2159

PM:H

PAYNE, MOORE & HERRINGTON, LLP

CERTIFIED PUBLIC ACCOUNTANTS
Established 1945

April 16, 2014

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

Release Date JUN 04 2014

Legislative Auditor, State of Louisiana
P.O. Box 94397
Baton Rouge, LA 70804-9397

Attn: Engagement Processing

In accordance with the requirements of your office and our engagement agreement, we are, as auditors for the City of Alexandria, Louisiana, Entity ID# 2159 for the year ending April 30, 2013, attaching the following documents:

1) One .pdf copy of the reissued audit report as of and for the year ending April 30, 2013.

2) The reissued State data collection form.

This report is being reissued to restate the Schedule of Expenditures of Federal Awards (SEFA). Subsequent to the issuance of the City's orginal report for the year ended April 30, 2013, it was discovered that a federal award was inadvertantly omitted from the SEFA. The SEFA has been restated to include CFDA # 20.205, Highway Planning and Construction, in the amount of $3,768,451.

This report is also being reissued to remove Finding 2013-02 related to Bond Commission Approval. Subsequent to the issuance of the City's original report for the year ended April, 30, 2013, the City provided an executed copy of the non-appropriation addendum to the original lease agreement. Based on this additional information, the City of Alexandria's lease agreement for certain park and recreational equipment did not require approval from the State Bond Commission because the lease contained a non-appropriation clause and did not include a penalty clause.

All communication to management is included as part of the bound report as issued. A separate letter to management was not issued in connection with this engagement.

Yours truly,

Payne, Moore & Herrington, LLP

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

CC: David Crutchfield
Director of Finance

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REISSUE

City of Alexandria, Louisiana

Financial Report Reissued

April 30, 2013

City of Alexandria, Louisiana
April 30, 2013
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City of Alexandria, Louisiana
April 30, 2013
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PAYNE, MOORE & HERRINGTON, LLP

CERTIFIED PUBLIC ACCOUNTANTS
Established 1945

Independent Auditor's Report
Reissued

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, each major fund, and the aggregate remaining fund information of the City of Alexandria, Louisiana, as of and for the year ended April 30, 2013, and the related notes to the financial statements, which collectively comprise the City's basic financial statements as listed in the table of contents.

Management's Responsibility for the Financial Statements

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

Auditor's Responsibility

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 from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. Accordingly, we express no such opinion. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinions.

ROBERT W. BYRNES, C.P.A. CINDY L. HUMPHRIES, C.P.A.
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PAYNE, MOORE & HERRINGTON, LLP

The Honorable Mayor and City Council
City of Alexandria, Louisiana

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, each major fund, and the aggregate remaining fund information of the City of Alexandria, Louisiana, as of April 30, 2013, and the respective changes in financial position, and, where applicable, cash flows thereof for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Other Matters

Required Supplementary Information

Accounting principles generally accepted in the United States of America require that the management's discussion and analysis, budgetary comparison information, and schedule of funding progress on pages 4-16 and 70-72 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.

Other Information

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the City of Alexandria, Louisiana's basic financial statements. The summary of utility service customers and listing of insurance in force are presented for purposes of additional analysis and are not a required part of the basic financial statements. The 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 basic financial statements.

The 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 basic financial statements. Such information has been subjected to the auditing procedures applied in the audit of the

The Honorable Mayor and City Council
City of Alexandria, Louisiana

basic financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the basic financial statements or to the basic financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the schedule of expenditures of federal awards is fairly stated, in all material respects, in relation to the basic financial statements as a whole.

The summary of utility service customers and listing of insurancein force 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.

Other Reporting Required by *Government Auditing Standards*

In accordance with *Government Auditing Standards*, we have also issued our report dated October 24, 2013, on our consideration of the City of Alexandria, Louisiana's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the City of Alexandria, Louisiana's internal control over financial reporting and compliance.

Payne, Moore + Herrington, LLP

Certified Public Accountants
Alexandria, Louisiana

October 24, 2013, except for the restatement of the Supplemental Information Schedule of Expenditures of Federal Awards (Schedule 3), the removal of Finding 2013-02 related to Bond Commission Approval, and the addition of Note 26 to describe the reason for the restatement, for which the date is April 16, 2014.

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, 2013. 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 or the nearest $1 thousand, as appropriate.

Financial Highlights

- The City's assets exceeded liabilities by $305.7 million. Of this total, $45.1 million in net position are unrestricted, and may be used to meet future obligations of the City's creditors.
- The City's net position increased by over $9.1 million during the 2013 Fiscal Year. This is the combined result of decrease of around $.2 million in net position from governmental activities offset by an increase of $9.3 million in net position from business activities.
- Unrestricted net position increased by $11.7 million in Fiscal 2013. This is the combined result of an increase of $7.0 million from governmental activities and an increase of $4.7 million from business type activities.
- Unassigned fund balance in the General Fund is $20.4 million, which amounts to approximately 38% of the expenditures of the General Fund in Fiscal 2013.
- The City's long-term debt decreased by $4.1 million, the net effect of issuing 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 Position 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 Position 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 position* and changes in them. You can think of the City's net position-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 position 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 two 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.

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 Position 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 Position 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 Position and Changes in Fiduciary Net Position 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 Position displaying 2013 and 2012:

City of Alexandria, LA
Condensed Statement of Net Position (in millions)
April 30, 2013 and April 30, 2012

	2013	2012	2013	2012	2013	2012
	Governmental		Business		Total	
Assets						
Current & Other Assets	73.1	78.1	29.3	25.9	102.4	104.0
Restricted Assets	0	0	20.4	18.1	20.4	18.1
Capital Assets	172.1	171.3	131.3	123.5	303.4	294.8
Total Assets	245.2	249.4	181.0	167.5	426.2	416.9
Liabilities						
Current Liabilities	14.2	12.8	11.5	7.3	25.7	20.1
Long-Term Liabilities	56.1	61.5	38.7	38.4	94.8	99.9
Total Liabilities	70.3	74.3	50.2	45.7	120.5	120.0
Net Position						
Invested in Capital Assets (Net)	138.8	146.7	95.5	89.8	234.3	236.5
Restricted	24.0	23.3	2.3	3.7	26.3	27.0
Unrestricted	12.1	5.1	33.0	28.2	45.1	33.3
Total Net Position	174.9	175.1	130.8	121.7	305.7	296.8

As of April 30, 2013 the City's net position totals $305.7 million, showing an increase of about 3% over the 2012 total of $296.8 million. Roughly 75% of the City's total net position resides 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. Net position restricted for particular purposes accounts for $26.3 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 $45.1 million, or 15%, of net position is unrestricted and is available for appropriation.

The following table is a condensed version of the Statement of Activities displaying 2013 and 2012:

City of Alexandria, LA
Condensed Statement of Activities (in millions)
April 30, 2013 and April 30, 2012

	2013	2012	2013	2012	2013	2012
	Governmental		Business		Total	
Revenues						
Program Revenues:						
Charges for Services, Fines, Fees	4.4	4.2	99.6	104.1	104.0	108.3
Grants & Contributions	7.5	5.5	4.9	3.3	12.4	8.8
General Revenues:						
Sales Taxes	43.0	42.4			43.0	42.4
Other Taxes	8.8	8.1			8.8	8.1
Other	.9	1.1	.1	1.9	1.0	3.0
Total Revenues	64.6	61.3	104.6	109.3	169.2	170.6
Expenses						
General government	13.9	14.1			13.9	14.1
Public safety	27.9	28.9			27.9	28.9
Public works	26.4	18.2			26.4	18.2
Community and economic development	1.0	2.6			1.0	2.6
Interest on long-term debt	2.9	2.7	1.6	1.6	4.5	4.3
Electricity			49.1	55.0	49.1	55.0
Gas			12.7	12.2	12.7	12.2
Water			6.7	7.1	6.7	7.1
Wastewater			8.2	7.9	8.2	7.9
Transit			2.9	3.1	2.9	3.1
Sanitation			3.8	4.1	3.8	4.1
Zoological Park			2.0	1.9	2.0	1.9
Golf Course			1.0	1.0	1.0	1.0
Hotel Operating			.0	.1	.0	.1
Total Expenses	72.1	66.5	88.0	94.0	160.1	160.5
Change in Net Position before Transfers	-7.5	-5.2	16.6	15.3	9.1	10.1
Transfers	7.3	7.5	-7.3	-7.5	0.0	0.0
Increase (Decrease) In Net Position	-.2	2.3	9.3	7.8	9.1	10.1

See independent auditor's report.

The City's total revenues were $169.1 million and total expenses were $160.1 million for Fiscal 2013. This results in an increase of net position before transfers of $9.0 million. This can be broken down first by governmental and business activities, and then broken down further at the fund level.

Net Position in Governmental Activities decreased by $.2 million in Fiscal 2013 compared to an increase of $2.3 million in Fiscal 2012. Examining the expenses for the 2 years, we see that they are up from $66.5 million in 2012 to $72.1 million in 2013, roughly an 8% difference. We see a decrease of $.2 million in General Government, a decrease of $1.0 million in Public Safety, a substantial $8.2 million increase in Public Works mostly from Streets and Drainage construction, a $1.6 million decrease in Community Development and a $.2 million increase in Interest on Long Term Debt. Revenues are the lesser change from the prior year reflecting an increase of $3.3 million. Grants and Contributions account for $2.0 million of the increase, Sales Taxes account for $.6 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 them in a given year depending on the progress of active construction projects. Expenditures in the combined capital projects were actually up by $10.3 million for Fiscal 2013 compared to the prior year, reflected mostly in Public Works activities as indicated earlier.

Business-type Activities net position increased $9.3 million for Fiscal 2013, compared to the increase in the prior year of $7.8 million. Expenses are down from $94.0 million in 2012 to $88.0 million in Fiscal 2013, a decrease of over 6%. 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 $6.5 million. Other minor changes round out the differences in expenses. Transfers to the Governmental Activities are $7.3 million in Fiscal 2013 compared to $7.5 million in the prior year. Revenues are down from $109.3 million in 2012 to $104.6 in 2013, a change of over 4%, largely due to the recovery of fuel cost being down by $4.2 million. The largest categorical change is in Grants and Contributions, showing an increase of $1.5 million. Other minor changes in revenue account for the remainder.

