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

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:

- 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.

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

	2012	2011	2012	2011	2012	2011
	Governmental		Business		Total	
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.

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

	2012	2011	2012	2011	2012	2011
	Governmental		Business		Total	
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

See independent auditor's report.

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.

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.

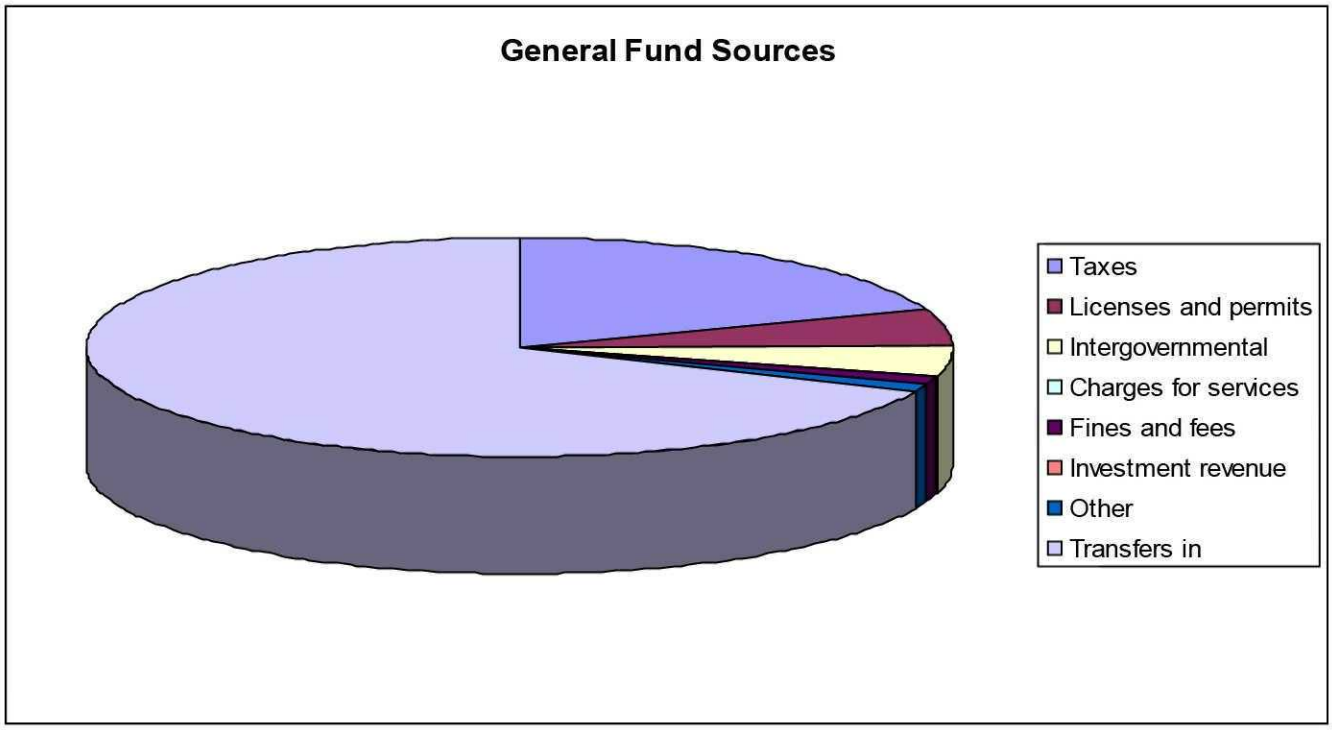
General Fund Budgetary Highlights

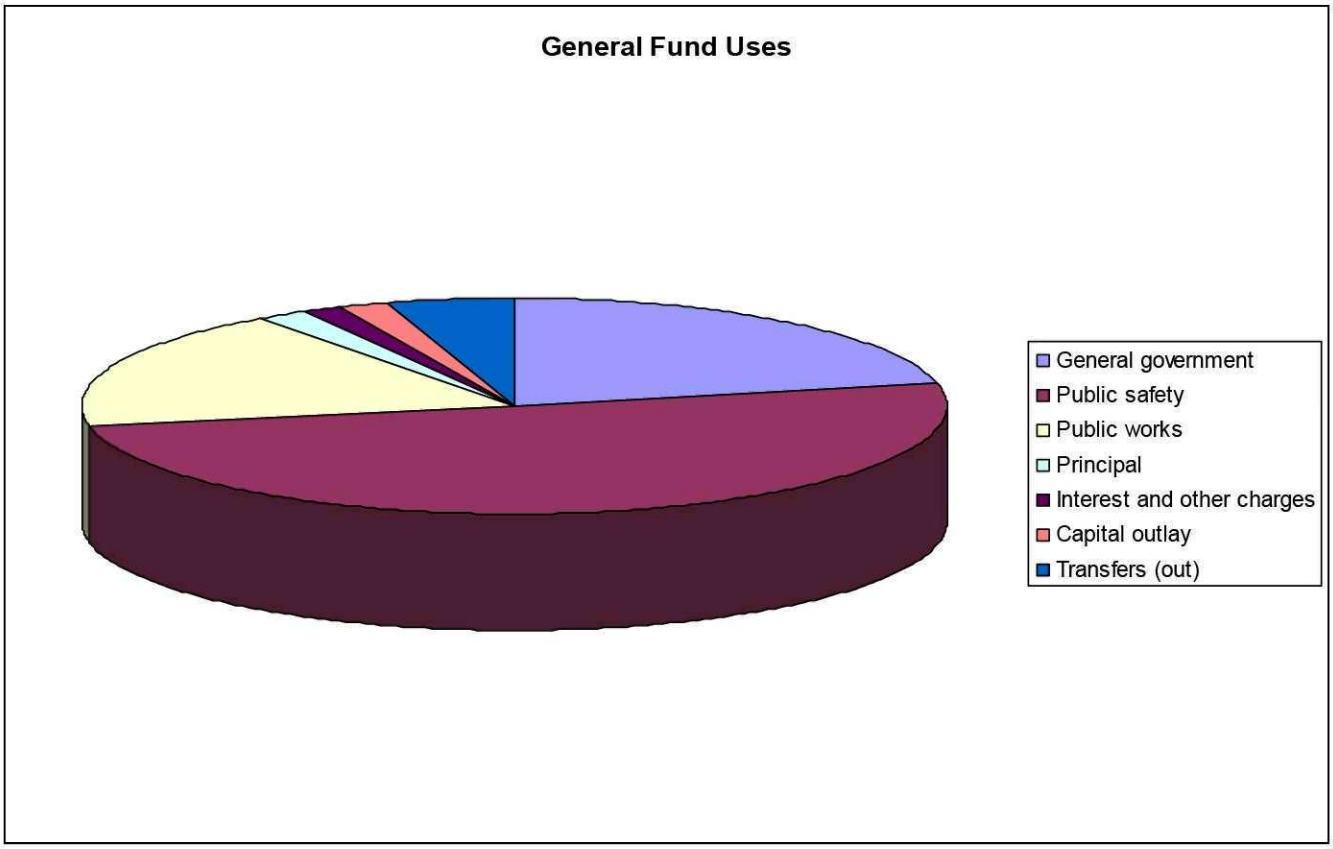
The original budget of the General Fund reflects the City's plan and financial intent at the beginning of the fiscal year. This is routinely adjusted during the year to better reflect actual revenues available and actual expenditures incurred. The City does its most comprehensive adjustment at Major 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.

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





See independent auditor's report.

