Resolved.