The City was rebating electric fuel cost in Fiscal 2012, while Fiscal 2013 saw a recovery of fuel cost. This means that the City was increasing the current fuel cost as an adjustment for prior fuel cost. In the long run, the City's costs for Electric and Gas fuel are passed on to the customers and have no effect on the City's finances. In the short run, however, the City can be either recovering costs or rebating costs depending on which way fuel prices are going. 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 2013 with an increase in Unassigned Fund Balance of nearly $1.6 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 2013 and 2012 is needed.

Revenues and Transfers In increased by roughly $1.1 million. Significant changes include increase in combined Sales Taxes of roughly $.5 million, while Licenses and Permits, Charges for Services, Fines and Fees, are all up around $.1 million. An increase of nearly $.2 in the other category concludes the major differences in Revenues and Transfers In. A notable change in accounting method occurred in the General Fund for Fiscal 2013. In compliance with GASB 54, the City is deleting the City Sales Tax Fund. This fund sent the majority of its revenue to the General Fund in compliance with the voter referendums that created the Fund. The deletion of this fund means the General Fund will record these receipts as revenue instead of Transfer In from the City Sales Tax Fund. This change has no effect on the inflows to the General Fund, merely the way those inflows are recorded.

Expenditures and Transfers Out increased roughly $1.7 million when compared to the previous year. This is due to a variety of factors. General Government reflects decrease of $.5 million; while Public Safety shows an increase of $.7 million, and Public Works an increase of $.6 million. Operating Capital (purchases of vehicles, equipment, etc.) is up by $1.3 million in Fiscal 2013 reflecting the greatest change as the City increased purchases of needed items. Transfers Out are down about $.1 million from the previous year.

Overall, the increases in General Fund expenditures were nearly matched by increases in revenues, and Fund Balance increased, although not as much as in the prior year. As Sales Taxes are relatively flat, diligence is needed regarding the local and national economy in order to ensure the General Fund's continued financial health.

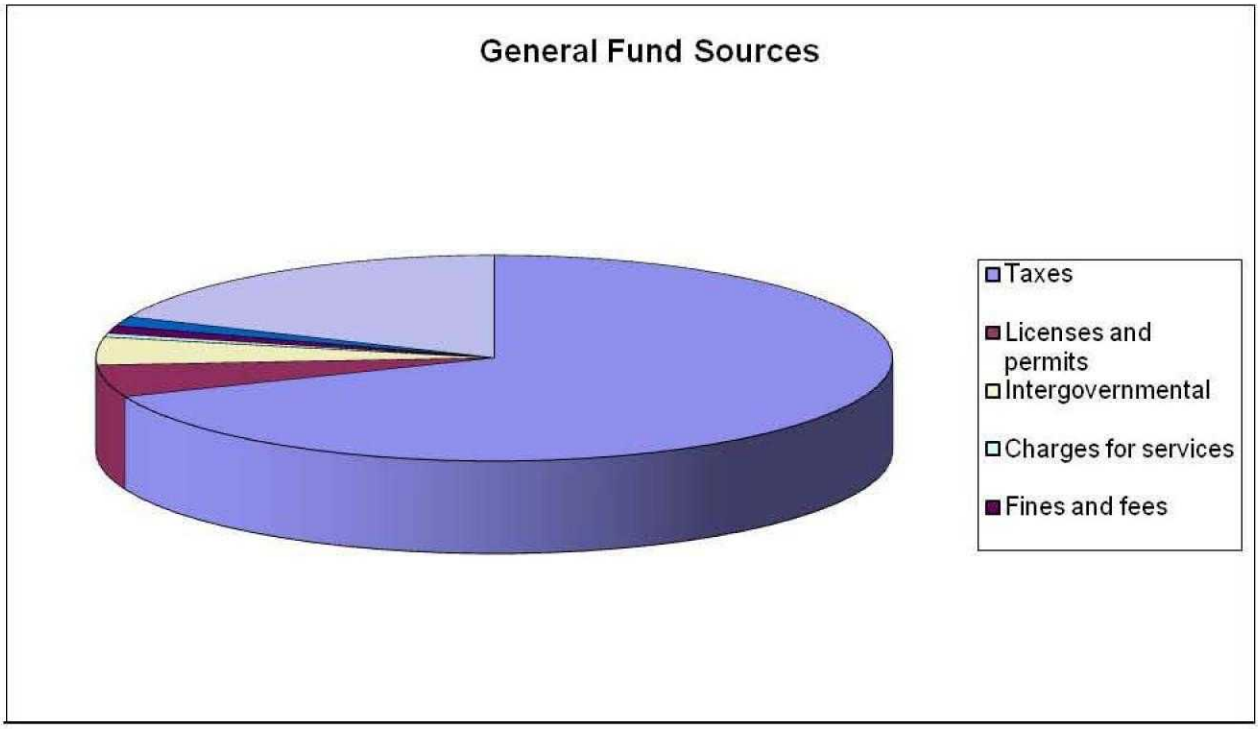
General Fund Budgetary Highlights

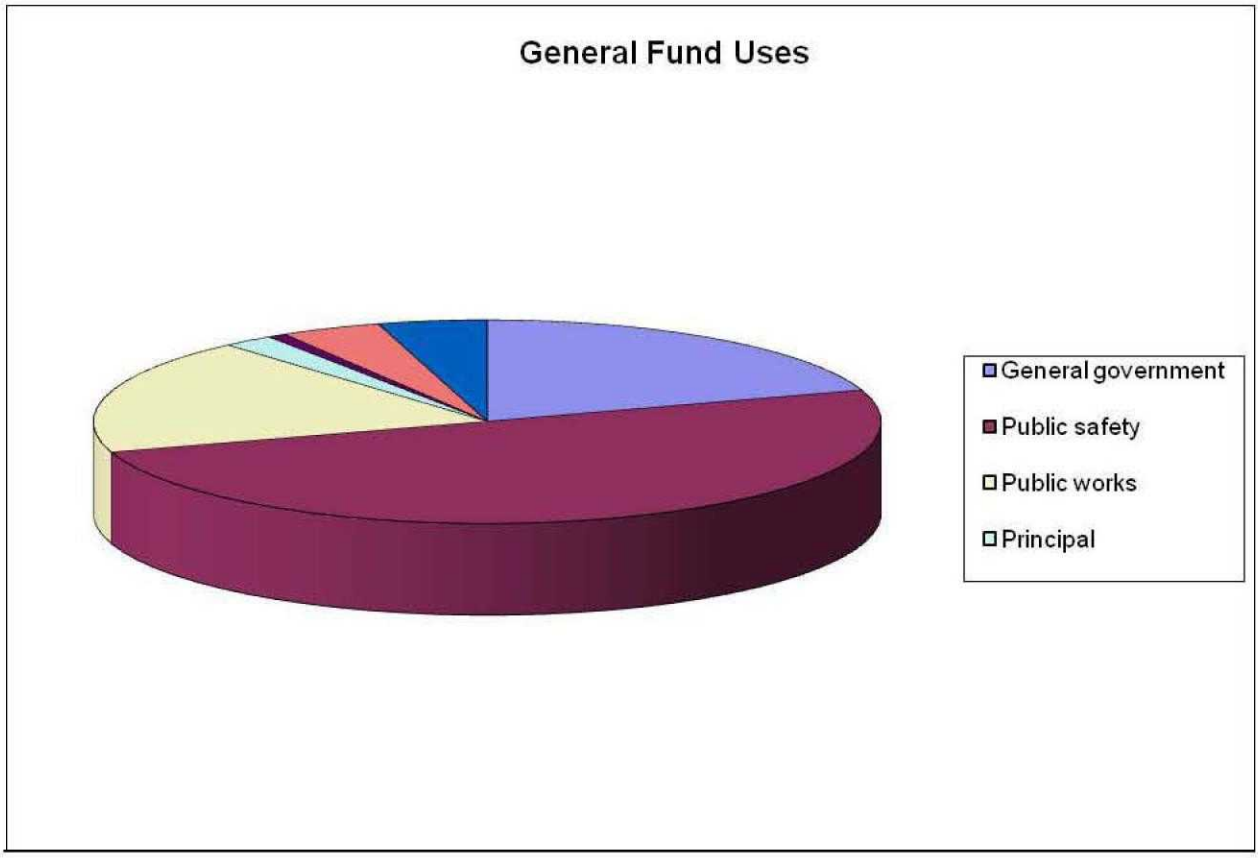
The original budget of the General Fund reflects the City's plan and financial intent at the beginning of the fiscal year. This is routinely adjusted during the year to better reflect actual revenues available and actual expenditures incurred. The City does its most comprehensive adjustment at Major Budget Amendment (MBA). Revenues and Transfers In were adjusted resulting in a net increase of slightly more than $1.9 million (3.69%). The category of Intergovernmental Revenue had an increase of $.7 million consisting primarily in recognition of grant funds. Taxes were another major factor with increases for Property and Franchise taxes totaling $.3 million. Transfers In were decreased by $.2 million reflecting adjustments in Cost Allocation and City Sales Taxes. Other minor changes in Revenues and Transfers In account for the remaining difference. The City originally budgeted $3.6 million in use of fund balance for Fiscal 2013, and finished the year with a budgeted use of $4.5 million.

Budgeted Expenditures and Transfers Out were adjusted up during the year by $2.9 million due to a variety of factors. Overtime in the various departments was increased $.7 million; Capital Outlay was increased $.8 million, Professional Fees and Storm Preparedness were increased by $.5 million each. The greatest change was in the addition of a One Time Pay Adjustment for qualified employees budgeted at $1.2 million.

Fortunately, the City did not use the $4.5 in fund balance budgeted for Fiscal 2013 but, as previously noted, actually increased fund balance by nearly $1.6 million. Actual revenues and transfers in exceeded budgeted figures by nearly $11.6 million, and actual expenditures and transfers out were about $5.5 million more than budgeted expenditures. There were various offsets in the revenues, but the greatest factor was the combined Sales Taxes coming in nearly $1.2 million above the budgeted figures, while Charges for Services were $.1 million above budget. Omitting the effects of the bond defeasance, 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 $2.0 million in reduced expenditures, even after adjusting budgets down at Major Budget Amendment. Along with this factor, the budgeted One Time Pay Adjustment although budgeted in Fiscal 2013 was not paid out until Fiscal 2014 due to legal issues, resulting in another $1.2 million budgeted but not expended in Fiscal 2013. 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 2013:





See independent auditor's report.