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

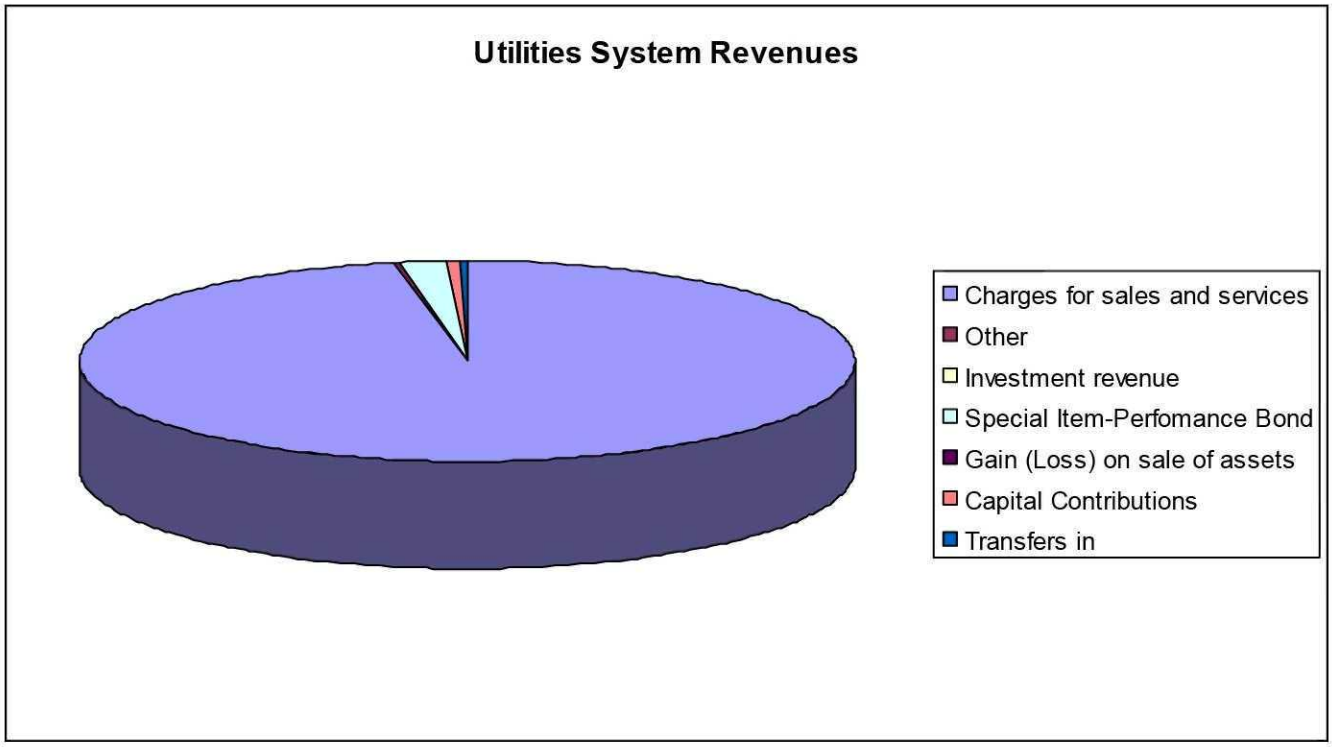
The Utilities System Fund is the largest of the City's proprietary funds, dwarfing the Sanitation Fund, Municipal Transit Fund, Zoo Fund and Golf Course Fund. Revenues in the Utilities System are based primarily on the sales of electricity, water, natural gas, and wastewater service to customers. These revenues, charges for services, are down $2.4 million in 2012 compared to the prior year. This is partially

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.

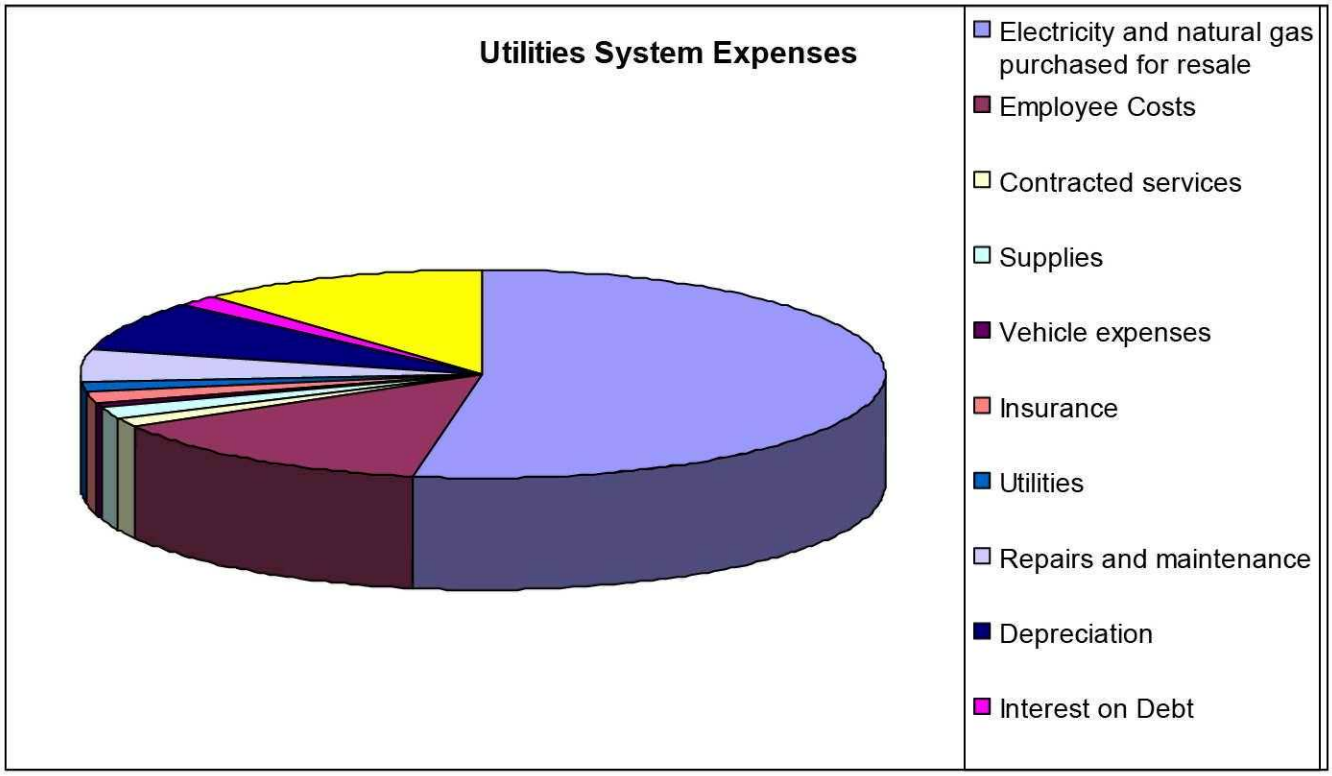
Operating expenses are down $6.4 million in Fiscal 2012 compared to the previous year. The biggest factor here is the expense side of fuel cost, which is down $6.6 million compared to prior year. It should be noted that whereas the revenue and expense of fuel cost are both up, they are not equal due 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:



See independent auditor's report.



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.

Capital Assets (Net of Depreciation)

	Governmental		Business	
	2012	2011	2012	2011
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.

Bonded Long-Term Debt

	Governmental		Business	
	2012	2011	2012	2011
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.

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

See independent auditor's report.

Basic Financial Statements

Government-Wide
Financial Statements (GWFS)

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

Exhibit A

	Primary Government			
	Governmental Activities	Business-Type Activities	Total	Component Units
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	249,380,642	167,580,552	416,961,194	2,508,447
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 noncurent liability - net				
Post employment benefit obligation	1,110,532	-	1,110,532	-
Total Liabilities	74,320,994	45,796,101	120,117,095	20,034
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	$ 175,059,648	$ 121,784,451	$ 296,844,099	$ 2,488,413

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	Expenses	Program Revenue: Charges for Services	Program Revenue: Operating Grants and Contributions	Program Revenue: Capital Grants and Contributions	Net (Expense) Revenue and Changes in Net Assets: Primary Government: Governmental Activities	Primary Government: Business-Type Activities	Primary Government: Total	Component Units
Primary Government								
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	164,359	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)	13,359,107	(43,468,812)	
Component Units								
City Marshal	$ 322,541	$ 182,176	$ -	$ -				(140,365)
City Court	614,851	607,412	-	-				(7,439)
Total Component Units	$ 937,392	$ 789,588	$ -	$ -				(147,804)
General Revenues								
Taxes								
Property taxes					7,385,391	-	7,385,391	-
Sales tax					42,400,476	-	42,400,476	-
Franchise and miscellaneous taxes					721,952	-	721,952	-
Entitlements and shared revenues					75,079	-	75,079	-
Hotel occupancy taxes					431,019	-	431,019	-
Investment earnings					169,368	83,216	252,584	15,405
Miscellaneous					400,208	22,198	422,406	68,869
Gain (loss) on sale of assets					(2,027)	(37,830)	(39,857)	-
Special item - project performance bonds					-	1,898,286	1,898,286	-
Transfers					7,515,822	(7,515,822)	-	-
Total General Revenues and Transfers					59,097,288	(5,549,952)	53,547,336	84,274
Change in Net Assets					2,269,369	7,809,155	10,078,524	(63,530)
Net Assets, Beginning of Year					172,790,279	113,975,296	286,765,575	2,551,943
Net Assets, End of Year					$ 175,059,648	$ 121,784,451	$ 296,844,099	$ 2,488,413

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	18,686	-	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							
Principal	1,100,000	-	-	-	-	3,500,000	4,600,000
Interest and other charges	746,072	-	-	-	-	2,020,470	2,766,542
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