General Capital Projects Fund

Revenues and Transfers In are up in this fund by over $3.3 million, mostly due to increased Intergovernmental Revenues as other sources like the State and Federal governments increase their participation in funding the City's capital projects. As was the case in General Fund, the deletion of the City Sales Tax Fund means that this fund will report its collections of Sales Taxes as revenues instead of Transfers In.

Expenditures and Transfers Out for Fiscal 2013 are $3.8 million greater 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 2013, including MPO Street Overlays, Sugarhouse Road, and the Zoo South America Exhibit.

Overall fund balance decreased $.5 million.

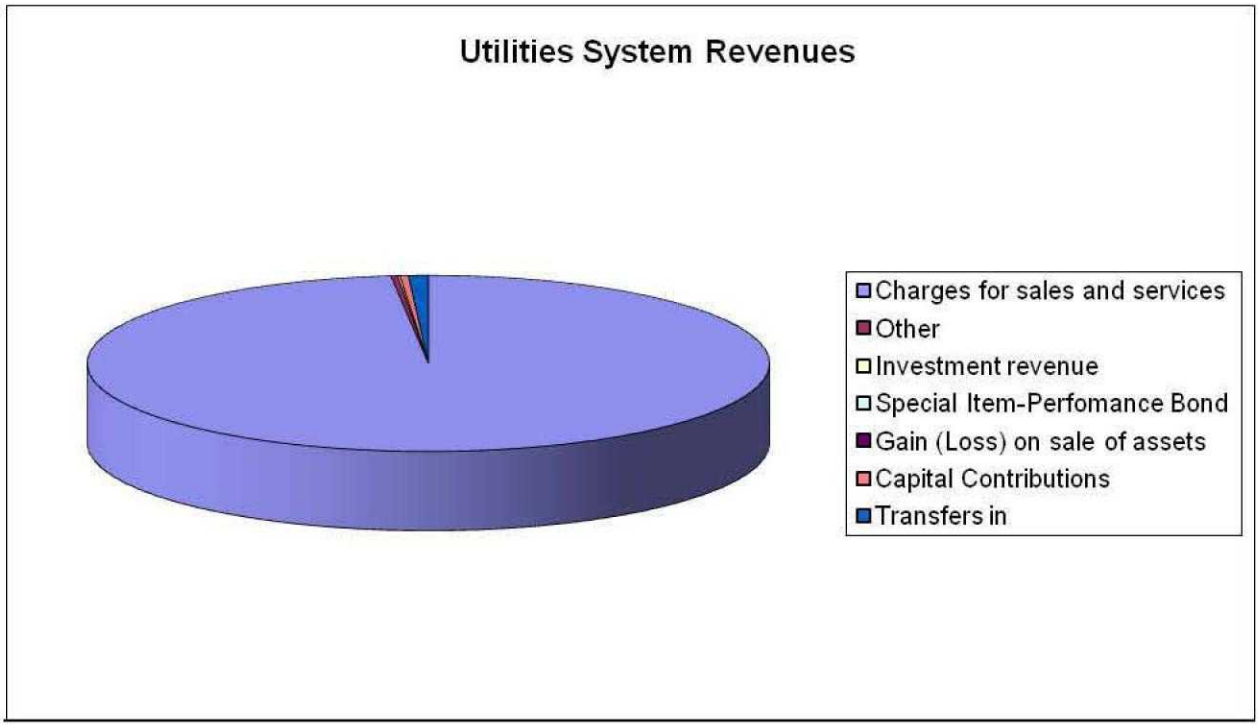
Utilities System Fund

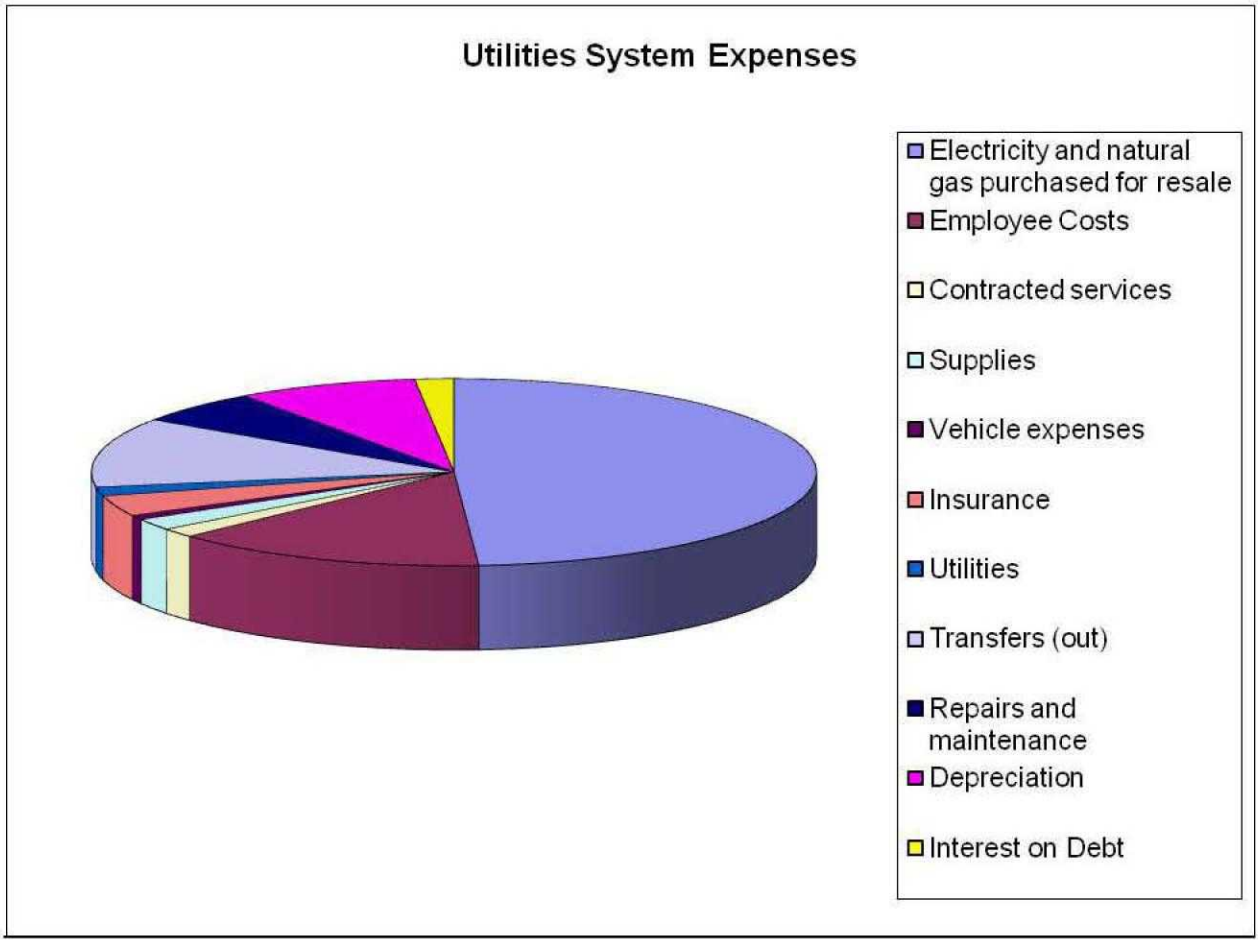
The Utilities System Fund is the largest of the City's proprietary funds, dwarfing the Sanitation Fund, Municipal Transit Fund, Zoo Fund and Golf Course Fund. Revenues in the Utilities System are based primarily on the sales of electricity, water, natural gas, and wastewater service to customers. These revenues, charges for services, are down $4.7 million in 2013 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 $4.2 million in Fiscal 2013 compared to the prior year.

Operating expenses are down $5.0 million in Fiscal 2013 compared to the previous year. The biggest factor here is the expense side of fuel cost, which is down $6.2 million compared to prior year. It should be noted that whereas the revenue and expense of fuel cost are both down, 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 $.6 million and in Utilities of $.3 million. Payments in Lieu of Insurance are up $1.6 million, Repairs and Maintenance is up $.3 million, while Contracted Services and Supplies are up nearly $.2 million each, partially offsetting the reductions. Other relatively minor changes in items such as Depreciation account for the remaining changes in expenses.

The results of the above were net income to the Utilities System Fund of almost $5.2 million for Fiscal 2013. This is reflected as an increase in total net position.

The following charts show the breakdown of revenues and expenses of the Utilities System Fund for Fiscal 2013:





See independent auditor's report.

Capital Asset and Debt Administration

Capital Assets

Governmental Funds

The City had a net increase of $.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 increase of about $7.8 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	
	2013	2012	2013	2012
Land	14.3	14.3	2.8	2.8
Construction in Progress	14.9	11.8	11.8	5.6
Buildings	59.7	62.2	3.1	3.2
Furniture & Fixtures	0.0	0.0	.1	.1
Equipment	3.1	3.5	0.0	0.0
Vehicles	2.7	2.1	4.9	4.0
Infrastructure	77.4	77.4	108.6	107.8
Net Capital Assets	172.1	171.3	131.3	123.5

In governmental activities, we see that Construction in Progress increased $3.1 million as work continues on projects such as Bolton Avenue Traffic Softening, Green Oak Street and Lincoln Road. Buildings decreased $2.5 million; while Equipment decreased $.4 million as retirements and depreciation exceeded any additions. Vehicles increased $.6 million.

In business activities, Construction in Progress is up by $6.2 million as work continues on projects such as Martin Park Gas and Water Replacement. Vehicles are up $.9 million; while Buildings are down $.1 million. Infrastructure increased $.8 million as work continues on projects such as Water Main Replacements.

Debt Administration

Governmental Funds

The City issued no new debt in Governmental Funds during Fiscal 2013, but did refund (refinance) an existing certificate of indebtedness at a more favorable interest rate. The reduction in debt balance of $4.0 million reflects the refinancing along with scheduled payments made on the principal.

Enterprise Funds

The City issued $3.7 million in new debt for the Utilities System in 2013. This is in the form of a revolving loan from the State of Louisiana for water and wastewater 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	
	2013	2012	2013	2012
Sales Tax Revenue Bonds	32.2	33.8	0.0	0.0
Ad Valorem Tax Bonds	11.6	2.3	0.0	0.0
Limited Tax Bonds	8.6	10.2	0.0	0.0
Certificates of Indebtedness	1.0	11.1	.2	.3
Utility Revenue Bonds	0.0	0.0	35.7	34.7
Total Outstanding Debt	53.4	57.4	35.9	35.0

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 2013. As previously noted, City Sales Taxes were up in Fiscal 2013 after being down for 2 of the last 3 years; and Parish Sales Taxes were slightly down in Fiscal 2013 compared to the prior year. In the first 4 months of Fiscal 2014, the roles are reversed with the Parish Sales Tax being slightly up and the City Sales Taxes being slightly down. 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 3 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 to the employees. The long term effects of the Affordable Healthcare Act are not known at present, and this could certainly affect the sustainability of the City's health care. The General Fund by its nature is very labor intensive with salaries and fringes amounting to 61% of total expenditures for Fiscal 2013. 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 2013, although it is down around $1.0 million from 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 $4.2 million while the expense was down $6.2 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 48.9% of expenses and transfers out for Fiscal 2013.

A final note involves the future effect of new accounting principles that will change accounting and reporting for pensions. These new principles, when they become effective, will require systems to record obligations earned by employees sooner than previously required. This is not expected to significantly affect the City of Alexandria Employees Retirement System, but the City will be required to recognize its pro rata share of the unfunded pension liabilities of the two systems for Police and Fire employees run by the State. Although it will not impose additional costs on the City, the recording of unfunded pension liabilities may make the City appear to be not as financially sound. The full effects will have to be examined in subsequent years.

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 Position
April 30, 2013

Exhibit A

	Primary Government		
	Governmental Activities	Business-Type Activities	Total
Assets			
Cash and cash equivalents	$ 6,272,286	$ 4,676,938	$ 10,949,224
Investments	4,085,139	3,000,000	7,085,139
Equity in pooled cash and investments	52,988,397	9,468,114	62,456,511
Receivables	5,142,848	12,822,594	17,965,442
Internal balances	4,210,776	(4,210,776)	-
Inventories	256,201	3,529,658	3,785,859
Restricted equity in pooled cash and investments	-	20,423,300	20,423,300
Prepaid expenses/other assets	113,180	-	113,180
Capital assets, net of depreciation			
Nondepreciable			
Land and improvements	14,261,292	2,789,049	17,050,341
Construction in progress	4,275,272	11,823,423	16,098,695
Infrastructure in progress	10,581,870	-	10,581,870
Depreciable			
Infrastructure	77,375,829	-	77,375,829
Other capital assets	65,600,976	116,658,501	182,259,477
Total Assets	245,164,066	180,980,801	426,144,867
Deferred Outflows of Resources			
Unamortized bond refunding charges	-	36,401	36,401
Liabilities			
Bank overdraft	417,303	48,614	465,917
Accounts and contracts payable	2,812,699	6,308,972	9,121,671
Accrued interest	487,337	618,199	1,105,536
Salaries payable	1,719,930	805,566	2,525,496
Long-term liabilities			
Due within one year			
Bonds and other	5,145,000	3,472,000	8,617,000
Compensated absences	564,643	276,810	841,453
Claims and judgments	3,019,988	-	3,019,988
Due in more than one year			
Bonds and other	48,205,000	32,310,070	80,515,070
Customer guaranteed deposits	-	4,774,180	4,774,180
Compensated absences	3,199,644	1,568,587	4,768,231
Claims and judgments	3,365,371	-	3,365,371
Other noncurent liability - net			
Post employment benefit obligation	1,321,860	-	1,321,860
Total Liabilities	70,258,775	50,182,998	120,441,773
Net Position			
Net investment in capital assets	138,805,917	95,488,903	234,294,820
Restricted for			
Capital projects, net of related debt	18,001,846	-	18,001,846
Debt service	6,022,966	1,311,285	7,334,251
Capital additions and contingencies	-	1,000,000	1,000,000
Unrestricted	12,074,562	33,034,016	45,108,578
Total Net Position	$ 174,905,291	$ 130,834,204	$ 305,739,495

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, 2013

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
Primary Government							
Governmental activities							
General government	$ 13,936,121	$ 4,182,516	$ 340,058	$ -	$ (9,413,548)	$	$ (9,413,548)
Public safety	27,905,386	20,918	1,888,886	-	(25,995,584)		(25,995,584)
Public works	26,405,211	236,048	201,588	4,059,558	(21,908,017)		(21,908,017)
Community and economic development	1,033,801	6,265	763,031	288,164	23,659		23,659
Interest on long-term debt	2,872,564	-	-	-	(2,872,564)		(2,872,564)
Total Governmental Activities	72,153,083	4,445,744	3,193,563	4,347,722	(60,166,054)		(60,166,054)
Business-type activities							
Electricity	49,087,277	71,110,615	-	370,104		22,393,442	22,393,442
Natural gas	12,654,932	9,847,755	-	-		(2,807,177)	(2,807,177)
Water	6,753,168	7,084,370	-	-		331,202	331,202
Waste water	8,259,930	4,967,886	-	-		(3,292,044)	(3,292,044)
Municipal transit	2,904,082	498,157	834,007	761,807		(810,111)	(810,111)
Sanitation	3,865,606	4,873,039	-	-		1,007,433	1,007,433
Zoological park	1,972,729	543,516	-	2,944,186		1,514,973	1,514,973
Golf course	988,441	631,611	-	17,135		(339,695)	(339,695)
Interest on long-term debt	1,558,637	-	-	-		(1,558,637)	(1,558,637)
Total Business-Type Activities	88,044,802	99,556,949	834,007	4,093,232	-	16,439,386	16,439,386
Total Primary Government	$ 160,197,885	$ 104,002,693	$ 4,027,570	$ 8,440,954	(60,166,054)	16,439,386	(43,726,668)
General Revenues							
Taxes							
Property taxes					7,471,768	-	7,471,768
Sales tax					43,049,307	-	43,049,307
Hotel occupancy taxes					564,425	-	564,425
Franchise and miscellaneous taxes					729,071	-	729,071
Entitlements and shared revenues					83,455	-	83,455
Investment earnings					185,191	111,817	297,008
Miscellaneous					345,570	6,292	351,862
Gain (loss) on sale of assets					82,684	18,798	101,482
Bond refinancing - net					224,995	-	224,995
Transfers					7,275,231	(7,275,231)	-
Total General Revenues and Transfers					60,011,697	(7,136,324)	52,873,373
Change in Net Position					(154,357)	9,301,062	9,146,705
Net Position, Beginning of Year, As Restated					175,059,648	121,533,142	296,592,790
Net Position, End of Year					$ 174,905,291	$ 130,834,204	$ 305,739,495

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, 2013

Exhibit C

	General Fund	General Capital Projects Fund	Other Governmental Funds	Total Governmental Funds
Assets				
Cash and cash equivalents	$ 2,823,552	$ 897,551	$ 2,504,767	$ 6,225,870
Investments	-	-	4,085,139	4,085,139
Equity in pooled cash and investments	11,467,992	13,506,021	19,451,967	44,425,980
Receivables	3,404,615	301,613	614,967	4,321,195
Due from other governments	71,314	399,762	307,834	778,910
Due from other funds	5,597,489	-	70,727	5,668,216
Inventories	256,201	-	-	256,201
Total Assets	$ 23,621,163	$ 15,104,947	$ 27,035,401	$ 65,761,511
Liabilities and Fund Balances				
Liabilities				
Bank overdraft	$ -	$ -	$ 424,865	$ 424,865
Accounts payable	809,633	765,779	1,215,960	2,791,372
Accrued expense/other payables	1,692,754	-	4,935	1,697,689
Due to other funds	486,302	193,000	778,051	1,457,353
Unearned revenue	-	-	556,801	556,801
Total Liabilities	2,988,689	958,779	2,980,612	6,928,080
Fund Balances				
Nonspendable				
Inventories	256,201	-	-	256,201
Restricted				
Debt service	-	-	6,022,966	6,022,966
Capital projects	-	14,146,168	16,796,356	30,942,524
Committed				
Economic development	-	-	1,235,467	1,235,467
Unassigned	20,376,273	-	-	20,376,273
Total Fund Balances	20,632,474	14,146,168	24,054,789	58,833,431
Total Liabilities and Fund Balances	$ 23,621,163	$ 15,104,947	$ 27,035,401	$ 65,761,511

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 Position
April 30, 2013

Exhibit D

Total Fund Balance - Governmental Funds	$	58,833,431
Amounts reported for governmental activities in the Statement of Net Position is 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 Position.		172,095,239
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 Position.		
Bonds payable		(53,350,000)
Compensated absences		(3,764,289)
Interest on long-term debt is accrued in the Statement of Net Position, but not in the governmental funds.		(487,337)
Unearned revenue is reported in governmental funds but not in the Statement of Net Position.		556,801
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 Position.		1,021,446
Net Position of Governmental Activities in the Statement of Net Position	$	174,905,291

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, 2013

Exhibit E

	General Fund	General Capital Projects Fund	Other Governmental Funds	Total Governmental Funds
Revenues				
Taxes				
Property taxes	$ 2,561,952	$ -	$ 4,909,817	$ 7,471,769
Sales taxes	35,975,300	4,009,149	3,064,859	43,049,308
Other	729,071	-	564,425	1,293,496
Intergovernmenta	2,488,987	3,843,920	1,051,195	7,384,102
Fees, commissions, and fines	657,044	-	-	657,044
Licenses and permits	2,875,496	-	-	2,875,496
Charges for services	358,420	-	147,204	505,624
Investment earnings	20,525	50,858	88,050	159,433
Miscellaneous	844,822	25,000	229,587	1,099,409
Total Revenues	46,511,617	7,928,927	10,055,137	64,495,681
Expenditures				
Current				
General governmen	11,108,624	-	552,651	11,661,275
Public safety	27,795,475	-	-	27,795,475
Public works	10,225,473	-	-	10,225,473
Community and economic developmer	-	-	781,468	781,468
Capital outlay	2,296,446	8,039,072	9,691,560	20,027,078
Debt service				
Principal	1,165,001	-	3,655,000	4,820,001
Interest and other charges	416,319	-	1,901,972	2,318,291
Total Expenditures	53,007,338	8,039,072	16,582,651	77,629,061
Excess (Deficiency) of Revenues over Expenditures	(6,495,721)	(110,145)	(6,527,514)	(13,133,380)
Other Financing Sources (Uses)				
Transfers in	10,431,246	100,000	1,928,063	12,459,309
Transfers out	(2,476,954)	(508,375)	(2,668,891)	(5,654,220)
Proceeds from sale of bonds	9,750,000	-	-	9,750,000
Bond issue costs	(230,993)	-	-	(230,993)
Payment to escrow agent to defease bond	(9,525,005)	-	-	(9,525,005)
Proceeds from sale of assets	105,540	-	-	105,540
Total Other Financing Sources (Uses	8,053,834	(408,375)	(740,828)	6,904,631
Net Change in Fund Balances	1,558,113	(518,520)	(7,268,342)	(6,228,749)
Fund Balances, Beginning of Year, as Restated	19,074,361	14,664,688	31,323,131	65,062,180
Fund Balances, End of Year	$ 20,632,474	$ 14,146,168	$ 24,054,789	$ 58,833,431

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, 2013

Exhibit F

Net Change in Fund Balances - Total Governmental Funds	$	(6,228,749)
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 meeting the capitalization threshold		8,580,841
Depreciation included in the Statement of Activities		(7,735,542)
Governmental funds report 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).		(22,857)
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.		
Principal Payments		4,820,000
Redemption of Certificate of Indebtedness, Series 1998C		8,945,000
The issuance of long-term debt provides current financial resources to governmental funds and does not have any effect on net position.		(9,750,000)
Some revenues reported in the Statement of Activities do not provide current financial resources and these are not reported as revenues in governmental funds. Some expenses reported in the Statement of Activities do not require the use of current financial resources and, therefore, are not reported as expenditures in governmental funds. These timing differences are summarized below:		
Interest expense		250,727
Unearned revenue		(130,618)
Compensated absences		52,505
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.		1,064,336
Change in Net Position of Governmental Activities	$	(154,357)

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

City of Alexandria
Alexandria, Louisiana
Statement of Net Position
Proprietary Funds
April 30, 2013

Exhibit G

	Enterprise Funds			
	Utilities System	Other Enterprise Funds	Total	Internal Service Funds
Assets				
Current Assets				
Cash and cash equivalents	$ 4,509,104	$ 167,834	$ 4,676,938	$ 53,980
Equity in pooled cash and investments	10,093,950	2,374,164	12,468,114	8,562,419
Receivables (net of allowances for uncollectible)	12,260,536	242,534	12,503,070	42,742
Due from other funds	810,551	1,324,240	2,134,791	-
Due from other governments	134,721	184,803	319,524	-
Inventories	3,529,658	-	3,529,658	-
Prepaid expenses/other assets	-	-	-	113,180
Total Current Assets	31,338,520	4,293,575	35,632,095	8,772,321
Non-Current Assets				
Restricted equity in pooled cash and investments	20,423,300	-	20,423,300	-
Capital assets				
Land and improvements	1,698,084	1,090,965	2,789,049	-
Construction in progress	8,336,252	3,487,171	11,823,423	-
Property, plant and equipment	253,165,545	23,638,659	276,804,204	12,041
Less accumulated depreciation	(149,293,388)	(10,852,315)	(160,145,703)	(12,041)
Total Non-Current Assets	134,329,793	17,364,480	151,694,273	-
Total Assets	165,668,313	21,658,055	187,326,368	8,772,321
Deferred Outflows of Resources				
Unamortized bond refunding charges	36,401	-	36,401	-
Liabilities				
Current Liabilities				
Bank overdraft	-	48,614	48,614	-
Accounts payable	3,256,283	312,168	3,568,451	17,245
Salaries payable	602,400	203,166	805,566	2,977
Due to other funds	5,775,692	569,874	6,345,566	89
Compensated absences	222,223	54,587	276,810	-
Certificates of indebtedness	170,000	-	170,000	-
Estimated liability for claims incurred	-	-	-	3,019,988
Liabilities payable from restricted assets:				
Accounts and contracts payable	2,740,522	-	2,740,522	-
Interest	618,199	-	618,199	-
Revenue bonds	3,302,000	-	3,302,000	-
Total Current Liabilities	16,687,319	1,188,409	17,875,728	3,040,299
Non-Current Liabilities				
Compensated absences	1,259,263	309,324	1,568,587	23,345
Certificates of indebtedness	-	-	-	-
Customer guaranteed deposits	4,774,180	-	4,774,180	-
Estimated liability for claims incurred	-	-	-	3,365,371
Post employment benefit obligation	-	-	-	1,321,860
Revenue Bonds	32,310,070	-	32,310,070	-
Total Non-Current Liabilities	38,343,513	309,324	38,652,837	4,710,576
Total Liabilities	55,030,832 #	1,497,733 #	56,528,565 #	7,750,875
Net Position				
Net investment in capital assets	78,124,423	17,364,480	95,488,903	-
Restricted for debt service	1,311,285	-	1,311,285	-
Restricted for capital additions and contingencies	1,000,000	-	1,000,000	-
Unrestricted	30,238,174	2,795,842	33,034,016	1,021,446
Total Net Position	$ 110,673,882	$ 20,160,322	$ 130,834,204	$ 1,021,446

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 Position
Proprietary Funds
For the Year Ended April 30, 2013

Exhibit H

	Enterprise Funds			
	Utilities System	Other Enterprise Funds	Total	Internal Service Funds
Operating Revenues				
Charges for services	$ 92,718,677	$ 6,546,321	$ 99,264,998	$ 12,886,695
Miscellaneous	291,949	6,294	298,243	103,168
Total Operating Revenues	93,010,626	6,552,615	99,563,241	12,989,863
Operating Expenses				
Electricity and natural gas purchases	43,600,716	-	43,600,716	-
Personnel costs	12,521,878	4,502,649	17,024,527	66,535
Contractual and professional services	1,396,417	142,579	1,538,996	1,222,174
Disposal costs	-	1,126,774	1,126,774	-
Utilities	1,368,991	792,234	2,161,225	-
Repairs and maintenance	5,112,206	191,196	5,303,402	-
Vehicle expense	693,646	1,381,173	2,074,819	-
Other supplies and expenses	1,766,025	409,894	2,175,919	728
Miscellaneous expenses	9,297	191,648	200,945	2,280
Payments in lieu of insurance	3,180,999	303,271	3,484,270	-
Insurance, claims, and related expenses	-	-	-	10,659,566
Depreciation	7,202,610	1,062,104	8,264,714	-
Total Operating Expenses	76,852,785	10,103,522	86,956,307	11,951,283
Operating Income (Loss)	16,157,841	(3,550,907)	12,606,934	1,038,580
Nonoperating Revenues (Expenses)				
Investment earnings	105,143	6,674	111,817	25,756
Operating grants and contributions	-	834,007	834,007	-
Interest expense	(1,558,637)	-	(1,558,637)	-
Gain (loss) on sale of assets	(4,373)	23,171	18,798	-
Total Nonoperating Revenues (Expenses)	(1,457,867)	863,852	(594,015)	25,756
Income (Loss) Before Contributions and Transfers	14,699,974	(2,687,055)	12,012,919	1,064,336
Transfers in	886,553	4,367,329	5,253,882	-
Transfers out	(10,732,207)	(1,326,764)	(12,058,971)	-
Capital contributions	370,104	3,723,128	4,093,232	-
Change in Net Position	5,224,424	4,076,638	9,301,062	1,064,336
Total Net Position - Beginning of Year, As Restated	105,449,458	16,083,684	121,533,142	(42,890)
Total Net Position - End of Year	$ 110,673,882	$ 20,160,322	$ 130,834,204	$ 1,021,446

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

City of Alexandria, Louisiana
Reconciliation of Change in Net Position for Enterprises Funds
to the Statement of Activities
For the Year Ended April 30, 2013

Exhibit I

Change in Net Position - Enterprise Funds	$ 9,301,062
The Change in Net Position reported for Business-Type Activities in the Statement of Activities are different because:	
	-
Change in Net Position of Business-Type Activities	$ 9,301,062

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, 2013

Exhibit J
(Continued)

	Enterprise Funds			
	Utilities System	Other Enterprise Funds	Total Enterprise Funds	Internal Service Funds
Cash Flows from Operating Activities				
Receipts from customers	$ 93,032,268	$ 6,655,464	$ 99,687,732	$ 2,392,612
Internal activity - receipts from other funds	1,648,852	-	1,648,852	10,597,251
Other receipts	157,137	-	157,137	-
Payments for personnel costs	(12,724,911)	(4,154,055)	(16,878,966)	(63,898)
Payments to vendors and others	(50,527,116)	(1,917,290)	(52,444,406)	(12,723,747)
Internal activity - payments to other funds	(5,270,507)	(2,643,290)	(7,913,797)	(2,253)
Net Cash Provided (Used) by Operating Activities	26,315,723	(2,059,171)	24,256,552	199,965
Cash Flows from Noncapital Financing Activities				
Bank overdraft	3,584,519	2,158	3,586,677	(69,126)
Operating grants and subsidies	-	978,636	978,636	-
Transfers between funds	(9,592,339)	2,073,726	(7,518,613)	(282)
Net Cash Provided (Used) by Noncapital Financing Activities	(6,007,820)	3,054,520	(2,953,300)	(69,408)
Cash Flows from Capital and Related Financing Activities				
Capital grants	303,143	3,563,642	3,866,785	-
Interest received on construction funds	24,339	-	24,339	-
Proceeds from sale of capital assets	132	23,171	23,303	-
Acquisition or construction of capital assets	(9,586,915)	(4,635,429)	(14,222,344)	-
Principal paid on capital debt	(2,825,000)	-	(2,825,000)	-
Interest paid on capital debt	(1,545,270)	-	(1,545,270)	-
Net Cash Provided (Used) by Capital and Related Financing Activities	(13,629,571)	(1,048,616)	(14,678,187)	-
Cash Flows from Investing Activities				
Net change in equity in pooled cash and investments	(4,059,487)	(33,548)	(4,093,035)	(188,069)
Interest received on operating funds	80,806	6,679	87,485	25,756
Net Cash Provided (Used) by Investing Activities	(3,978,681)	(26,869)	(4,005,550)	(162,313)
Net Increase (Decrease) in Cash and Cash Equivalents	2,699,651	(80,136)	2,619,515	(31,756)
Cash and Cash Equivalents, Beginning of Year	1,809,453	247,970	2,057,423	85,736
Cash and Cash Equivalents, End of Year	$ 4,509,104	$ 167,834	$ 4,676,938	$ 53,980

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, 2013

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)	$ 16,157,841	$ (3,550,907)	$ 12,606,934	$ 1,038,580
Adjustments to Reconcile Operating Income (Loss) to Net Cash Provided (Used) by Operating Activities				
Depreciation	7,202,610	1,062,104	8,264,714	-
Changes in assets and liabilities				
Receivables	1,670,494	102,848	1,773,342	-
Due from other funds	-	-	-	-
Inventories	(324,759)	-	(324,759)	-
Accounts payable	1,655,445	316,324	1,971,769	(32,499)
Accrued expenses and other current liabilities	(10,343)	23,696	13,353	273
Estimated liability for claims incurred	-	-	-	(1,020,081)
Post employment benefit obligation	-	-	-	211,328
Compensated absences	(192,702)	(13,236)	(205,938)	2,364
Customer guaranteed deposits	157,137	-	157,137	-
Net Cash Provided (Used) by Operating Activities	$ 26,315,723	$ (2,059,171)	$ 24,256,552	$ 199,965

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 Position
Fiduciary Funds
April 30, 2013

Exhibit K

	Pension Trust Funds		
	City Employees' Retirement System (12/31/12)	Firemen's Pension and Relief Fund	Total
Assets			
Cash and cash equivalents	$ 6,557,987	$ 9,839	$ 6,567,826
Receivables			
Interest and dividends	632,560	-	632,560
Investments, at fair value			
Corporate bonds	37,594,524	-	37,594,524
Corporate stocks	73,099,246	-	73,099,246
Zero coupon treasury receipts	2,984,743	-	2,984,743
GNMA notes	17,670	-	17,670
Certificate of deposit	-	97,702	97,702
Total Investments	113,696,183	97,702	113,793,885
Capital assets			
Furniture, fixtures and equipment-net	1,148	-	1,148
Total Capital Assets	1,148	-	1,148
Total Assets	120,887,878	107,541	120,995,419
Liabilities			
Payroll taxes withheld	600	-	600
Total Liabilities	600	-	600
Net Position			
Held in trust for pension benefits	$ 120,887,278	$ 107,541	$ 120,994,819

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

City of Alexandria
Alexandria, Louisiana
Statement of Changes in Fiduciary Net Position
Fiduciary Funds
For the Year Ended April 30, 2013

Exhibit L

	Pension Trust Funds		
	City Employees' Retirement System (12/31/12)	Firemen's Pension and Relief Fund	Total
Additions			
Contributions			
Employer	$ 4,683,190	$ 21,500	$ 4,704,690
Plan members	1,674,470	-	1,674,470
Total Contributions	6,357,660	21,500	6,379,160
Investment earnings			
Net appreciation (depreciation) in fair value of investments	8,081,120	-	8,081,120
Interest	1,882,745	1,125	1,883,870
Dividends	1,778,224	-	1,778,224
Total Investment Earnings	11,742,089	1,125	11,743,214
Total Additions	18,099,749	22,625	18,122,374
Deductions			
Plan benefits	7,002,906	21,374	7,024,280
DROP benefits	506,548	-	506,548
Refunds/transfers of contributions	487,190	-	487,190
Administrative	133,392	-	133,392
Total Deductions	8,130,036	21,374	8,151,410
Change in Net Position	9,969,713	1,251	9,970,964
Net Position, Beginning of Year	110,917,565	106,290	111,023,855
Net Position, End of Year	$ 120,887,278	$ 107,541	$ 120,994,819

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

Effective May 1, 2012, the City adopted the provisions of Statement No. 61 (GASBS 61), *The Financial Reporting Entity: Omnibus,* of the Governmental Accounting Standards Board. GASBS 61 amends the criteria for determining which component units should be considered part of the City for financial reporting purposes. The basic criterion for including a potential component unit within the reporting entity is financial accountability. The GASB has established criteria to be considered in determining financial accountability, which includes:

1. Appointing a voting majority of an organization's governing body, and
    a. The ability of the City to impose its will on that organization and/or
    b. The potential for the organization to provide specific financial benefits to the City or to impose specific financial burdens on the City.

2. Organizations for which the City does not appoint a voting majority but are fiscally dependent on the City.

3. Organizations for which the reporting entity financial statements would be misleading if data of the organization is not included because of the nature or significance of the relationship.

Based on the above criteria, the City has no component units. In reaching this conclusion, the operations of the City Court System (Alexandria City Court and Alexandria City Marshall) were considered. However, it was determined that the City Court System did not meet the necessary criteria for classification as a component unit. Component unit status does not apply because the City Court System is managed by elected officials and functions in a fiscally independent manner.

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 Positions*" 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 position is reported as restricted when constraints placed on net position 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 position restricted for other purposes result from special revenue funds, debt service funds, and capital project funds with their respective net position 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.

- General Capital Projects Fund – This fund accounts for various capital projects. Funding is provided by intergovernmental grants and sales taxes dedicated to capital improvements.

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 position 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 position, 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. "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. In accordance with GASB Statement No. 65, *Items Previously Reported as Assets and Liabilities*, bond issuance costs for proprietary fund types are recognized in the current period.

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 Position 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 Position 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.

O. Impact of Recently Issued Pronouncements

Effective for the year ending April 30, 2013, the City implemented GASB Statement No. 63, *Financial Reporting of Deferred Outflows of Resources, Deferred Inflows of Resources, and Net Position* and GASB Statement No. 65, *Items Previously Reported as Assets and Liabilities*. GASB Statement No. 63 provides financial reporting guidance for deferred outflows of resources and deferred inflows of resources, introduced and defined in GASB Concepts Statement No. 4. This Statement amends the net asset reporting requirements in Statement No. 34, *Basic Financial Statements-and Management's Discussion and Analysis-for State and Local Governments*, and other pronouncements by incorporating deferred outflows of resources and deferred inflows of resources into the definitions of the required components of the residual measure and by renaming that measure as net position, rather than net assets. GASB Statement No. 65 clarifies which financial statement items should reclassified as deferred outflows and deferred inflows, and which items should be treated as current period expenditures (outflows) or current period inflows.

In June 2012, the GASB approved a pair of related Statements that change the accounting and financial reporting of pensions by state and local governments and pension plans. Statement No. 67, *Financial Reporting for Pension Plans*, addresses financial reporting for state and local government pension plans. Statement No. 67 is effective for financial statements for fiscal years beginning after June 15, 2013. Statement No. 68, *Accounting and Financial Reporting for Pensions*, establishes new accounting and financial reporting requirements for governments that provide their employees with pensions. This Statement is effective for fiscal years beginning after June 15, 2014. The guidance contained in these Statements will change how governments calculate and report the costs and obligations associated with pensions in important ways. It is designed to improve the usefulness of reported pension information and to increase the transparency, consistency, and comparability of pension information across governments.

State and local government employees often earn two types of compensation in return for their efforts—current compensation and deferred compensation. The deferred compensation, including pension benefits, is not received until after the employee's tenure with the government has concluded and vesting and age requirements have been met. A government has an obligation to pay these deferred benefits in the future—a *total pension liability*—once they have been earned. When the total pension liability exceeds the pension plan's net assets (now referred to as plan net position) available for paying benefits, there is a *net pension liability*. Governments will be required to report that amount as a liability in their accrual-based financial statements (for example, the government-wide statement of net position). This is an important change that will more clearly depict the government's financial position. While this information will, in some cases, give the appearance that a government is financially weaker than it was previously, the financial reality of the government's situation will not have changed. Reporting the net pension liability on the face of the financial statements will more clearly portray the government's financial status because the pension liability will be placed on an equal footing with other long-term obligations.

Management is currently evaluating the impact of the adoption of GASB 67 and 68 on the City's financial statements.

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	$ 55,307,326
Certificates of deposit with maturities of less than one year- Business-type	3,064,047
Certificates of deposit with maturities of less than one year- Governmental	4,085,138
	$ 62,456,511

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 – City of Alexandria Employees' Retirement System

At December 31, 2012, the City of Alexandria 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	$ 37,594,524	$ -	$ 585,697	$ 3,137,886	$ 33,870,941
Zero coupon treasury receipts	2,984,743	-	-	2,984,743	-
GMNA mortgage notes	17,670	97	5,838	11,735	-
Total interest-bearing	$ 40,596,937	$ 97	$ 591,535	$ 6,134,364	$ 33,870,941
Common stocks	69,984,569				
Preferred stocks	3,114,677				
	$113,696,183				

Interest Rate Risk: The employee retirement system does 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 system may invest in United States bonds, treasury notes, or time certificates of deposit of any bank domiciled or having a branch office in the State of Louisiana, investments as stipulated in state law, or any other federally insured investment. In addition, the City of Alexandria Employees' Retirement System may invest in corporate stocks and bonds. The City of Alexandria Employees' Retirement System's investment policies limit 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 2010, 2011 and 2012 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	$35,897,994
Baa	3,631,590
Less than Baa	1,067,353
	$40,596,937

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 system's name.

3. Receivables

Receivables as shown in the Fund Financial Statements, at April 30, 2013, consist of the following:

	Governmental Funds	Proprietary Funds	Internal Service Funds	Totals
Receivables				
Taxes - sales	$ 3,107,838	$ -	$ -	$ 3,107,838
Accounts				
Uncollected cycle billings	-	8,349,448	-	8,349,448
Estimated unbilled services	-	5,263,657	-	5,263,657
Interest	241	41	-	282
Performance bonds	-	48,286	-	48,286
Other	1,149,308	41,640	42,742	1,233,690
Gross receivables	4,257,387	13,703,072	42,742	18,003,201
Allowance for uncollectibles	-	(1,200,000)	-	(1,200,000)
Net receivables	4,257,387	12,503,072	42,742	16,803,201
Intergovernmental				
Federal	292,461	156,742	-	449,203
State	486,449	162,781	-	649,230
Local	63,808	-	-	63,808
Total Intergovernmental	842,718	319,523	-	1,162,241
Total Receivables	$ 5,100,105	$ 12,822,595	$ 42,742	$ 17,965,442

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, 2013, taxes of 20.23 mills were levied on property with assessed values totaling $366,401,651 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 $7,412,346 of which a balance of $-0- representing current taxes, (net of allowance for uncollectibles) remained uncollected at April 30, 2013.

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 $1,200,000, which represents the projected uncollectible utility accounts at April 30, 2013.

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, 2013, consist of the following:

Receivable Fund	Payable Fund	Amount
General	Home Investment Partnership Program	$ 84
Community Development Block	General	36,600
General	Neighborhood Stabilization	4,417
General	Utilities System	4,890,576
General	Municipal Bus Line	509,323
General	Risk Management	89
General	General Capital Projects	193,000
Home Investment Partnership Program	Community Development Block	18,897
ARRA Fund	General Fund	10,577
HUD Emergency Shelter Fund	ARRA Fund	4,653
Total Governmental Funds		5,668,216
Zoological Park	General Fund	49,135
Municipal Bus Line	Utilities System	792,558
Sanitation	General	269,588
Sanitation	Utilities System	92,558
Golf Course	General	120,401
Utilities System	General Capital Projects	750,000
Utilities System	Golf Course	2,322
Utilities System	Zoological Park	58,229
Total Enterprise Funds		2,134,791
Total Due From/To Other Funds		$ 7,803,007

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, 2013, shown in the fund financial statements were as follows:

Transfers in	Transfers out	Amount
General	General Capital Projects	$ 411,000
General	Utilities System	8,836,159
General	Sanitation	522,431
General	Municipal Bus Line	372,341
General	Zoological Park	240,990
General	Golf Course	48,325
HUD Emergency Shelter Fund	ARRA Fund	4,653
General Capital Projects	Utilities System	100,000
Debt Service	General Capital Projects '08 ST Bonds	1,914,238
Community Development Block	General Fund	9,172
Total Governmental Funds		12,459,309
Utilities System	Sanitation	105,984
Utilities System	Municipal Bus Line	30,569
Utilities System	General Capital Projects '08 ST Bonds	750,000
Hotel Operating Fund	General Fund	113,065
Hotel Operating Fund	Utilities System	2,925
Hotel Operating Fund	Golf Course Fund	6,124
Municipal Bus Line	General Capital Projects	97,375
Municipal Bus Line	Utilities System	1,793,123
Sanitation	General	169,525
Golf Course	General	217,837
Zoological Park	General	1,967,355
Total Enterprise Funds		5,253,882
Total Transfers		$ 17,713,191

The transfers are movements of money from one fund to another. These can be required by law 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, 2013, restricted assets of the Utility System Enterprise Fund consist of equity in pooled cash and investments totaling $20,423,300 as follows:

Revenue bond current debt service	$ 3,368,199
Customers' deposits	4,774,180
Special projects	150,000
Revenue bond reserve	64,047
Revenue bond reserve	1,311,285
Revenue bond capital additions and contingencies	1,000,000
Utilities capital projects - unexpended bond funds	36,151
Utilities capital projects - other	9,719,438
	$ 20,423,300

6. Capital Assets and Depreciation

Capital asset activity for the year ended April 30, 2013, was as follows:

	Balance May 1, 2012	Increases	Decreases	Balance April 30, 2013
Governmental Activities				
Capital Assets not Being Depreciated				
Land and land improvements	$ 14,261,292	$ -	$ -	$ 14,261,292
Construction and Infrastructure in progress	11,777,369	6,919,862	(3,840,089)	14,857,142
Total Capital Assets not Being Depreciated	26,038,661	6,919,862	(3,840,089)	29,118,434
Other Capital Assets				
Buildings and improvements	95,923,535	34,121	-	95,957,656
Furniture and fixtures	839,748	-	(27,897)	811,851
Equipment	15,401,563	580,516	(2,893,170)	13,088,909
Vehicles	11,630,670	1,496,927	(598,526)	12,529,071
Infrastructure	115,275,776	3,389,506	-	118,665,282
Total Other Capital Assets	239,071,292	5,501,070	(3,519,593)	241,052,769
Accumulated Depreciation				
Buildings and improvements	(33,708,030)	(2,536,203)	-	(36,244,233)
Furniture and fixtures	(804,460)	(4,760)	3,316	(805,904)
Equipment	(11,935,803)	(952,033)	2,914,344	(9,973,492)
Vehicles	(9,548,980)	(792,978)	579,076	(9,762,882)
Infrastructure	(37,839,885)	(3,449,568)	-	(41,289,453)
Total Accumulated Depreciation	(93,837,158)	(7,735,542)	3,496,736	(98,075,964)
Other Capital Assets, Net	145,234,134	(2,234,472)	(22,857)	142,976,805
Net Capital Assets	$ 171,272,795	$ 4,685,390	$(3,862,946)	$172,095,239

Depreciation was charged to functions as follows:

Governmental Activities	
General government	$ 1,716,257
Public safety	942,274
Public works	5,077,011
Total Depreciation Expense for Governmental Activities	$ 7,735,542

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 considers individual projects in determining when to capitalize 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, 2012	Increases	Decreases	Balance April 30, 2013
Business-Type Activities				
Capital Assets not Being Depreciated				
Land	$ 2,789,049	$ -	$ -	$ 2,789,049
Construction in progress	5,585,816	12,342,886	(6,105,279)	11,823,423
Total Capital Assets not Being Depreciated	8,374,865	12,342,886	(6,105,279)	14,612,472
Other Capital Assets:				
Plant and equipment	248,646,342	7,700,145	(911,789)	255,434,698
Buildings and improvements	6,230,215	23,432	(21,800)	6,231,847
Vehicles and buses	12,641,065	1,985,725	(1,098,654)	13,528,136
Furniture, fixtures and equipment	1,705,687	74,045	(170,209)	1,609,523
Total Other Capital Assets	269,223,309	9,783,347	(2,202,452)	276,804,204
Accumulated Depreciation:				
Plant and equipment	(140,805,635)	(6,956,207)	907,284	(146,854,558)
Buildings and improvements	(3,022,932)	(175,272)	21,800	(3,176,404)
Vehicles and buses	(8,644,971)	(1,084,201)	1,098,653	(8,630,519)
Furniture, fixtures and equipment	(1,605,397)	(49,033)	170,208	(1,484,222)
Total Accumulated Depreciation	(154,078,935)	(8,264,713)	2,197,945	(160,145,703)
Other Capital Assets, Net	115,144,374	1,518,634	(4,507)	116,658,501
Net Capital Assets	$123,519,239	$ 13,861,520	$ (6,109,786)	$131,270,973

Depreciation was charged to functions as follows:

Business-Type Activities	
Electricity	$ 2,799,434
Natural gas	1,434,786
Water	1,134,181
Wastewater	1,834,208
Municipal bus line	490,572
Sanitation	183,611
Municipal zoo	152,737
Municipal golf course	235,184
Total Depreciation Expense for Business-Type Activities	$ 8,264,713

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	$ 12,212,077	$ 4,535,374	$ 1,132,356	None
Water	14,936,512	6,384,997	1,790,979	None
Gas	2,608,963	1,218,379	125,909	None
Wastewater	10,048,097	2,098,659	1,169,950	None
General and administrative	1,054,830	204,122	40,406	None
	$ 40,860,479	$ 14,441,531	$ 4,259,600	

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, 2013. 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 $5,966,371 as of April 30, 2013, 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 City's claims liability amount in the fiscal year ending April 30, 2013, were as follows:

Balance, beginning of the year	$ 6,869,865
Current year claims and changes in estimates	2,914,919
Claims payments	(3,818,413)
Balance, end of the year	$ 5,966,371

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 $418,988 reported in the Fund at April 30, 2013, 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, 2013, were as follows:

Balance, beginning of the year	$ 535,575
Current year claims and changes in estimates	5,795,202
Claims payments	(5,911,789)
Balance, end of the year	$ 418,988

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, 2013, claim payments of $2,650 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, 2013, 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, 2013, follows:

	Maturity Dates	Interest Rates	Business-type Activities	Governmental Activities
Governmental activities				
General Obligation				
Sales tax revenue bonds				
2004 Issue	2013 - 2024	2.75 - 4.20	$	$ 10,510,000
2008 Series	2013 - 2028	3.50 - 5.00		21,665,000
Ad valorem tax bonds				
Series 2004-Refunded G.O. Bonds	2013 - 2016	2.00 - 3.75		1,775,000
Series 2012 – Refunded 1998 C	2013 - 2021	.75 - 2.52		9,750,000
Limited Tax bonds - series 2008	2013 - 2018	3.50 - 4.00		8,625,000
Certificates of indebtedness				
Series 1998 A & B - refunding	2013	5.00 - 5.10		200,000
Series 1998 C - refunding	2013	5.75 - 6.58		825,000
Compensated absences				3,764,287
Risk Management Claims				6,385,359

Business-type activities				
Enterprise Funds				
Utilities System revenue bonds				
2003 refunding	2013	3.625	1,010,000	
2004 A capital additions	2013 - 2034	3.00 - 5.00	13,885,000	
2004 B refunding	2013 - 2021	3.00 - 5.00	12,145,000	
State Revolving loan funds	2013 - 2031		8,572,070	
Certificates of indebtedness				
Series 2003 - capital additions	2013 - 2014	4.15	170,000	
Customer guaranteed deposits			4,774,180	
Compensated absences			1,845,397	
Totals			42,401,647	63,499,646
Current portion			(3,748,810)	(8,729,631)
Totals			$38,652,837	$54,770,015

During the year ended April 30, 2013, the following changes occurred in governmental activities long-term liabilities:

	Balance 05/01/12	Additions	(Reductions)	Balance 04/30/13
Governmental Activities Long-Term Debt				
Sales tax bonds	$ 33,770,000	$ -	$ (1,595,000)	$32,175,000
Ad valorem tax bonds	12,460,000	9,750,000	(2,060,000)	20,150,000
Certificates of indebtedness	11,135,000	-	(10,110,000)	1,025,000
Compensated absences - net	3,816,791	-	(52,504)	3,764,287
Risk management claims - net	7,405,440	-	(1,020,081)	6,385,359
Totals	$ 68,587,231	$ 9,750,000	$(14,837,585)	$63,499,646

	Balance 04/30/13	Due within one year	Due in more than one year
Governmental Activities Long-Term Debt			
Sales tax bonds	$ 32,175,000	$ 1,675,000	$30,500,000
Ad valorem tax bonds	10,400,000	2,150,000	8,250,000
Certificates of indebtedness	10,775,000	1,320,000	9,455,000
Compensated absences - net	3,764,287	564,643	3,199,644
Risk management claims - net	6,385,359	3,019,988	3,365,371
Totals	$ 63,499,646	$ 8,729,631	$54,770,015

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
2014	$ 5,145,000	$ 1,936,471	$ 7,081,471
2015	5,115,000	1,797,226	6,912,226
2016	5,310,000	1,626,969	6,936,969
2017	4,870,000	1,440,665	6,310,665
2018	5,060,000	1,265,936	6,325,936
2019-2023	16,600,000	4,247,970	20,847,970
2024-2028	9,375,000	1,530,908	10,905,908
2029-2033	1,875,000	46,875	1,921,875
	$ 53,350,000	$ 13,893,020	$67,243,020

On October 3, 2012, the City issued $9,750,000 in Taxable Limited Tax Bonds, Series 2012, with an average interest rate of 0.91% to advance refund $8,945,000 of outstanding Certificates of Indebtedness, Series 1998C, with an average interest rate of 6.40%. The net proceeds of $9,525,005 (after payment of $224,995 in underwriting fees, and other issuance costs) were deposited in an irrevocable trust with an escrow agent to provide for redemption of $8,945,000 of outstanding Certificates of Indebtedness, Series 1998C, on June 1, 2013. As a result, $8,945,000 of the Certificates of Indebtedness, Series 1998C, are considered to be defeased and the liability for those bonds has been removed from the government-wide statement of net position.

The City completed the advance refunding to reduce its total debt service payments over the next 9 years by $1,655,172 and to obtain an economic gain (difference between the present values of the old and new debt service payments) of $1,508,355.

During the year ended April 30, 2013, the following changes occurred in business-type activities long-term liabilities:

	Balance 05/01/12	Additions	(Reductions)	Balance 04/30/13
Business-Type Activities Long-Term Debt				
Revenue bonds	$34,687,551	$ 3,674,519	$ (2,750,000)	$35,612,070
Certificates of indebtedness	335,000	-	(165,000)	170,000
Compensated absences - net	2,051,335	-	(205,938)	1,845,397
Customer guaranteed deposits - net	4,617,043	157,137	-	4,774,180
Totals	$41,690,929	$ 3,831,656	$ (3,120,938)	$42,401,647

	Balance 04/30/13	Due within one year	Due in more than one year
Business-Type Activities Long-Term Debt			
Revenue bonds	$35,612,070	$ 3,302,000	$32,310,070
Certificates of indebtedness	170,000	170,000	
Compensated absences - net	1,845,397	276,810	1,568,587
Customer guaranteed deposits - net	4,774,180		4,774,180
Totals	$42,401,647	$ 3,748,810	$38,652,837

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

Year ended April 30,	Principal Payments	Interest Payments	Total
2014	3,472,000	1,449,566	4,921,566
2015	2,374,000	1,338,238	3,712,238
2016	2,454,000	1,231,880	3,685,880
2017	2,545,000	1,121,477	3,666,477
2018	2,640,000	1,016,845	3,656,845
2019-2023	10,293,572	3,527,585	13,821,157
2024-2028	5,683,000	2,068,781	7,751,781
2029+	6,320,498	838,540	7,159,038
	$ 35,782,070	$12,592,912	$48,374,982

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 $1,612,303 is recognized as intergovernmental revenue in the General Fund and as expenditures in the following public safety departments:

Police	$ 927,116
Fire	685,187
	$ 1,612,303

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:

	Utilities System
Condensed Statement of Net Position	
Assets	
Current assets	
Due from other funds	$ 810,551
Other current assets	30,527,969
Noncurrent assets	
Restricted equity in pooled cash and investments	20,423,300
Capital assets	113,906,493
Total Assets	165,668,313
Deferred Outflow of Resources	
Unamortized bond refunding charges	36,401
Liabilities	
Current liabilities	
Due to other funds	5,775,692
Other current liabilities	4,250,907
Liabilities payable from restricted assets	6,660,721
Noncurrent liabilities	38,343,512
Total Liabilities	55,030,832
Net Position	
Invested in capital assets, net of related debt	78,124,423
Restricted	2,311,285
Unrestricted	30,238,174
Total Net Position	$ 110,673,882

Condensed Statement of Revenues, Expenses and Changes in Net Position	
Operating revenues (operating revenues are pledged against revenue bonds)	$ 93,010,626
Operating expenses	
Depreciation	(7,202,610)
Other	(69,650,175)
Operating income (loss)	16,157,841

	Utilities System
Nonoperating revenues (expenses)	
Investment income	105,143
Gain (loss) on sale of assets	(4,373)
Interest expense and fiscal charges	(1,558,637)
Capital contributions	370,104
Transfers in (out)	(9,845,654)
Change in Net Position	5,224,424
Net Position, beginning, as restated	105,449,458
Net Position, ending	$ 110,673,882

Condensed Statement of Cash Flows	
Net cash provided (used) by	
Operating activities	$ 26,315,723
Noncapital financing activities	(6,007,820)
Capital and related financing activities	(13,629,571)
Investing activities	(3,978,681)
Net increase	$ 2,699,651
Cash and cash equivalents, beginning	1,809,453
Cash and cash equivalents, ending	$ 4,509,104

Segment information for the Utilities System Enterprise Fund for the fiscal year ended April 30, 2013, follows:

	Total	Electric	Gas	Water	Wastewater
Operating revenues	$ 93,010,626	$ 71,110,615	$ 9,847,755	$ 7,084,370	$ 4,967,886
Operating expenses					
Depreciation	(7,202,610)	(2,799,434)	(1,434,786)	(1,134,181)	(1,834,209)
Other	(69,650,175)	(46,393,372)	(11,217,926)	(5,603,783)	(6,435,094)
Operating income (loss)	$ 16,157,841	$ 21,917,809	$ (2,804,957)	$ 346,406	$ (3,301,417)

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

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

a. One-half is to be used for maintenance and operating expenses of the City.

b. The other one-half is to be used in the following order of priority:

1. On or before the 20th day of each month, they should transfer to a Sales Tax Bond Sinking Account in the Debt Service Fund, an amount equal to 1/6th of the interest falling due on the next interest payment date and 1/12th of the principal falling due on the next principal payment date of all sales tax bond issues outstanding.

2. Any funds remaining after the above transfers will be considered surplus and may be used for constructing, acquiring, extending, and/or improving capital improvements for the City (including, but not limited to, major thoroughfares and arterial streets with related improvements, major drainage systems, a civic convention center complex, parks, and parking facilities).

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

a. No less than one-third the tax collected is dedicated to fire, police, and General Fund classified employees' salaries.

b. Replace General Fund revenues lost from Federal and State government funding cuts from previous years.

c. Street repair; street cleaning; maintenance of city drainage systems; grass cutting; maintenance of parks and recreational facilities; police and fire services and programs; general building maintenance; demolition of condemned structures; and city planning.

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

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

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

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

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

(a) The payment of all reasonable expenses of administration, operation, and maintenance of the Utilities System.

(b) The maintenance of the Sinking Funds established pursuant to the bond resolutions sufficient in amount to pay promptly and fully the principal of and the interest on the Bonds and any additional pari passu bonds issued hereafter in the manner provided by the bond ordinance, as they severally become due and payable, by transferring from the Utilities System Fund to the Sinking Funds established pursuant to the bond resolutions, monthly in advance on or before the 20th day of each month of each year, a sum equal to 1/6th of the interest falling due on the next interest payment date, and a sum equal to 1/12th of principal falling due on the next principal payment date, together with such additional proportionate sum as may be required to pay said principal and interest as the same respectively becomes due. The depository for the Sinking Funds shall transfer from said Sinking Funds to the paying agent bank or banks for all bonds payable from said Fund at least one day in advance of the date on which each payment of principal or interest falls due, funds fully sufficient to pay promptly the principal and interest so falling due on such date.

(c) The maintenance of the Reserve Funds established pursuant to the bond resolutions by transferring from the proceeds of the bonds a sum equal to the lesser of (i) ten percent (10%) of the proceeds of the bonds or (ii) an amount which, together with monies on deposit in the Reserve Funds, will equal the highest combined principal and interest requirements for any succeeding fiscal year (ending 4/30) on the bonds (the "Reserve Funds Requirement"), (iii) or 125% of the aggregate amount of principal installments and interest becoming due in any fiscal year on the bonds (ending 04/30). If such monies do not cause the balance in the Reserve Funds to equal the Reserve Funds Requirement, by transferring from said Utilities System Fund to the Reserve Funds established pursuant to the bond resolutions, monthly in advance on or before the 20th day of each month of each year, a sum at least equal to twenty percent (20%) of the amount required to be paid into the aforesaid Sinking Fund specified in paragraph (b) above, the payments into said Reserve Funds to continue until such time as there has been accumulated therein a sum equal to the Reserve Funds Requirement. The money in the Reserve Funds shall be retained solely for the purpose of paying the principal and interest on Bonds payable from the aforesaid Sinking Fund specified in paragraph (b) above as to which there would otherwise be default. In the event that additional pari passu bonds are issued hereafter in the manner provided by the bond ordinance, the payments into said Reserve Fund shall continue, or if the said payments have ceased because of the accumulation of the maximum amount provided above, then such payments shall be resumed, until such time as there has been accumulated in said Reserve Funds an amount of money equal to the highest combined principal and interest requirements in any succeeding fiscal year on all outstanding bonds, including such additional pari passu bonds.

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

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

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

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

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

15. Utilities System Fund Power Purchase Contract Commitment

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

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

16. Defined Benefit Pension Plans

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

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

Municipal Police Employees' Retirement System of Louisiana (MPERS)

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

Funding Policy and Annual Pension Costs. Members are currently required to contribute ten percent (10.00%) of their annual salary to the system, including supplemental pay. The City contributes an actuarially determined rate, presently set at thirty-one percent (31.00%) of the member's salary, including supplemental pay. The City's contributions to MPERS, for the fiscal years ended April 30, 2013, 2012, and 2011, were $2,705,994, $2,176,798 and $2,128,329 respectively.

Firefighters' Retirement System of Louisiana (FRS)

Plan Description. This Plan is a defined benefit pension plan covering firemen employed by a municipality, parish, or fire protection district of the State hired after December 31, 1979. Employees with twenty (20) or more years of service who have attained age fifty (50), employees who have twelve (12) years of service who have attained age fifty-five (55), or employees who have twenty-five (25) years of