	Enterprise Funds			
	Utilities System	Other Enterprise Funds	Total	Internal Service Funds
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	27,431,317	3,369,200	30,800,517	8,616,008
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	128,105,733	13,774,021	141,879,754	-
Total Assets	155,537,050	17,143,221	172,680,271	8,616,008
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	7,411,153	738,962	8,150,115	2,947,520
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	4,284,635	-	4,284,635	-
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	38,140,497	320,575	38,461,072	5,711,378
Total Liabilities	49,836,285	1,059,537	50,895,822	8,658,898
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	$ 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
Alexandria, Louisiana
Statement of Revenues, Expenses, and Changes in Fund Net Assets
Proprietary Funds
For the Year Ended April 30, 2012

Exhibit H

	Enterprise Funds			
	Utilities System	Other Enterprise Funds	Total	Internal Service Funds
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	4,809,512	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
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	$	7,809,155

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			
	Utilities System	Other Enterprise Funds	Total Enterprise Funds	Internal Service 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	(3,736,348)	(2,615,027)	(6,351,375)	(2,358)
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	(10,784,221)	3,519,876	(7,264,345)	990,792
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	(1,519,844)	-	(1,519,844)	-
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	67,196	5,456	72,652	19,605
Net Cash Provided (Used) by Investing Activities	(7,932,607)	(688,264)	(8,620,871)	(862,397)
Net Increase (Decrease) in Cash and Cash Equivalents	(3,867,103)	189,246	(3,677,857)	601
Cash and Cash Equivalents, Beginning of Year	5,676,556	58,724	5,735,280	85,135
Cash and Cash Equivalents, End of Year	$ 1,809,453	$ 247,970	$ 2,057,423	$ 85,736

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)

	Enterprise Funds			
	Utilities System	Other Enterprise Funds	Total Enterprise Funds	Internal Service Funds
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	$ 22,483,616	$ (2,381,526)	$ 20,102,090	$ (80,040)

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

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

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.

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.

- 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.

- 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.

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.

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.

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	27,097,736
	$ 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.

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 Maturities (In Years)			
Investment Type	Fair Value	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 polices 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
	$ 38,528,257

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.

3. Receivables

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

	Governmental Funds	Proprietary Funds	Internal Service Funds	Totals
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	954,435	12,293	42,742	1,009,470
Gross receivables	4,404,149	15,676,414	42,742	20,123,305
Allowance for uncollectibles		(1,400,000)		(1,400,000)
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	73,914	-	-	73,914
Total Intergovernmental	371,575	397,192	-	768,767
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:

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

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

	Balance May 1, 2011	Increases	Decreases	Balance April 30, 2012
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	(86,433,227)	(7,905,186)	501,255	(93,837,158)
Other Capital Assets, Net	147,531,773	(2,286,411)	(11,228)	145,234,134
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	425
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

	Balance May 1, 2011	Increases	Decreases	Balance April 30, 2012
Business-Type Activities				
Capital Assets not Being Depreciated				
Land	$ 2,789,049	$ -	$ -	$ 2,789,049
Construction in progress	3,815,969	5,103,806	(3,333,959)	5,585,816
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	2,228,883	-	(523,198)	1,705,685
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	(2,059,286)	(69,307)	523,197	(1,605,396)
Total Accumulated Depreciation	(148,836,899)	(8,466,271)	3,224,234	(154,078,936)
Other Capital Assets, Net	116,702,914	(1,503,472)	(55,070)	115,144,372
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	$ 8,466,271

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

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

	Project Authorization	Expended to Date	Commitment	Required Further Financing
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	937,838	313,079	89,656	None
	$ 31,782,793	$ 8,496,193	$ 4,195,591	

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.

	Loss Retained	
	Each Occurrence	In Aggregate
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.

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	(3,055,139)
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	(6,876,284)
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.

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:

	Maturity Dates	Interest Rates	Business-type Activities	Governmental Activities
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	

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

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

	Balance 05/01/11	Additions	(Reductions)	Balance 04/30/12
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	6,068,646	1,336,794		7,405,440
Totals	$ 71,915,708	$ 1,336,794	$ (4,650,223)	$ 68,602,279

	Balance 04/30/12	Due within one year	Due in more than one year
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	7,405,440	2,825,575	4,579,865
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:

Year ended April 30,	Principal Payments	Interest Payments	Total
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	3,665,000	185,375	3,850,375
	$ 54,675,000	$ 18,142,574	$ 72,817,574

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: