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City of Alexandria, Louisiana

April 30, 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 NOV 19 2014

City of Alexandria, Louisiana
April 30, 2014
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PAYNE, MOORE & HERRINGTON, LLP

CERTIFIED PUBLIC ACCOUNTANTS
Established 1945

Independent Auditor's Report

The Honorable Mayor and City Council
City of Alexandria, Louisiana

Report on the Financial Statements

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, 2014, 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.

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The Honorable Mayor and City Council
City of Alexandria, Louisiana

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

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, 2014, 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 69-71 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.

PAYNE, MOORE & HERRINGTON, LLP

The Honorable Mayor and City Council
City of Alexandria, Louisiana

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 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 insurance in 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 29, 2014, 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 29, 2014

Required Supplemental Information – Part I

Management's Discussion and Analysis

City of Alexandria, Louisiana
Management's Discussion and Analysis
Year ended April 30, 2014

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, 2014. 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 $301.8 million. Of this total, $17.9 million in net position are unrestricted, and may be used to meet future obligations of the City's creditors.
- The City's net position decreased by over $3.9 million during the 2014 Fiscal Year. This is the combined result of decrease of around $.1 million in net position from governmental activities and a decrease of $3.8 million in net position from business activities.
- Unrestricted net position decreased by $27.2 million in Fiscal 2014. This is the combined result of a decrease of $4.8 million from governmental activities and a decrease of $22.4 million from business type activities.
- Unrestricted fund balance in the General Fund is $20.3 million, which amounts to approximately 36% of the expenditures of the General Fund in Fiscal 2014.
- The City's long-term debt increased by nearly $118.6 million, the net effect of issuing new debt offset slightly 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 Position and the Statement of Activities we divide the City into three kinds of activities:

- Governmental activities - Most of the City's basic services are reported here, including the police, fire, public works and parks departments, and general administration. Property taxes, sales taxes, franchise fees, and state and federal grants finance most of these activities.

- Business-type activities - The City charges a fee to customers to help it cover all or most of the cost of certain services it provides. The City's utilities, sanitation and transit are reported here.

- Component units - The City has no component units at the present time.

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 30 and 31. 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 2014 and 2013:

City of Alexandria, LA
Condensed Statement of Net Position (in millions)
April 30, 2014 and April 30, 2013

	2014	2013	2014	2013	2014	2013
	Governmental		Business		Total	
Assets						
Current & Other Assets	69.0	73.1	25.4	29.3	94.4	102.4
Restricted Assets	-	-	107.0	20.4	107.0	20.4
Capital Assets	171.7	172.1	167.9	131.3	339.6	303.4
Total Assets	240.7	245.2	300.3	181.0	541.0	426.2
Deferred Outflow of Resources	-	-	1.5	-	1.5	-
Liabilities						
Current Liabilities	14.7	14.2	10.8	11.5	25.5	25.7
Long-Term Liabilities	51.2	56.1	164.0	38.7	215.2	94.8
Total Liabilities	65.9	70.3	174.8	50.2	240.7	120.5
Net Position						
Invested in Capital Assets (Net)	143.2	138.8	109.2	95.5	252.4	234.3
Restricted	24.3	24.0	7.2	2.3	31.5	26.3
Unrestricted	7.3	12.1	10.6	33.0	17.9	15.1
Total Net Position	174.8	174.9	127.0	130.8	301.8	305.7

As of April 30, 2014 the City's net position totals $301.8 million, showing a decrease of about 1% compared to the 2013 total of $305.7 million. Roughly 84% 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. Restricted assets account for $31.5 million, or 10%, 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 $17.9 million, or 6%, of net position is unrestricted and is available for appropriation.

The following table is a condensed version of the Statement of Activities displaying 2014 and 2013:

City of Alexandria, LA
Condensed Statement of Activities (in millions)
April 30, 2014 and April 30, 2013

	2014	2013	2014	2013	2014	2013
	Governmental		Business		Total	
Revenues						
Program Revenues:						
Charges for Services, Fines, Fees	4.8	4.4	103.8	99.6	108.6	104.0
Grants & Contributions	4.5	7.5	1.8	4.9	6.3	12.4
General Revenues:						
Sales Taxes	43.4	43.0			43.4	43.0
Other Taxes	7.5	8.2			7.5	8.2
Other	.8	1.5	1.8	.1	2.6	1.6
Total Revenues	61.0	64.6	107.4	104.6	168.4	169.2
Expenses						
General government	15.4	13.9			15.4	13.9
Public safety	27.6	27.9			27.6	27.9
Public works	23.3	26.4			23.3	26.4
Community and economic development	1.4	1.0			1.4	1.0
Interest on long-term debt	1.9	2.9	3.0	1.6	4.9	4.5
Electricity			56.4	49.1	56.4	49.1
Gas			15.6	12.7	15.6	12.7
Water			7.3	6.7	7.3	6.7
Wastewater			9.8	8.2	9.8	8.2
Transit			3.4	2.9	3.4	2.9
Sanitation			4.3	3.8	4.3	3.8
Zoological Park			1.9	2.0	1.9	2.0
Golf Course			1.0	1.0	1.0	1.0
Hotel Operating			-	-	-	-
Total Expenses	69.6	72.1	102.7	88.0	172.3	160.1
Change in Net Position before Transfers	-8.6	-7.5	4.7	16.6	-3.9	9.1
Transfers	8.5	7.3	-8.5	-7.3	-	-
Increase (Decrease) In Net Position	-.1	-.2	-3.8	9.3	-3.9	9.1

See independent auditor's report.

The City's total revenues were $168.4 million and total expenses were $172.3 million for Fiscal 2014. This results in a decrease of net position before transfers of $3.9 million. This can be broken down first by governmental and business activities, then broken down further at the fund level.

Net Position in Governmental Activities decreased by $.1 million in Fiscal 2014 compared to a decrease of $.2 million in Fiscal 2013. Examining the expenses for the 2 years, we see that they are down from $72.1 million in 2013 to $69.6 million in 2014, roughly a 4% difference. We see an increase of $1.5 million in General Government, while Community & Economic Development increased nearly $.4 million. These are more than offset by a decrease of $.3 million in Public Safety, a substantial $3.2 million decrease in Public Works mostly from Streets and Drainage construction, and a $1.0 million decrease in Interest on Long Term Debt. Revenues are the lesser change from the prior year reflecting a decrease of $3.6 million. Grants and Contributions account for $3.0 million of the decrease, while Other Taxes show a decrease of $.9 million. These are partially offset by an increase in Sales Taxes of nearly $.4 million, while other relatively minor changes in the remaining revenue categories make up the 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 down $9.7 million for Fiscal 2014 compared to the prior year, reflected mostly in Public Works activities as indicated earlier.

Business-type Activities net position decreased $3.8 million for Fiscal 2014, compared to the increase in the prior year of $9.3 million. Expenses are up from $88.0 million in 2013 to $102.7 million in Fiscal 2013, an increase of nearly 17%. This increase is largely due to Electric and Gas Fuel Cost, the City's cost for purchasing electricity for sale to customers, which increased from the prior year by approximately $10.2 million. Other increases in expenses include Water for $.6 million, Wastewater for $1.6 million, Transit for $.5 million, and Sanitation for $.5 million. Revenues are up from $104.6 million in 2013 to $107.4 in 2014, a change of nearly 2%, largely due to the recovery of fuel cost being up by $2.9 million. Other minor changes in revenue account for the remainder.

The City was recovering electric fuel cost in Fiscal 2013, while Fiscal 2014 saw a rebating of fuel cost. This means that the City was decreasing 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 2014 with a decrease in Unreserved Fund Balance of over $.3 million. In short, the General Fund spent more than it took in by this amount. In order to see the change, a comparison of revenues and expenditures of Fiscal 2014 and 2013 is needed.

Revenues and Transfers In increased by roughly $1.0 million. Revenues show increases and decreases which net to a virtual standstill. Transfers In show a net increase of $1.0. In this category, increases for Cost Allocations from other funds in the amount of $1.6 million are partially offset by decreases in other Transfers, most significantly the Utilities System Fund for over $.7 million.

Expenditures and Transfers Out increased roughly $2.8 million when compared to the previous year. This is due to a variety of factors. General Government reflects an increase of nearly $2.0 million due in part to the granting of a one-time pay adjustment for eligible employees in Fiscal 2014 costing nearly $1.0 million; while other increases are seen such as for Planning Division, Legal Division, and Recreation. Public Safety shows an increase of $.4 million, and Public Works an increase of $.8 million. Operating Capital (purchases of vehicles, equipment, etc.) is up by $.3 million in Fiscal 2014. Transfers Out are down about $.5 million from the previous year, where decreases are seen in Transfers such as to Sanitation and Zoo.

Overall, Expenditures in the General Fund exceeded Revenues slightly leading to the previously mentioned decrease in Fund Balance of $.3 million. This is a good outcome considering the nearly $1.0 million cost of the one-time pay adjustment that was expected to come out of existing fund balance.

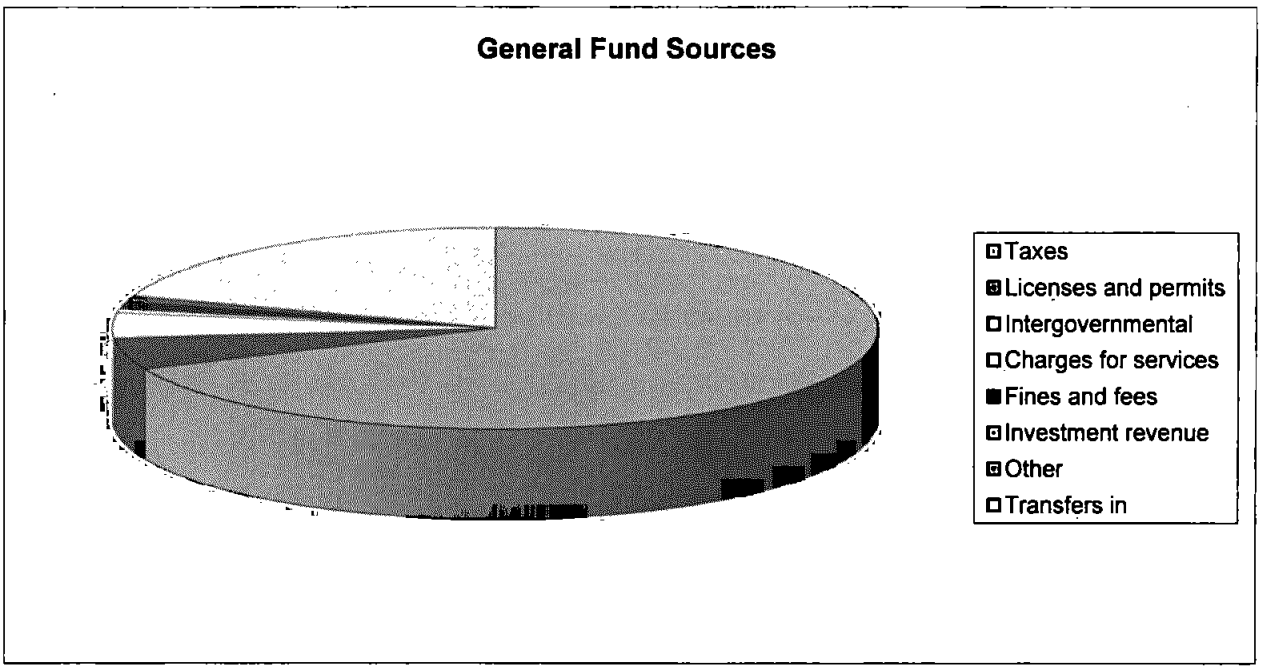
General Fund Budgetary Highlights

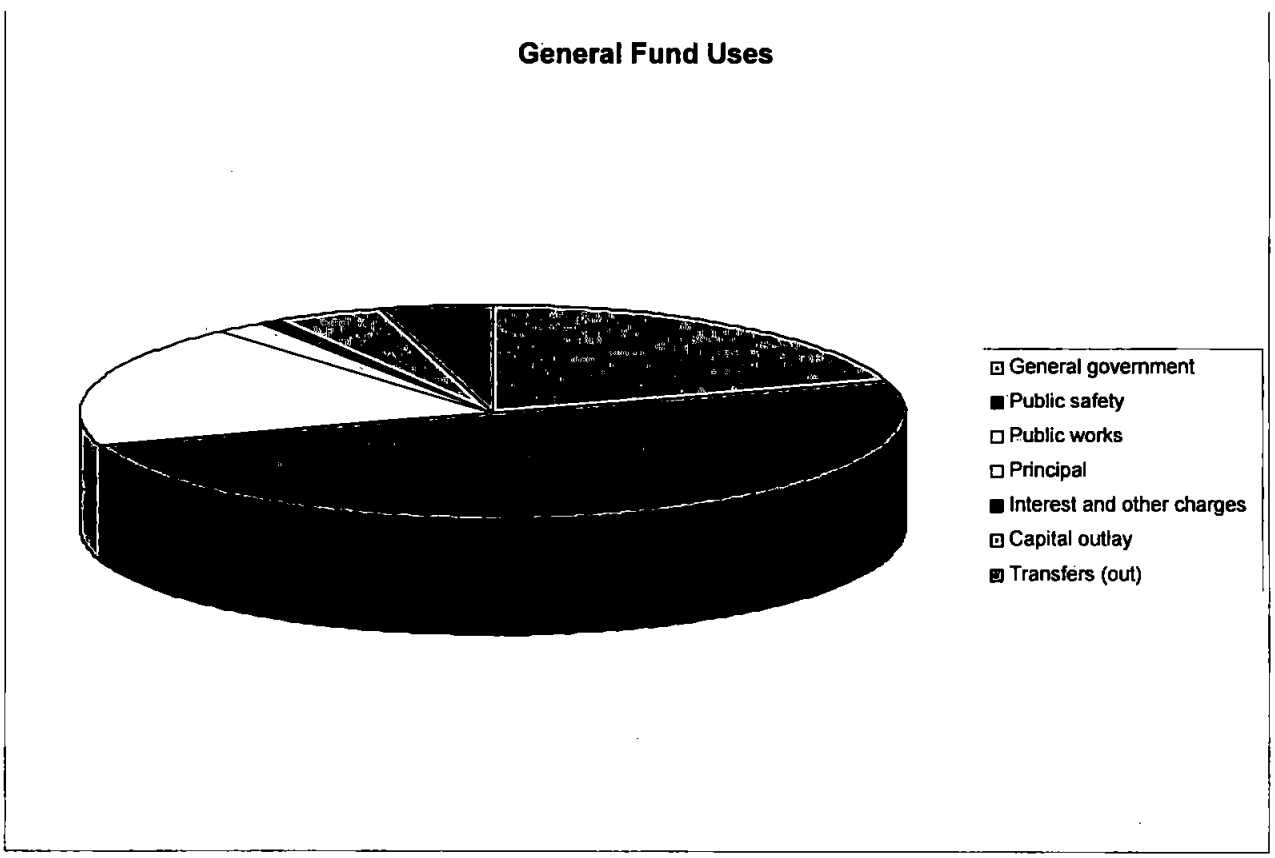
The original budget of the General Fund reflects the City's plan and financial intent at the beginning of the fiscal year. This is routinely adjusted during the year to better reflect actual revenues available and actual expenditures incurred. The City does its most comprehensive adjustment at Major Budget Amendment (MBA). Revenues, Transfers In, and Use of Fund Balance were adjusted resulting in a net increase of almost $3.9 million (6.8%). City Sales Taxes account for most of the increase in the Taxes category at $ 1.0 million, while Parish Taxes increased another $.1 million. Other adjustments in Taxes include Property and Franchise taxes totaling $.2 million. Licenses and Permits were increased $.1 million, while grants in the Intergovernmental category were increased roughly $.4 million. Other minor changes in Revenues and Transfers In account for the remaining difference. The City originally budgeted $4.7 million in use of fund balance for Fiscal 2014, and finished the year with a budgeted use of $6.1 million.

Budgeted Expenditures and Transfers Out were adjusted up during the year by $3.9 million due to a variety of factors. Overtime in the various departments was increased $1.1 million; Capital Outlay was increased $.3 million, Professional Fees increased by $.5 million; while Vehicle Fuel and Repair costs were increased a combined $.4 million, and Contract Labor was increased $.2 million. The greatest change was in the addition of the One Time Pay Adjustment for qualified employees budgeted at $1.2 million. Other minor adjustments account for the remainder.

Fortunately, the City did not use the $6.1 in fund balance budgeted for Fiscal 2014 but, as previously noted, actually used about $.3 million in fund balance. Actual revenues and transfers in exceeded budgeted figures by nearly $3.1 million, and actual expenditures were about $2.7 million less than budgeted expenditures. There were various offsets in the revenues, but the greatest factor was the combined Sales Taxes coming in nearly $1.1 million above the budgeted figures, while Licenses and Permits were $.2 million above budget, and Charges for Services were $.1 million above budget, and lastly Intergovernmental Revenue exceeded the budget by $.1 million. The greatest factor in the expenditures coming in so much lower than budgeted is attrition; i.e., vacant employee positions during the year that were budgeted but had no employees to be paid from them. The combined salary and fringes for these vacancies translated to roughly $2.0 million in reduced expenditures, even after adjusting budgets down at Major Budget Amendment. Along with this factor, a timing issue existed with Capital Outlay as $.3 million in purchases were not made in Fiscal 2014 and will be made in the subsequent year. 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 2014:





See independent auditor's report.

General Capital Projects Fund

Revenues and Transfers In are down in this fund by over $3.6 million, mostly due to decreased Intergovernmental Revenues as other sources like the State and Federal governments decrease their participation in funding the City's capital projects compared to the prior year.

Expenditures and Transfers Out for Fiscal 2014 are $3.7 million less than the previous year. Expenditures can vary greatly over two consecutive years in a capital projects fund depending on how far along individual large projects are. Once a project is designed and construction begins, funds can be expended in a relatively short time. Significant progress was achieved in multiple projects in Fiscal 2014, including MPO Street Overlays, Horseshoe Drive Reconstruction, Sugarhouse Road, and the Zoo South America Exhibit.

Overall fund balance decreased $.4 million.

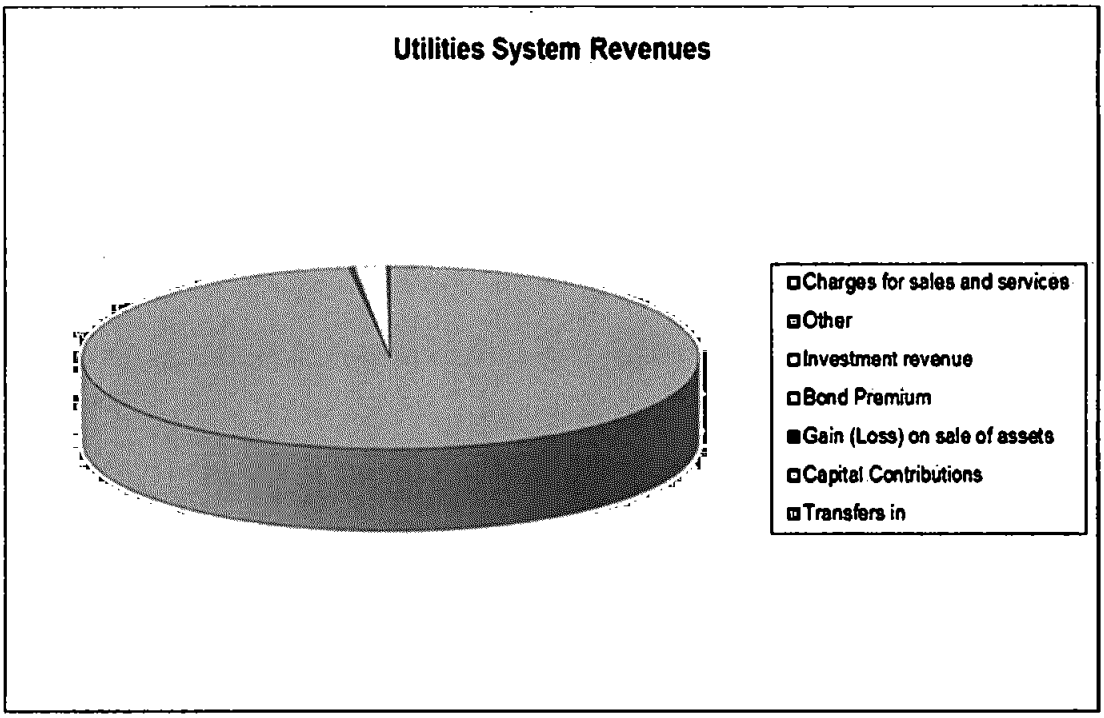
Utilities System Fund

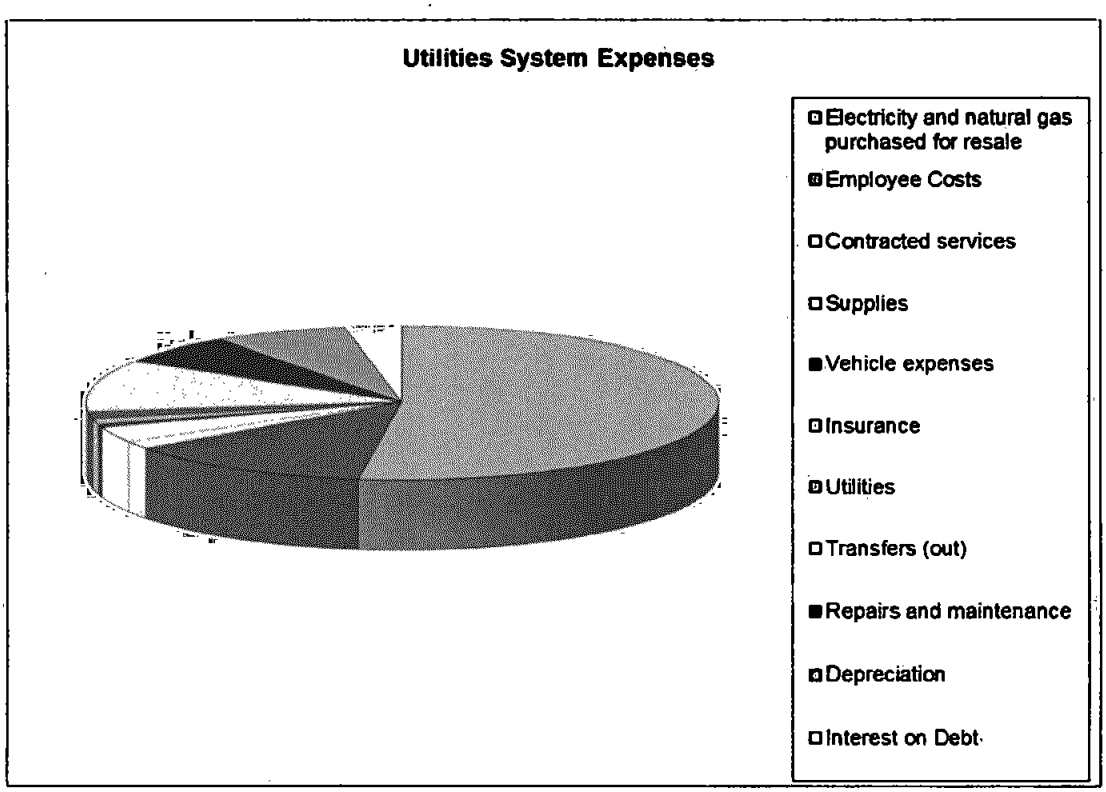
The Utilities System Fund is the largest of the City's proprietary funds, dwarfing the Sanitation Fund, Municipal Transit Fund, Zoo Fund and Golf Course Fund. Revenues in the Utilities System are based primarily on the sales of electricity, water, natural gas, and wastewater service to customers. These revenues, charges for services, are up $4.3 million in 2014 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 up a combined $2.6 million in Fiscal 2014 compared to the prior year, while Sales to customers increased roughly $1.7 million over the prior year.

Operating expenses are up $11.7 million in Fiscal 2014 compared to the previous year. The biggest factor here is the expense side of fuel cost, which is up nearly $10.0 million compared to prior year. It should be noted that whereas the revenue and expense of fuel cost are both up, they are not equal due to timing differences and fluctuations in consumption. This condition can significantly influence the net income or net loss of a given year in the Utilities System Fund, as is the case in Fiscal 2014 where fuel cost expenses exceed fuel cost revenues by almost $4.5 million. The increase in Fuel Cost is joined by increases in Personnel Costs of $.6 million and in Utilities of $.2 million. Repairs and Maintenance is up $1.3 million, while Supplies is up roughly $1.5 million. Payments in Lieu of Insurance are down $1.9 million partially offsetting the increases. Other relatively minor changes in items such as Depreciation and Contracted Services account for the remaining changes in expenses.

The results of the above were a net loss to the Utilities System Fund of over $3.6 million for Fiscal 2014. This is reflected as a decrease in total net position.

The following charts show the breakdown of revenues and expenses of the Utilities System Fund for Fiscal 2014:





See independent auditor's report.

Capital Asset and Debt Administration

Capital Assets

Governmental Funds

The City had a net decrease of $.4 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 $36.6 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	
	2014	2013	2014	2013
Land	14.3	14.3	2.8	2.8
Construction in Progress	12.8	14.9	22.8	11.8
Buildings	60.7	59.7	3.6	3.1
Furniture & Fixtures	-	-	.1	.1
Equipment	3.1	3.1	-	-
Vehicles	3.1	2.7	4.7	4.9
Infrastructure	77.7	77.4	133.9	108.6
Net Capital Assets	171.7	172.1	167.9	131.3

In governmental activities, we see that Construction in Progress decreased $2.1 million as construction was completed on projects such as Green Oak from 3rd to 7th Street, Masonic @ Horseshoe Intersection Improvements, Toria Drive Extension, and Southern Heights Drainage Improvements. Buildings increased $1.0 million, while Vehicles increased $.4 million. Infrastructure increased $.3 million.

In business activities, Construction in Progress is up by $11.0 million due largely to work in the amount of $8.0 million beginning on the City's new electrical generation facility that will utilize RICE (Reciprocating Internal Combustion Engines) technology to enhance the City's self-generation capability in a cost effective manner. Work also continues on projects such as Martin Park Gas and Water Replacement. Vehicles are down $.2 million; while Buildings are up $.5 million. Infrastructure saw the greatest increase of $25.3 million due primarily to the City's purchase of Unit #1 of the Bayou Cove Power Plant located near Jennings, Louisiana at a cost of $26.8 million. This, along with the RICE technology previously mentioned, will put the City in a more favorable position having a diverse collection of its own electrical generating assets.

Debt Administration

Governmental Funds

The City issued no new debt in Governmental Funds during Fiscal 2014. The reduction in debt balance of $5.2 million reflects normally scheduled payments made on the principal.

Enterprise Funds

The City issued $124.2 million in new debt for the Utilities System in 2014. This was accomplished in 2 separate Utility Revenue Bond issues. The first bond issue was to acquire and construct the RICE equipment mentioned previously in the amount of $96.1 million. The second was to purchase the Bayou Cove Unit #1 in the amount of $28.1 million. The City also issued $23.1 million in refunding bonds to secure a better interest rate on the existing 2004 Utility Revenue Bond issue. Other changes in debt balance merely reflect payments made on the principal. These events comprise the $121.8 million net increase in long term debt. For further information on debt, please see Note 10 to the financial statements.

Bonded Long-Term Debt

	Governmental		Business	
	2014	2013	2014	2013
Sales Tax Revenue Bonds	30.5	32.2	-	-
Ad Valorem Tax Bonds	1.2	1.8	-	-
Limited Tax Bonds	16.5	18.4	-	-
Certificates of Indebtedness	-	1.0	-	.2
Utility Revenue Bonds	-	-	157.7	35.7
Total Outstanding Debt	48.2	53.4	157.7	35.9

Future Outlook

Economic conditions deteriorated during Fiscals 2009-2011. There were some signs of improvement beginning 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 63% of General Fund Revenue sources in 2014. As previously noted, City Sales Taxes were up in Fiscal 2013 and Fiscal 2014 after being down for 2 of the last 3 years; and Parish Sales Taxes were slightly up in Fiscal 2014 but slightly down in Fiscal 2013 compared to the prior year. In the first 4 months of Fiscal 2015, combined Sales Taxes are roughly 1.6% above the prior year's collections. 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 fewer earnings for the pension systems that the City contributes to on 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 the employees. The long term effects of

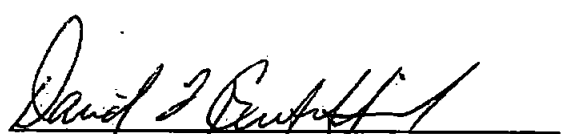
the Affordable Healthcare Act are not known at present, and this could certainly affect the sustainability of the City's health care. The General Fund by its nature is very labor intensive with salaries and fringes amounting to 62% of total expenditures for Fiscal 2014. Any increases in these costs could become extremely burdensome to the General Fund.

In business-type activities, the Utilities System Fund, as previously mentioned, shows a net loss of $3.6 million for Fiscal 2014 after posting a net income of $5.2 million in Fiscal 2013. That represents a swing of $8.9 million in just 2 years. Although this is, as previously noted, largely due to the "swings" in timing of the fuel cost expense and the subsequent recovery, it underlines the short term effect such swings have on the net income and cash flows on the Utilities System Fund . The fuel cost revenue was up $2.6 million while the expense was up $10 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 52.2% of expenses and transfers out for Fiscal 2014.

A final note involves future accounting for pension systems such as the 3 major defined benefits plans that serve the City. The impact of GASB #67 will alter the way pensions are accounted for, requiring 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 may affect the 2 systems for Police and Fire employees run by the State. Although it will not impose additional costs on the City, the recording of those costs 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 71309.



David L. Crutchfield, CPA
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, 2014

Exhibit A

	Primary Government		
	Governmental Activities	**Business-Type Activities**	**Total**
Assets			
Cash and cash equivalents	$ 2,017,486	$ 3,477,360	$ 5,494,846
Investments	4,114,068	3,000,000	7,114,068
Equity in pooled cash and investments	51,139,706	8,792,802	59,932,508
Receivables	4,718,620	12,838,389	17,557,009
Internal balances	6,647,942	(6,647,942)	-
Inventories	292,046	3,937,635	4,229,681
Restricted equity in pooled cash and investments	-	106,965,563	106,965,563
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	2,968,959	22,781,920	25,750,879
Infrastructure in progress	9,786,294	-	9,786,294
Depreciable			
Infrastructure	77,706,725	-	77,706,725
Other capital assets	66,928,030	142,359,219	209,287,249
Total Assets	240,694,348	300,293,995	540,988,343
Deferred Outflows of Resources			
Unamortized bond refunding charges	-	1,485,706	1,485,706
Liabilities			
Bank overdraft	10,381	-	10,381
Accounts and contracts payable	2,099,823	6,729,626	8,829,449
Accrued interest	457,639	2,727,114	3,184,753
Salaries payable	1,915,711	903,651	2,819,362
Long-term liabilities			
Due within one year			
Bonds and other	5,115,000	165,000	5,280,000
Compensated absences	519,073	268,853	787,926
Claims and judgments	4,524,976	-	4,524,976
Due in more than one year			
Bonds and other	43,090,000	157,529,074	200,619,074
Customer guaranteed deposits	-	4,938,233	4,938,233
Compensated absences	2,941,415	1,523,497	4,464,912
Claims and judgments	3,663,632	-	3,663,632
Other noncurent liability - net			
Post employment benefit obligation	1,525,900	-	1,525,900
Total Liabilities	65,863,550	174,785,048	240,648,598
Net Position			
Net investment in capital assets	143,206,139	109,150,190	252,356,329
Restricted for			
Capital projects, net of related debt	18,346,148	-	18,346,148
Debt service	5,958,470	6,233,787	12,192,257
Capital additions and contingencies	-	1,000,000	1,000,000
Unrestricted	7,320,041	10,610,676	17,930,717
Total Net Position	$ 174,830,798	$ 126,994,653	$ 301,825,451

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, 2014

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	Net (Expense) Revenue and Changes in Net Assets: Primary Government: Business-Type Activities	Net (Expense) Revenue and Changes in Net Assets: Primary Government: Total
Primary Government							
Governmental activities							
General government	$ 15,406,961	$ 4,553,043	$ 276,748	$ -	$ (10,577,170)	$	$ (10,577,170)
Public safety	27,591,379	43,270	1,864,759	-	(25,683,350)		(25,683,350)
Public works	23,258,200	219,214	192,400	759,608	(22,086,978)		(22,086,978)
Community and economic developmer	1,412,031	9,305	1,221,613	138,448	(42,665)		(42,665)
Interest on long-term debt	1,939,982	-	-	-	(1,939,982)		(1,939,982)
Total Governmental Activities	69,608,553	4,824,832	3,555,520	898,056	(60,330,145)		(60,330,145)
Business-type activities							
Electricity	56,362,443	71,855,845	-	-		15,493,402	15,493,402
Natural gas	15,572,587	13,237,681	-	-		(2,334,906)	(2,334,906)
Water	7,345,903	6,957,365	-	-		(388,538)	(388,538)
Waste water	9,833,322	5,123,051	-	-		(4,710,271)	(4,710,271)
Municipal transit	3,409,408	465,359	1,180,815	3,847		(1,759,387)	(1,759,387)
Sanitation	4,311,957	4,965,062	-	-		653,105	653,105
Zoological park	1,857,285	592,534	911	576,723		(687,117)	(687,117)
Golf course	982,720	609,383	-	-		(373,337)	(373,337)
Interest on long-term debt	2,986,972	-	-	-		(2,986,972)	(2,986,972)
Total Business-Type Activities	102,662,597	103,806,280	1,181,726	580,570	-	2,905,979	2,905,979
Total Primary Government	$ 172,271,150	$ 108,631,112	$ 4,737,246	$ 1,478,626	(60,330,145)	2,905,979	(57,424,166)
General Revenues							
Taxes							
Property taxes					6,759,867	-	6,759,867
Sales tax					43,445,469	-	43,445,469
Hotel occupancy taxes					407,020	-	407,020
Franchise and miscellaneous taxes					730,489	-	730,489
Entitlements and shared revenues					80,700	-	80,700
Investment earnings					139,890	99,771	239,661
Miscellaneous					146,975	12,073	159,048
Gain (loss) on sale of assets					36,790	23,443	60,233
Bond refinancing - net					-	1,627,635	1,627,635
Transfers					8,508,452	(8,508,452)	-
Total General Revenues and Transfers					60,255,652	(6,745,530)	53,510,122
Change in Net Position					(74,493)	(3,839,551)	(3,914,044)
Net Position, Beginning of Year					174,905,291	130,834,204	305,739,495
Net Position, End of Year					$ 174,830,798	$ 126,994,653	$ 301,825,451

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, 2014

Exhibit C

	General Fund	General Capital Projects Fund	Other Governmental Funds	Total Governmental Funds
Assets				
Cash and cash equivalents	$ 40,391	$ -	$ 1,974,751	$ 2,015,142
Investments	-	-	4,114,068	4,114,068
Equity in pooled cash and investments	12,589,705	14,102,229	16,374,683	43,066,617
Receivables	3,127,252	346,725	835,488	4,309,465
Due from other governments	114,093	88,074	138,071	340,238
Due from other funds	7,063,914	-	66,919	7,130,833
Inventories	292,046	-	-	292,046
Total Assets	$ 23,227,401	$ 14,537,028	$ 23,503,980	$ 61,268,409
Liabilities and Fund Balances				
Liabilities				
Accounts payable	$ 999,596	$ 428,707	$ 622,588	$ 2,050,891
Accrued expense/other payables	1,886,956	-	6,224	1,893,180
Due to other funds	43,370	411,000	28,051	482,421
Unearned revenue	-	-	525,555	525,555
Total Liabilities	2,929,922	839,707	1,182,418	4,952,047
Fund Balances				
Nonspendable				
Inventories	292,046	-	-	292,046
Restricted				
Debt service	-	-	5,958,470	5,958,470
Capital projects	-	13,697,321	14,953,666	28,650,987
Committed				
Economic development	-	-	1,309,426	1,309,426
Assigned	-	-	100,000	100,000
Unassigned	20,005,433	-	-	20,005,433
Total Fund Balances	20,297,479	13,697,321	22,321,562	56,316,362
Total Liabilities and Fund Balances	$ 23,227,401	$ 14,537,028	$ 23,503,980	$ 61,268,409

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, 2014

Exhibit D

Total Fund Balance - Governmental Funds	$ 56,316,362
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.	171,651,300
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	(48,205,000)
Compensated absences	(3,460,488)
Interest on long-term debt is accrued in the Statement of Net Position but not in the governmental funds.	(457,639)
Unearned revenue is reported in governmental funds but not in the Statement of Net Position.	525,553
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.	(1,539,290)
Net Position of Governmental Activities in the Statement of Net Position	$ 174,830,798

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, 2014

Exhibit E

	General Fund	General Capital Projects Fund	Other Governmental Funds	Total Governmental Funds
Revenues				
Taxes				
Property taxes	$ 2,571,480	$ -	$ 4,188,387	$ 6,759,867
Sales taxes	36,317,022	3,524,682	3,603,766	43,445,470
Other	730,489	-	407,020	1,137,509
Intergovernmental	2,289,701	759,608	1,484,966	4,534,275
Fees, commissions, and fines	675,131	-	-	675,131
Licenses and permits	2,980,016	-	-	2,980,016
Charges for services	349,191	-	429,247	778,438
Investment earnings	20,249	41,371	54,476	116,096
Miscellaneous	538,571	-	30,897	569,468
Total Revenues	46,471,850	4,325,661	10,198,759	60,996,270
Expenditures				
Current				
General government	13,079,941	-	504,250	13,584,191
Public safety	28,150,037	-	-	28,150,037
Public works	11,037,329	-	-	11,037,329
Community and economic development	-	-	1,253,731	1,253,731
Capital outlay	2,557,821	4,462,454	4,415,444	11,435,719
Debt service				
Principal	1,320,000	-	3,825,000	5,145,000
Interest and other charges	194,783	-	1,774,897	1,969,680
Total Expenditures	56,339,911	4,462,454	11,773,322	72,575,687
Excess (Deficiency) of Revenues over Expenditures	(9,868,061)	(136,793)	(1,574,563)	(11,579,417)
Other Financing Sources (Uses)				
Transfers in	11,483,242	100,000	1,926,038	13,509,280
Transfers out	(1,977,216)	(412,054)	(2,084,702)	(4,473,972)
Bond issue costs	(9,750)	-	-	(9,750)
Proceeds from sale of assets	36,790	-	-	36,790
Total Other Financing Sources (Uses)	9,533,066	(312,054)	(158,664)	9,062,348
Net Change in Fund Balances	(334,995)	(448,847)	(1,733,227)	(2,517,069)
Fund Balances, Beginning of Year	20,632,474	14,146,168	24,054,789	58,833,431
Fund Balances, End of Year	$ 20,297,479	$ 13,697,321	$ 22,321,562	$ 56,316,362

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, 2014

Exhibit F

Net Change in Fund Balances - Total Governmental Funds	$ (2,517,069)
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	7,217,539
Depreciation included in the Statement of Activities	(7,661,477)
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	5,145,000
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	29,698
Unearned revenue	(31,249)
Compensated absences	303,801
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.	(2,560,736)
Change in Net Position of Governmental Activities	$ (74,493)

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

City of Alexandria
Alexandria, Louisiana
Statement of Net Position
Proprietary Funds
April 30, 2014

Exhibit G

	Enterprise Funds			
	Utilities System	Other Enterprise Funds	Total	Internal Service Funds
Assets				
Current Assets				
Cash and cash equivalents	$ 3,369,747	$ 107,613	$ 3,477,360	$ 2,342
Investments	3,000,000	-	3,000,000	-
Equity in pooled cash and investments	4,797,980	3,994,822	8,792,802	8,073,090
Receivables (net of allowances for uncollectible)	12,079,257	250,841	12,330,098	68,916
Due from other funds	14,898	36,199	51,097	-
Due from other governments	274,021	234,270	508,291	-
Inventories	3,937,635	-	3,937,635	-
Prepaid expenses/other assets	-	-	-	113,180
Total Current Assets	27,473,538	4,623,745	32,097,283	8,257,528
Non-Current Assets				
Restricted equity in pooled cash and investments	106,965,563	-	106,965,563	-
Capital assets				
Land and improvements	1,698,084	1,090,965	2,789,049	-
Construction in progress	19,493,715	3,288,205	22,781,920	-
Property, plant and equipment	285,517,720	24,380,644	309,898,364	12,041
Less accumulated depreciation	(155,887,618)	(11,651,527)	(167,539,145)	(12,041)
Total Non-Current Assets	257,787,464	17,108,287	274,895,751	-
Total Assets	285,261,002	21,732,032	306,993,034	8,257,528
Deferred Outflows of Resources				
Unamortized bond refunding charges	1,485,706	-	1,485,706	-
Liabilities				
Current Liabilities				
Bank overdraft	-	-	-	10,381
Accounts payable	4,663,513	186,528	4,850,041	43,316
Salaries payable	697,388	206,263	903,651	3,266
Due to other funds	5,705,842	993,198	6,699,040	471
Compensated absences	211,043	57,810	268,853	-
Estimated liability for claims incurred	-	-	-	4,524,976
Accounts and contracts payable	1,879,584	-	1,879,584	-
Interest	2,727,114	-	2,727,114	-
Revenue bonds	165,000	-	165,000	-
Total Current Liabilities	16,049,484	1,443,799	17,493,283	4,582,410
Non-Current Liabilities				
Compensated absences	1,195,908	327,589	1,523,497	24,876
Customer guaranteed deposits	4,938,233	-	4,938,233	-
Estimated liability for claims incurred	-	-	-	3,663,632
Post employment benefit obligation	-	-	-	1,525,900
Revenue bonds	157,529,074	-	157,529,074	-
Total Non-Current Liabilities	163,663,215	327,589	163,990,804	5,214,408
Total Liabilities	179,712,699	1,771,388	181,484,087	9,796,818
Net Position				
Net investment in capital assets	92,041,903	17,108,287	109,150,190	-
Restricted for debt service	6,233,787	-	6,233,787	-
Restricted for capital additions and contingencies	1,000,000	-	1,000,000	-
Unrestricted	7,758,319	2,852,357	10,610,676	(1,539,290)
Total Net Position	$ 107,034,009	$ 19,960,644	$ 126,994,653	$ (1,539,290)

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, 2014

Exhibit H

	Enterprise Funds			
	Utilities System	Other Enterprise Funds	Total	Internal Service Funds
Operating Revenues				
Charges for services	$ 96,969,990	$ 6,632,337	$ 103,602,327	$ 11,107,509
Miscellaneous	203,952	12,073	216,025	394,244
Total Operating Revenues	97,173,942	6,644,410	103,818,352	11,501,753
Operating Expenses				
Electricity and natural gas purchases	53,578,607	-	53,578,607	-
Personnel costs	13,105,502	4,657,403	17,762,905	68,890
Contractual and professional services	1,671,948	118,182	1,790,130	1,253,837
Disposal costs	-	1,112,794	1,112,794	-
Utilities	1,557,647	497,033	2,054,680	-
Repairs and maintenance	6,381,328	213,380	6,594,708	-
Vehicle expense	660,030	1,297,054	1,957,084	-
Other supplies and expenses	3,286,086	421,218	3,707,304	43,456
Miscellaneous expenses	13,422	206,882	220,304	1,839
Payments in lieu of insurance	1,232,558	313,536	1,546,094	-
Insurance, claims, and related expenses	-	-	-	13,315,760
Depreciation	7,073,879	1,152,779	8,226,658	-
Total Operating Expenses	88,561,007	9,990,261	98,551,268	14,683,782
Operating Income (Loss)	8,612,935	(3,345,851)	5,267,084	(3,182,029)
Nonoperating Revenues (Expenses)				
Investment earnings	93,144	6,627	99,771	23,793
Operating grants and contributions	-	1,181,726	1,181,726	-
Interest expense	(2,986,972)	-	(2,986,972)	-
Gain (loss) on sale of assets	20,811	2,632	23,443	-
Total Nonoperating Revenues (Expenses)	(2,873,017)	1,190,985	(1,682,032)	23,793
Income (Loss) Before Contributions and Transfers	5,739,918	(2,154,866)	3,585,052	(3,158,236)
Transfers in	145,125	3,462,533	3,607,658	597,500
Transfers out	(11,152,551)	(2,087,915)	(13,240,466)	-
Capital contributions	-	580,570	580,570	-
Bond issuance premium	1,627,635	-	1,627,635	-
Change in Net Position	(3,639,873)	(199,678)	(3,839,551)	(2,560,736)
Total Net Position - Beginning of Year	110,673,882	20,160,322	130,834,204	1,021,446
Total Net Position - End of Year	$ 107,034,009	$ 19,960,644	$ 126,994,653	$ (1,539,290)

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, 2014

Exhibit I
(Continued)

	Enterprise Funds			
	Utilities System	Other Enterprise Funds	Total Enterprise Funds	Internal Service Funds
Cash Flows from Operating Activities				
Receipts from customers	$ 95,807,429	$ 6,636,103	$ 102,443,532	$ 2,698,739
Internal activity - receipts from other funds	1,547,792	-	1,547,792	8,776,840
Other receipts	164,053	-	164,053	-
Payments for personnel costs	(13,085,049)	(4,239,248)	(17,324,297)	(67,070)
Payments to vendors and others	(64,030,056)	(2,089,298)	(66,119,354)	(12,579,279)
Internal activity - payments to other funds	(3,352,321)	(2,609,990)	(5,962,311)	(2,253)
Net Cash Provided (Used) by Operating Activities	17,051,848	(2,302,433)	14,749,415	(1,173,023)
Cash Flows from Noncapital Financing Activities				
Bank overdraft	-	(48,614)	(48,614)	10,381
Operating grants and subsidies	-	1,132,259	1,132,259	-
Transfers between funds	(10,281,622)	3,085,983	(7,195,639)	597,882
Net Cash Provided (Used) by Noncapital Financing Activities	(10,281,622)	4,169,628	(6,111,994)	608,263
Cash Flows from Capital and Related Financing Activities				
Proceeds from capital debt	149,509,004	-	149,509,004	-
Capital grants	(139,300)	580,570	441,270	-
Interest received on construction funds	31,064	-	31,064	-
Proceeds from sale of capital assets	20,811	2,633	23,444	-
Acquisition or construction of capital assets	(44,850,224)	(896,588)	(45,746,812)	-
Principal paid on capital debt	(27,597,000)	-	(27,597,000)	-
Interest paid on capital debt	(2,327,362)	-	(2,327,362)	-
Bond issuance premium	1,627,635	-	1,627,635	-
Net Cash Provided (Used) by Capital and Related Financing Activities	76,274,628	(313,385)	75,961,243	-
Cash Flows from Investing Activities				
Net change in equity in pooled cash and investments	(84,246,293)	(1,620,658)	(85,866,951)	489,329
Interest received on operating funds	62,082	6,627	68,709	23,793
Net Cash Provided (Used) by Investing Activities	(84,184,211)	(1,614,031)	(85,798,242)	513,122
Net Increase (Decrease) in Cash and Cash Equivalents	(1,139,357)	(60,221)	(1,199,578)	(51,638)
Cash and Cash Equivalents, Beginning of Year	4,509,104	167,834	4,676,938	53,980
Cash and Cash Equivalents, End of Year	$ 3,369,747	$ 107,613	$ 3,477,360	$ 2,342

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, 2014

Exhibit I
(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)	$ 8,612,935	$ (3,345,851)	$ 5,267,084	$ (3,182,029)
Adjustments to Reconcile Operating Income (Loss) to Net Cash Provided (Used) by Operating Activities:				
Depreciation	7,073,879	1,152,779	8,226,658	-
Changes in assets and liabilities				
Receivables	181,279	(8,307)	172,972	(26,174)
Inventories	(407,977)	-	(407,977)	-
Accounts payable	1,407,226	(125,640)	1,281,586	26,071
Accrued expenses and other current liabilities	94,988	3,097	98,085	289
Estimated liability for claims incurred	-	-	-	1,803,249
Post employment benefit obligation	-	-	-	204,040
Compensated absences	(74,535)	21,489	(53,046)	1,531
Customer guaranteed deposits	164,053	-	164,053	-
Net Cash Provided (Used) by Operating Activities	$ 17,051,848	$ (2,302,433)	$ 14,749,415	$ (1,173,023)

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, 2014

Exhibit J

	Pension Trust Funds		
	City Employees' Retirement System (12/31/13)	Firemen's Pension and Relief Fund (4/30/14)	Total
Assets			
Cash and cash equivalents	$ 5,906,784	$ 12,069	$ 5,918,853
Receivables			
Interest and dividends	677,879	-	677,879
Investments, at fair value			
Corporate bonds	37,425,744	-	37,425,744
Corporate stocks	87,428,540	-	87,428,540
U.S. Government agency notes	1,230,574	-	1,230,574
Zero coupon treasury receipts	2,974,716	-	2,974,716
GNMA notes	15,257	-	15,257
Certificate of deposit	-	97,052	97,052
Total Investments	129,074,831	97,052	129,171,883
Capital assets			
Furniture, fixtures and equipment-net	525	-	525
Total Capital Assets	525	-	525
Total Assets	135,660,019	109,121	135,769,140
Liabilities			
Payroll taxes withheld	600	-	600
Total Liabilities	600	-	600
Net Position			
Held in trust for pension benefits	$ 135,659,419	$ 109,121	$ 135,768,540

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

Exhibit K

	Pension Trust Funds		
	City Employees' Retirement System (12/31/13)	Firemen's Pension and Relief Fund (4/30/14)	Total
Additions			
Contributions			
Employer	$ 4,773,338	$ 21,500	$ 4,794,838
Plan members	1,679,195	-	1,679,195
Purchased service, transfers, etc.	554,010	-	554,010
Total Contributions	7,006,543	21,500	7,028,043
Investment earnings			
Net appreciation (depreciation) in fair value of investments	12,992,297	-	12,992,297
Interest	1,928,760	105	1,928,865
Dividends	1,908,897	-	1,908,897
Total Investment Earnings	16,829,954	105	16,830,059
Total Additions	23,836,497	21,605	23,858,102
Deductions			
Plan benefits	7,869,240	19,325	7,888,565
DROP benefits	669,174	-	669,174
Refunds/transfers of contributions	383,634	-	383,634
Miscellaneous	-	700	700
Administrative	142,308	-	142,308
Total Deductions	9,064,356	20,025	9,084,381
Change in Net Position	14,772,141	1,580	14,773,721
Net Position, Beginning of Year	120,887,278	107,541	120,994,819
Net Position, End of Year	$135,659,419	$ 109,121	$135,768,540

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 Position"* and *"Statement of Activities"*, report information on all of the non-fiduciary activities of the primary government. Governmental 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 taken by the City to establish or rescind committed funds is through 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 a 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. Adopted budgets are 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

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 in governmental and business-type activities consisted of cash in interest-bearing demand deposits totaling $59,932,508. 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 totaling $7,114,068. 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, 2013, the City of Alexandria Employees' Retirement System (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	$37,425,744	$ -	$ 2,053,269	$ 5,421,545	$ 29,950,930
Zero coupon treasury receipts	2,974,716	-	-	2,974,716	-
GMNA notes	15,257	-	12,764	2,493	-
U.S. government agency notes	1,230,574	-	-	-	1,230,574
Total interest-bearing	$41,646,291	$ -	$ 2,066,033	$ 8,398,754	$ 31,181,504
Common stocks	85,163,876				
Preferred stocks	2,264,664				
	$129,074,831				

Interest Rate Risk: The 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 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 System may invest in corporate stocks and bonds. The 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 Investor Services. Moody's Investor Services credit ratings of the System's corporate bonds are summarized below. Due to the extraordinary market conditions experienced during the past several years, 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	$ 35,270,238
Baa	5,055,835
Less than Baa	1,320,218
	$ 41,646,291

Custodial Credit Risk: The custodial credit risk for investments is the risk that, in the event of 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 of the System's investments are held by the System or its agents in the System's name.

3. Receivables

Receivables as shown in the fund financial statements, at April 30, 2014, consist of the following:

	Governmental Funds	Proprietary Funds	Internal Service Funds	Totals
Receivables				
Taxes - sales	$ 3,084,722	$ -	$ -	$ 3,084,722
Accounts				
Uncollected cycle billings	-	8,307,740	-	8,307,740
Estimated unbilled services	-	5,144,764	-	5,144,764
Interest	104	7	-	111
Other	1,224,639	77,587	68,916	1,371,142
Gross receivables	4,309,465	13,530,098	68,916	17,908,479
Allowance for uncollectibles	-	(1,200,000)	-	(1,200,000)
Net receivables	4,309,465	12,330,098	68,916	16,708,479
Intergovernmental				
Federal	60,197	216,597	-	276,794
State	280,041	291,695	-	571,736
Local	-	-	-	-
Total Intergovernmental	340,238	508,292	-	848,530
Total Receivables	$ 4,649,703	$ 12,838,390	$ 68,916	$ 17,557,009

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, 2014, taxes of 18.08 mills were levied on property with assessed values totaling $372,299,033 and were dedicated as follows:

Streets and drainage	11.25 mills
General purpose	6.83 mills

Total taxes levied were $6,731,197 of which a balance of $-0- representing current taxes (net of allowance for uncollectibles) remained uncollected at April 30, 2014.

Receivables arising from utility services provided to customers consist of uncollected billings rendered to customers on monthly cycles and estimated services provided to customers between billing cycles. The allowance for uncollectible accounts includes $1,200,000, which represents the projected uncollectible utility accounts at April 30, 2014.

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, 2014, consist of the following:

Receivable Fund	Payable Fund	Amount
General	Home Investment Partnership Program	$ 84
General	General Capital Projects	411,000
General	Neighborhood Stabilization	4,417
General	Utilities System	5,669,642
General	Sanitation	198,344
General	Zoological Park	441,855
General	Golf Course	7,420
General	Municipal Bus Line	330,681
General	Risk Management	471
Community Development Block	General	32,792
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		7,130,833
Utilities System	Municipal Bus Line	74
Sanitation	Utilities System	36,199
Utilities System	Sanitation	8,975
Utilities System	Golf Course	5,849
Total Enterprise Funds		51,097
Total Due From/To Other Funds		$ 7,181,930

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, 2014, shown in the fund financial statements were as follows:

Transfers in	Transfers out	Amount
General	Utilities System	$ 8,970,788
General	General Capital Projects	411,000
General	Sanitation	608,787
General	Municipal Bus Line	592,804
General	Zoological Park	684,757
General	Golf Course	56,442
General	Pre-Trial Intervention	158,664
General Capital Projects	Utilities System	100,000
Debt Service	General Capital Projects '08 ST Bonds	1,926,038
Total Governmental Funds		13,509,280
Utilities System	Sanitation	114,959
Utilities System	Municipal Bus Line	30,166
Municipal Bus Line	General Capital Projects	1,054
Municipal Bus Line	Utilities System	1,484,263
Golf Course	General	178,850
Zoological Park	General	1,798,366
Total Enterprise Funds		3,607,658
Employee Benefits Insurance	Utilities System	597,500
Total Internal Service Funds		597,500
Total Transfers		$ 17,714,438

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, 2014, restricted assets of the Utility System Enterprise Fund consist of equity in pooled cash and investments totaling $106,965,563 as follows:

Revenue bond current debt service	$ 2,892,114
Customers' deposits	4,938,233
Special projects	150,000
Deposits - MISO	496,234
Revenue bond reserve	64,047
Revenue bond reserve	475,063
Revenue bond capital additions and contingencies	1,000,000
Utilities capital projects - unexpended bond funds	87,131,285
Utilities capital projects - other	9,818,587
	$106,965,563

6. Capital Assets and Depreciation

Capital asset activity for the year ended April 30, 2014, was as follows:

	Balance May 1, 2013	Increases	Decreases	Balance April 30, 2014
Governmental Activities				
Capital Assets not Being Depreciated				
Land and land improvements	$ 14,261,292	$ -	$ -	$ 14,261,292
Construction and Infrastructure in progress	14,857,142	4,415,196	(6,517,085)	12,755,253
Total Capital Assets not Being Depreciated	29,118,434	4,415,196	(6,517,085)	27,016,545
Other Capital Assets				
Buildings and improvements	95,957,656	3,514,857	(63,940)	99,408,573
Furniture and fixtures	811,851	-	(3,844)	808,007
Equipment	13,088,909	897,546	(157,013)	13,829,442
Vehicles	12,529,071	1,110,696	(653,930)	12,985,837
Infrastructure	118,665,282	3,860,788	-	122,526,070
Total Other Capital Assets	241,052,769	9,383,887	(878,727)	249,557,929
Accumulated Depreciation				
Buildings and improvements	(36,244,233)	(2,499,775)	63,940	(38,680,068)
Furniture and fixtures	(805,904)	-	2,026	(803,878)
Equipment	(9,973,492)	(871,246)	94,373	(10,750,365)
Vehicles	(9,762,882)	(760,566)	653,929	(9,869,519)
Infrastructure	(41,289,454)	(3,529,890)	-	(44,819,344)
Total Accumulated Depreciation	(98,075,965)	(7,661,477)	814,268	(104,923,174)
Other Capital Assets, Net	142,976,804	1,722,410	(64,459)	144,634,755
Net Capital Assets	$ 172,095,238	$ 6,137,606	$(6,581,544)	$171,651,300

Depreciation was charged to functions as follows:

Governmental Activities	
General government	$ 1,858,556
Public safety	836,693
Public works	4,966,228
Total Depreciation Expense for Governmental Activities	$ 7,661,477

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.

Estimated useful lives are as follows:	
Streets	40 years
Drainage	25 years
Traffic signals	25 years

	Balance May 1, 2013	Increases	Decreases	Balance April 30, 2014
Business-Type Activities				
Capital Assets not Being Depreciated				
Land	$ 2,789,049	$ -	$ -	$ 2,789,049
Construction in progress	11,823,423	15,229,433	(4,270,936)	22,781,920
Total Capital Assets not Being Depreciated	14,612,472	15,229,433	(4,270,936)	25,570,969
Other Capital Assets				
Plant and equipment	255,434,698	32,252,076	(97,258)	287,589,516
Buildings and improvements	6,231,847	704,682	-	6,936,529
Vehicles and buses	13,528,136	961,811	(555,204)	13,934,743
Furniture, fixtures and equipment	1,609,523	8,807	(180,753)	1,437,577
Total Other Capital Assets	276,804,204	33,927,376	(833,215)	309,898,365
Accumulated Depreciation				
Plant and equipment	(146,854,558)	(6,837,105)	97,258	(153,594,405)
Buildings and improvements	(3,176,404)	(177,615)	-	(3,354,019)
Vehicles and buses	(8,630,519)	(1,168,796)	555,204	(9,244,111)
Furniture, fixtures and equipment	(1,484,222)	(43,142)	180,753	(1,346,611)
Total Accumulated Depreciation	(160,145,703)	(8,226,658)	833,215	(167,539,146)
Other Capital Assets, Net	116,658,501	25,700,718	-	142,359,219
Net Capital Assets	$ 131,270,973	$40,930,151	$ (4,270,936)	$167,930,188

Depreciation was charged to functions as follows:

Business-Type Activities	
Electricity	$ 2,797,146
Natural gas	1,364,840
Water	1,184,412
Wastewater	1,727,480
Municipal bus line	527,418
Sanitation	249,832
Municipal zoo	142,092
Municipal golf course	233,438
Total Depreciation Expense for Business-Type Activities	$ 8,226,658

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	$ 127,773,735	$ 14,528,964	$ 37,239,584	None
Water	13,226,567	3,974,931	975,666	None
Gas	2,457,214	1,772,058	82,889	None
Wastewater	8,954,807	2,701,248	138,897	None
General and administrative	2,539,124	161,886	184,940	None
	$ 154,951,447	$ 23,139,087	$ 38,621,976	

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, 2014. 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 $7,673,589 as of April 30, 2014, 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, 2014, were as follows:

Balance, beginning of the year	$ 5,966,371
Current year claims and changes in estimates	4,248,531
Claims payments	(2,541,313)
Balance, end of the year	$ 7,673,589

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 $515,019 reported in the Fund at April 30, 2014, 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, 2014, were as follows:

Balance, beginning of the year	$ 418,988
Current year claims and changes in estimates	6,853,361
Claims payments	(6,757,330)
Balance, end of the year	$ 515,019

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, 2014, claim payments of $6,842 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, 2014, 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, 2014, follows:

	Maturity Dates	Interest Rates	Business-type Activities	Governmental Activities
Governmental activities				
General Obligation				
Sales tax revenue bonds				
2004 Issue	2014 - 2024	2.75 - 4.20	$	$ 9,770,000
2008 Series	2014 - 2028	3.50 - 5.00		20,730,000
Ad valorem tax bonds				
Series 2004-Refunded G.O. Bonds	2014 - 2016	2.00 - 3.75		1,210,000
Series 2012 – Refunded 1998 C	2014 - 2021	.75 - 2.52		9,455,000
Limited tax bonds - series 2008	2014 - 2018	3.50 - 4.00		7,040,000
Compensated absences				3,460,488
Risk Management Claims				8,188,608

	Maturity Dates	Interest Rates	Business-type Activities	Governmental Activities
Business-type activities				
Enterprise Funds				
Utilities System revenue bonds				
2013A refunding 2004A	2014 - 2014	2.00 - 5.00	9,420,000	
2013B refunding 2004B	2014 - 2024	0.95 - 4.53	13,720,000	
2013A capital improvements	2024 - 2043	4.00 - 5.00	96,150,000	
Series 2014	2016 - 2043	2.00 - 5.00	28,075,000	
State Revolving loan funds				
Series 2010	2014 - 2030	2.95	2,875,000	
Series 2011	2014 - 2030	2.95	4,869,980	
Series 2012	2014 - 2026	.45	2,584,094	
Customer guaranteed deposits			4,938,233	
Compensated absences			1,792,350	
Totals			164,424,657	59,854,096
Current portion			(433,853)	(10,159,049)
Totals			$ 163,990,804	$ 49,695,047

During the year ended April 30, 2014, the following changes occurred in governmental activities long-term liabilities:

	Balance May 1, 2013	Additions	(Reductions)	Balance April 30, 2014
Governmental Activities Long-Term Debt				
Sales tax bonds	$ 32,175,000	$ -	$ (1,675,000)	$ 30,500,000
Ad valorem tax bonds	20,150,000	-	(2,445,000)	17,705,000
Certificates of indebtedness	1,025,000	-	(1,025,000)	-
Compensated absences - net	3,764,289	-	(303,801)	3,460,488
Risk management claims - net	6,385,359	1,803,249	-	8,188,608
Totals	$ 63,499,648	$ 1,803,249	$ (5,448,801)	$ 59,854,096

	Balance April 30, 2014	Due within one year	Due in more than one year
Governmental Activities Long-Term Debt			
Sales tax bonds	$ 30,500,000	$ 1,755,000	$ 28,745,000
Ad valorem tax bonds	17,705,000	3,360,000	14,345,000
Compensated absences - net	3,460,488	519,073	2,941,415
Risk management claims - net	8,188,608	4,524,976	3,663,632
Totals	$ 59,854,096	$ 10,159,049	$ 49,695,047

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
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	3,310,000	1,086,088	4,396,088
2020-2024	15,980,000	3,638,694	19,618,694
2025-2029	8,560,000	1,100,972	9,660,972
	$ 48,205,000	$ 11,956,550	$ 60,161,550

During the year ended April 30, 2014, the following changes occurred in business-type activities long-term liabilities:

	Balance May 1, 2013	Additions	(Reductions)	Balance April 30, 2014
Business-Type Activities Long-Term Debt				
Revenue bonds	$ 35,612,070	$149,509,004	$ (27,427,000)	$ 157,694,074
Certificates of indebtedness	170,000	-	(170,000)	-
Compensated absences - net	1,845,397	-	(53,047)	1,792,350
Customer guaranteed deposits - net	4,774,180	164,053	-	4,938,233
Totals	$ 42,401,647	$149,673,057	$ (27,650,047)	$ 164,424,657

	Balance April 30, 2014	Due within one year	Due in more than one year
Business-Type Activities Long-Term Debt			
Revenue bonds	$157,694,074	$ 165,000	$ 157,529,074
Compensated absences- net	1,792,350	268,853	1,523,497
Customer guaranteed deposits- net	4,938,233	-	4,938,233
Totals	$164,424,657	$ 433,853	$ 163,990,804

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
2015	$ 165,000	$ 6,103,952	$ 6,268,952
2016	2,754,000	6,991,559	9,745,559
2017	3,111,000	6,935,003	10,046,003
2018	3,183,000	6,861,993	10,044,993
2019	3,270,000	6,774,495	10,044,495
2020-2024	18,194,000	32,035,494	50,229,494
2025-2029	21,590,094	28,045,103	49,635,197
2030-2034	25,631,980	22,927,210	48,559,190
2035-2039	34,970,000	15,621,388	50,591,388
2040 +	44,825,000	5,770,756	50,595,756
	$157,694,074	$ 138,066,953	$ 295,761,027

On September 30, 2013, the City issued $9,420,000 in Utilities Revenue Refunding Bonds, Series 2013A, with an average interest rate of 2.22% and $13,720,000 in Taxable Utilities Revenue Refunding Bonds, Series 2013B, with an average interest rate of 1.81%, to advance refund $24,290,000 of outstanding Utility Revenue Bonds, Series 2004, with an average interest rate of 2.33%. The net proceeds of $23,676,325 (including an original issue premium of $721,445 and after payment of $185,120 in underwriting fees and other issuance costs) were deposited in an irrevocable trust with an escrow agent to provide for redemption of $24,290,000 of outstanding Utility Revenue Bonds, Series 2004, on May 1, 2014. As a result, $24,290,000 of the Utility Revenue Bonds, Series 2004, are considered to be defeased and the liability for those bonds has been removed from the Utilities System Fund statement of net position.

The City completed the advance refunding to reduce its total debt service payments over the next 20 years by $2,328,680. The advanced refunding resulted in an economic loss (difference between the present values of the old and new debt service payments) of $49,256.

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 $1,579,018 is recognized as intergovernmental revenue in the General Fund and as expenditures in the following public safety departments:

Police	$ 918,033
Fire	660,985
	$ 1,579,018

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	$ 14,898
Other current assets	27,458,640
Noncurrent assets	
Restricted equity in pooled cash and investments	106,965,563
Capital assets	150,821,901
Total Assets	285,261,002

	Utilities System
Deferred Outflow of Resources	
Unamortized bond refunding charges	1,485,706
Liabilities	
Current liabilities	
Due to other funds	5,705,842
Other current liabilities	5,571,944
Liabilities payable from restricted assets	4,771,698
Noncurrent liabilities	163,663,215
Total Liabilities	179,712,699
Net Position	
Invested in capital assets, net of related debt	92,041,903
Restricted	7,233,787
Unrestricted	7,758,319
Total Net Position	$ 107,034,009
Condensed Statement of Revenues, Expenses and Changes in Net Position	
Operating revenues (operating revenues are pledged against revenue bonds)	$ 97,173,942
Operating expenses	
Depreciation	(7,073,879)
Other	(81,487,128)
Operating income (loss)	8,612,935
Nonoperating revenues (expenses)	
Investment income	93,144
Gain (loss) on sale of assets	20,811
Interest expense and fiscal charges	(2,986,972)
Transfers in (out)	(11,007,426)
Bond issuance premium	1,627,635
Change in Net Position	(3,639,873)
Net Position, beginning	110,673,882
Net Position, ending	$ 107,034,009
Condensed Statement of Cash Flows	
Net cash provided (used) by	
Operating activities	$ 17,051,848
Noncapital financing activities	(10,281,622)
Capital and related financing activities	76,274,628
Investing activities	(84,184,211)
Net increase	(1,139,357)
Cash and cash equivalents, beginning	4,509,104
Cash and cash equivalents, ending	$ 3,369,747

Segment information for the Utilities System Enterprise Fund for the fiscal year ended April 30, 2014, follows:

	Total	Electric	Gas	Water	Wastewater
Operating revenues	$97,173,942	$71,855,845	$ 13,237,681	$ 6,957,365	$ 5,123,051
Operating expenses					
Depreciation	(7,073,879)	(2,797,931)	(1,299,665)	(1,248,178)	(1,728,105)
Other	(81,487,128)	(53,387,430)	(14,172,665)	(5,954,779)	(7,972,254)
Operating income (loss)	$ 8,612,935	$15,670,484	$ (2,234,649)	$ (245,592)	$ (4,577,308)

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 of 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 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 one hundred twenty-five percent (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, 2014, 2013, and 2012, were $2,520,070, $2,705,994 and $2,176,798 respectively.

Firefighters' Retirement System of Louisiana (FRS)

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

Funding Policy and Annual Pension Costs. Members are currently required to contribute ten (10%) of their annual salary, including supplemental pay to the Plan. The City contributes an actuarially determined rate, presently at twenty-eight and one-fourth percent (28.25%) of the member's salary, including supplemental pay. The City's contributions to FRS, for the fiscal years ended April 30, 2014, 2013, and 2012, were $1,500,831, $1,385,096 and $1,404,511, respectively.

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

City of Alexandria Employees' Retirement System (COAERS)

Plan Description. Substantially all employees of the City, except firemen and policemen, become members of the COAERS as a condition of employment. The System provides retirement benefits, disability benefits, and survivors' benefits.

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

Benefit and contribution provisions are established by state statute and may be amended only by the Louisiana Legislature. COAERS issues a publicly available financial report that may be obtained by writing to the City of Alexandria Employees' Retirement System, P.O. Box 71, Alexandria, Louisiana 71309-0071.

Funding Policy and Annual Pension Cost. Covered employees are required by statute to contribute 10% of their salary to the System. The City is required by statute to contribute remaining amounts necessary to finance the System at an actuarially determined rate currently set at 27.04%. The City's contributions to COAERS, for the fiscal years ended April 30, 2014, 2013, and 2012 were $4,875,206, $4,584,161 and $5,033,392 respectively.

Firemen's Pension and Relief Fund (FPARF)

Plan Description. Effective May 1, 1993, the Fund merged into the statewide Firefighters' Retirement System (FRS). On this date, all retirees and survivors receiving benefits at April 30, 1993, transferred to the FRS.

In the event that a firefighter, hired prior to January 1, 1980, exercises their right to a 20 year retirement any time under the age of 50 and is not eligible to receive benefits from the state FRS, then the Fund shall provide benefits until that person is eligible for benefits under the FRS. In addition, the City of Alexandria and the Fund guaranteed that if a firefighter dies, retires, or becomes disabled subsequent to the merger, then the Fund shall pay to the firefighter, or the firefighter's survivors and/or beneficiaries, the difference, if any, where those benefits payable under the Fund prior to the merger exceed those benefits payable under the FRS.

Benefits and contribution provisions are established by state statute and may be amended only by the Louisiana Legislature. FPARF issues a publicly available financial report that may be obtained by writing to the Firemen's Pension and Relief Fund of the City of Alexandria, P. O. Box 71, Alexandria, Louisiana 71309-0071.

Funding Policy and Annual Pension Cost. Covered members are not required to contribute to the Fund. The City is required to contribute an amount sufficient to meet any deficit of the Fund without regard for reserve requirements accruing or having accrued on an actuarial basis. The City's contributions to FPARF for the years fiscal ended April 30, 2014, 2013, and 2012 were $21,500, $21,500 and $21,500 respectively.

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

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

	COAERS	FPARF
Contribution rate		
City	27.04%	n/a
Plan members	10.00%	n/a
Annual pension cost	$ 4,875,206	$ 21,500
Contributions made	$ 4,875,206	$ 21,500
Actuarial valuation date	12/31/13	n/a
Actuarial cost method	Frozen Entry Age Normal	n/a
Remaining amortization period	5 years	n/a
Asset valuation method	Five year smoothing for stocks. Other assets at amortized cost.	n/a
Actuarial assumptions		
Investment rate of return	7.75%	n/a
Projected salary increases	5.50%	n/a
Includes inflation rate of	3.00%	n/a
Includes merit raises at	2.50%	n/a
Cost of living adjustments	None	n/a

Three Year Trend Information
City of Alexandria Employees' Retirement System

Year Ending	Annual Pension Cost (APC)	Percentage of APC Contributed	Net Pension Obligation
04/30/14	$ 4,875,206	100%	$ -
04/30/13	4,584,161	100	-
04/30/12	4,915,468	100	-

Firemen's Pension and Relief Fund

Year Ending	Annual Pension Cost (APC)	Percentage of APC Contributed	Net Pension Obligation
04/30/14	$ 21,500	100%	$ -
04/30/13	21,500	100	-
04/30/12	21,500	100	-

17. Defined Contribution Pension Plan

The City sponsors a defined contribution plan (the Plan) available to unclassified employees who elect to participate. The Plan is administered by a third party administrator. The City's covered payroll for employees participating in the Plan for the current year was $1,263,949. Employer contributions for the fiscal year were $172,046 or approximately thirteen and sixty-one hundredths percent (13.61%). Employees do not contribute to the plan.

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

18. Post-employment benefits

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

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

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

Fund Policy - Until 2008, the City of Alexandria recognized the cost of providing post-employment medical benefits (the City of Alexandria's portion of the retiree medical benefit premiums) as an expense when the benefit premiums were due and thus financed the cost of the post-employment benefits on a pay-as-you-go basis. In 2014 and 2013, the City of Alexandria's portion of health care funding cost for retired employees totaled $344,649 and $319,119, respectively.

Effective May 1, 2008, the City of Alexandria implemented Government Accounting Standards Board Statement Number 45, *Accounting and Financial Reporting by Employers for Post employment Benefits Other than Pensions* (GASB 45). This amount was applied toward the Net OPEB Benefit Obligation as shown in the following table.

Annual Required Contribution - The City of Alexandria's Annual Required Contribution (ARC) is an amount actuarially determined in accordance with GASB 45. The ARC is the sum of the Normal Cost plus the contribution to amortize the Unfunded Actuarial Accrued Liability (UAAL). A level dollar, open amortization period of 30 years (the maximum amortization period allowed by GASB 43/45) has been used for the post-employment benefits. The actuarially computed ARC is as follows:

	2014	2013
Normal cost	$ 196,223	$ 188,676
30 year UAL amortization amount	376,035	361,572
Annual required contribution (ARC)	$ 572,258	$ 550,248

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

	2014	2013
Beginning Net OPEB Obligation	$ 1,321,860	$ 1,110,532
Annual required contribution	572,258	550,248
Interest on Net OPEB Obligation	52,874	44,421
ARC Adjustment	(76,443)	(64,222)
OPEB Cost	548,689	530,447
Contribution	-	-
Current year retiree premium	(344,649)	(319,119)
Change in Net OPEB Obligation	204,040	211,328
Ending Net OPEB Obligation	$ 1,525,900	$ 1,321,860

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

Fiscal Year Ended	Annual OPEB Cost	Percentage of Annual Cost Contributed	Net OPEB Liability (Asset)
April 30, 2014	$ 548,689	62.81%	$ 1,525,900
April 30, 2013	$ 530,447	60.16%	$ 1,321,860

Funded Status and Funding Progress - In 2014 and 2013, the City of Alexandria made no contributions to its post employment benefits plan. The plan is not funded, has no assets, and hence has a funded ratio of zero. Based on the May 1, 2012 actuarial valuation, the most recent valuation, the Actuarial Accrued Liability (AAL) at the end of the year April 30, 2014 was $6,502,496 which is defined as that portion, as determined by a particular actuarial cost method (the City of Alexandria uses the Projected Unit Credit Cost Method), of the actuarial present value of post employment plan benefits and expenses which is not provided by normal cost.

	2014	2013
Actuarial Accrued Liability (AAL)	$ 6,502,496	$ 6,252,400
Actuarial Value of Plan Assets (AVP)	-	-
Unfunded Actuarial Accrued Liability (UAAL)	$ 6,502,496	$ 6,252,400
Funded Ratio (AVP/AAL)	0.00%	0.00%
Covered Payroll (active plan members)	$ 38,442,579	$ 32,860,687
UAAL as a percentage of covered payroll	16.91%	19.03%

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

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

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

Actuarial Value of Plan Assets - There are not any plan assets. It is anticipated that in future valuations, should funding take place, a smoothed market value consistent with Actuarial Standards Board ASOP 6, as provided in paragraph number 125 of GASB Statement 45.

Turnover Rate - An age-related turnover scale based on actual experience has been used. The rates, when applied to the active employee census, produce a composite average annual turnover of approximately 10%. It has also been assumed that 40% of future eligible retirees will decline coverage because of the high retiree contributions required.

Post employment Benefit Plan Eligibility Requirements - Based on past experience, it has been assumed that entitlement to benefits will commence three years after the earliest retirement eligibility, as described above under "Plan Description". Medical benefits are provided to employees upon actual retirement.

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

Health Care Cost Trend Rate - The expected rate of increase in medical cost is based on a graded schedule beginning with 8% annually, down to an ultimate annual rate of 5.0% for ten years out and later.

Mortality Rate - The 1994 Group Annuity Reserving (94GAR) table, projected to 2002, based on a fixed blend of 50% of the unloaded male mortality rates and 50% of the unloaded female mortality rates, is used. This is a recently published mortality table which has been used in determining the value of accrued benefits in defined benefit pension plans. Projected future mortality improvement has not been used since it is our opinion that this table contains sufficiently conservative margin for the population involved in this valuation.

Method of Determining Value of Benefits - The "value of benefits" has been assumed to be the portion of the premium after retirement date expected to be paid by the employer for each retiree and has been used as the basis for calculating the actuarial present value of OPEB benefits to be paid. The City pays a portion of the retiree premium (based on the blended active/retired rate) before Medicare

eligibility, but does not pay any portion of the premium after the retiree's eligibility for Medicare (age 65). Since GASB 45 mandates that "unblended" rates applicable to the coverage provided to retirees be used, we have estimated the "unblended" rates for retirees before Medicare eligibility. It has been assumed that the total retiree rate before Medicare eligibility is 130% of the total blended active/retired rate.

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

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

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

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

	OPEB Cost and Contributions		
	FY 2012	FY 2013	FY 2014
OPEB Cost	$ 575,084	$ 530,447	$ 548,689
Contribution	-	-	-
Retiree Premium	276,872	319,119	344,649
Total contribution and premium	276,872	319,119	344,649
Change in net OPEB obligation	$ 298,212	$ 211,328	$ 204,040
% of contribution to cost	0.00%	0.00%	0.00%
% of contribution plus premium to cost	48.14%	60.16%	62.81%

19. Leases

City as Lessee

On March 29, 1995, the City entered into a lease agreement with the England Economic and Industrial Development District (EEIDD) to lease the natural gas, water, and wastewater systems located within the England Airpark. The term of the lease is for twenty (20) years beginning March 29, 1995 and ending March 28, 2015. The lease agreement provides that the City shall pay the EEIDD as rent under the lease five percent (5%) of gross charges for services billed to customers located within the Airpark boundaries including gross charges billed to the EEIDD. Lease payments are due to the EEIDD on May 15th and November 15th. It is not possible to determine the future minimum rental payments due under this lease. During the current period, the City paid EEIDD $42,482, under the terms of the lease representing fiscal year ended April 30, 2014 obligations.

On February 24, 2012, the City of Alexandria agreed to lease equipment from Wells Fargo Financial Leasing, Inc., for the sum of $11,373 payable on the 30th day of each month for 49 consecutive months. The lease term will end on April 30, 2016.

On July 7, 2012, the City of Alexandria agreed to lease from the Community Receiving Home, Inc. 74.92 acres for the sum of $125 per acre or $9,365 payable on the 15th day of May annually. The rent will increase by 2.75% annually for the term of the lease which will expire on September 31, 2031. The term commenced on September 15, 2011.

Annual lease payments total $157,731 for the current fiscal year.

Year ending April 30,	
2015	$ 146,630
2016	135,537
2017	10,725
2018	11,020
2019	11,324
2020-2024	61,463
2025-2029	70,392
2030-2031	30,942
	$ 478,033

City as Lessor

On April 6, 2012, the City of Alexandria entered into a formal lease agreement with Sutherland Global Services, Inc. to lease 41,293 square feet of the building located at Power Center Mall, Alexandria, Louisiana. This lease shall be for a term of seven years commencing on April 13, 2012 and ending on April 12, 2019, subject, however, to earlier termination as provided in this lease. The carrying amount of the leased space is approximately $2,730,040. Total income from this lease totaled $144,526 for the current fiscal year.

Future minimum rentals to be received in the future under non-cancelable leases are:

2015	$ 144,526
2016	144,526
2017	144,526
2018	144,526
2019	144,526
	$ 722,630

20. Compensation Paid to Members of the City Council

In accordance with the requirements of the Office of the Legislative Auditor, State of Louisiana, the following report reflects compensation paid to members of the City Council, City of Alexandria, for the fiscal year ended April 30, 2014.

Charles L. Fowler, Jr.	$ 18,000
Harry B. Silver	18,000
Edward Larvadain, III	18,000
Mitzi LaSalle	18,000
James A. Villard	18,000
Lee Rubin	18,000
Jules R. Green	18,000

21. Deficit Balance - Non-Major Individual Funds

The following non-major funds had deficit balances at April 30, 2014:

Community Development Block Grant Fund	$ 15,521
Self Insurance Risk Management Fund	1,418,168
Employee Benefits Fund	426,268

The Self Insurance Risk Management Fund deficit was primarily due to the accrual for claims incurred but not paid at year end. Management provided additional funding from the utility system fund to offset this deficit during fiscal year ending April 30, 2015 (See Note 25). The Employee Benefits Fund deficit was primarily due to the actuarial accrual for post-retirement benefit obligations. Management intends to provide additional funding from the various funds in the future to offset this deficit.

22. Contingencies

Management has not calculated the possible rebate of arbitrage interest, as of April 30, 2014, on each of the recent tax exempt bond issues. The contingent liability, stated simply, is the interest earned from the investment of unspent bond proceeds that is in excess of the amount of earnings that would have been obtained had the investment rate been equal to the yield on the bonds. Since the rebate calculation is a cumulative calculation performed until all proceeds have been expended, management believes that the amount of the contingent liability for arbitrage interest, if any, will be eliminated in future years. In the event that the contingent liability for arbitrage interest is not eliminated, the City will be liable for remittance of the rebate amount, as subsequently calculated, to the federal government.

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

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

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

23. Compliance With Bond Ordinance No. 56-2003

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

1. A statement in detail of the income and expenditures of the Utilities System for such fiscal year. *See Exhibit H, Page 27.*

2. A balance sheet as of the end of such fiscal year. *See Exhibit G, Page 26.*

3. The accountant's comments regarding the manner in which the Issuer has carried out the requirements of this Bond Ordinance, and the accountant's recommendations for any changes or improvements in the operation of the Utilities System or the method of keeping the records related thereto. *See Special Letter, Page 89-90.*

4. A list of the insurance policies in force at the end of the Fiscal year, setting out as to each policy the amount of the policy, the risks covered, the name of the insurer and the expiration date of the policy. *See Schedule 5, Pages 76-77.*

5. The number of metered water, gas, electric and sewerage customers and the number of unmetered water, gas, electric, and sewerage customers, if any. *See Schedule 4, Page 75.*

6. Description of the withdrawal of any Utilities System user comprising 4% or more of Utilities System sales measured in terms of revenue dollars, since the last audit. *None.*

7. An analysis of additions, replacements, and improvements to the physical properties of the Utilities System, including a description of any significant facility retirements or expansions planned or undertaken since the last audit. *See Note 6 to Financial Statements, Pages 45-47.*

24. Net Position and Fund Balances

Governmental

Nonspendable Fund Balances

The City has recorded a nonspendable fund balance of $292,046 for unused inventory in the Fund Financial Statements. This amount is recorded as unrestricted net position in the Government-Wide Financial Statements.

Restricted Fund Balances and Net Position

The City has restricted the fund balance and restricted net position in the amount of $5,958,470 for debt service.

The City also has restricted the fund balance for capital projects in the amount of $28,650,987. This amount of $28,650,980 is shown net of $10,304,839 unexpended related debt totaling $18,346,148 in the government-wide financial statements.

Committed Fund Balances

The City has formally designated the use of $1,309,426 for community and economic development by recording it as committed fund balances. This amount is shown as unrestricted net position in the Government-Wide Financial Statements.

Assigned Fund Balances

The City's assigned fund balance totaling $100,000 is primarily to be used in support of the Safe Alex initiative.

Business-Type

Restricted Net Position

In accordance with revenue bond indentures, the City has restricted the net position balances in the amount of $6,233,787 for debt service and $1,000,000 for capital additions and contingencies.

25. Subsequent Events

Subsequent to year end the City Council authorized settlement of a suit related to the Cleco matter and appropriated funds in the amount of $1,320,957 from the self-insured risk management fund to pay this settlement. This amount was paid subsequent to year end. As of April 30, 2014, this amount is accrued as a liability in the self-insured risk management fund.

Required Supplemental Information - Part II

City of Alexandria, Louisiana
General Fund
Budgetary Comparison Schedule
For the Year Ended April 30, 2014

Schedule 1

	Budgeted Amounts			Variance with Final Budget - Positive (Negative)
	Original	Final	Actual	
Revenues				
Taxes				
Property taxes	$ 2,477,000	2,587,000	$ 2,571,480	$ (15,520)
Sales taxes	34,050,000	35,188,000	36,317,022	1,129,022
Other	570,000	700,000	730,489	30,489
Intergovernmental	1,940,247	2,382,610	2,289,701	(92,909)
Fees, commissions, and fines	634,200	634,200	675,131	40,931
Licenses and permits	2,670,200	2,777,200	2,980,016	202,816
Charges for services	229,430	261,430	349,191	87,761
Investment earnings	-	25,000	20,249	(4,751)
Miscellaneous	266,500	353,500	538,571	185,071
Total Revenues	42,837,577	44,908,940	46,471,850	1,562,910
Expenditures				
Current				
General government	12,750,083	14,247,463	13,079,941	1,167,522
Public safety	26,337,665	29,553,906	28,150,037	1,403,869
Public works	9,562,780	10,910,273	11,037,329	(127,056)
Capital outlay	2,539,378	2,866,954	2,557,821	309,133
Debt service				
Principal	1,320,000	1,320,000	1,320,000	-
Interest and other charges	194,583	194,583	194,783	(200)
Total Expenditures	52,704,489	59,093,179	56,339,911	2,753,268
Deficiency of Revenues over Expenditures	(9,866,912)	(14,184,239)	(9,868,061)	4,316,178
Other Financing Sources (Uses)				
Transfers in	9,621,461	9,953,246	11,483,242	1,529,996
Transfers out	(4,495,926)	(1,977,216)	(1,977,216)	-
Bond issue costs	-	-	(9,750)	(9,750)
Proceeds from sale capital assets	-	75,000	36,790	(38,210)
Total Other Financing Sources (Uses)	5,125,535	8,051,030	9,533,066	1,482,036
Net Change in Fund Balances	(4,741,377)	(6,133,209)	(334,995)	5,798,214
Fund Balances, Beginning of Year	20,632,474	20,632,474	20,632,474	-
Fund Balances, End of Year	$ 15,891,097	$ 14,499,265	$ 20,297,479	$ 5,798,214

See independent auditor's report.

City of Alexandria, Louisiana
Schedule of Funding Progress

Schedule 2

Post employment Health Care and Life Insurance Benefits

Actuarial Valuation Date	4/30/2010	4/30/2011	4/30/2012	4/30/2013	4/30/2014
Actuarial Value of Assets (a)	$ -	$ -	$ -	$ -	$ -
Actuarial Accrued Liability (AAL) (b) – Medical*	4,883,089	5,986,492	6,225,952	6,252,400	6,502,496
Unfunded AAL (UAAL) (b-a)	$ 4,883,089	$ 5,986,492	$ 6,225,952	$ 6,252,400	$ 6,502,496
Funded Ratio (a/b)	0.00%	0.00%	0.00%	0.00%	0.00%
Covered Payroll (c)	$ 39,116,116	$ 37,015,424	$ 33,197,812	$ 32,860,687	$ 38,442,579
Unfunded AAL (Funding Excess) as a Percentage of Covered Payroll ((b-a)/c)	12.48%	16.17%	18.75%	19.03%	16.91%

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

See independent auditor's report.

Supplemental Information

City of Alexandria, Louisiana
Schedule of Expenditures of Federal Awards
For the Year Ended April 30, 2014

Schedule 3
(Continued)

Federal Grantor/ Pass Through Grantor/ Program Title	Federal CFDA Number	Pass-through Grant Number	Amount Expended	Amount Provided Subrecipients
U.S. Department of Housing and Urban Development				
Community Planning and Development				
Direct				
Community Development Block Grants/Entitlement Grants	14.218		$ 708,289	$ -
Home Investment Partnerships Program	14.239		424,904	10,395
Passed-through the State of Louisiana				
Community Development Block Grants/State's Program				
Comprehensive Resiliency Pilot Program	14.228	B-08-DI-22-0001	18,188	
	14.228	40-PC-PL-10	138,448	-
Total CFDA 14.228			156,636	-
Direct				
Emergency Shelter Grant Program	14.231	CFMS # 714697	85,293	85,293
Agency Totals			1,375,122	95,688
U.S. Department of Justice				
Passed-through the State of Louisiana				
Passed-through the Louisiana Commission on Law Enforcement and the Administration of Criminal Justice				
Crime Victim Assistance	16.575	2012-VA-GX-0051	24,835	-
Edward Bryne Memorial Justice Assistance Grant Program	16.738	2012-DJ-BX-0382	25,200	
		2013-MU-BX-0063	19,799	-
Total CFDA 16.738			44,999	-
Passed-through the Rapides Parish, Louisiana Sherriff				
Edward Bryne Memorial Justice Assistance Program/ Grants to Units of Local Governments	16.804	2011-DJ-BX-3078	3,930	-
Agency Totals			73,764	-
U.S Department of Interior				
Passed-through the State of Louisiana				
Department of Culture, Recreation and Tourism				
Office of Cultural Development				
Historic Preservation Fund Grants-In-Aid	15.904	12-HP-06	2,080	
		13-HP-06	740	-
Total CFDA 15.904			2,820	-
Agency Totals			2,820	-
U.S. Environmental Protection Agency				
Passed-through the State of Louisiana				
Capitalization Grants for Clear Water State Revolving Funds Loan	66.458		1,300,522	
Capitalization Grants for Drinking Water State Revolving Funds Loan	66.468	1079002	992,951	-
Agency Totals			2,293,473	-

City of Alexandria, Louisiana
Schedule of Expenditures of Federal Awards
For the Year Ended April 30, 2014

Schedule 3
(Concluded)

Federal Grantor/ Pass Through Grantor/ Program Title	Federal CFDA Number	Pass-through Grant Number	Amount Expended	Amount Provided Subrecipients
U.S. Department of Transportation				
Federal Transit Administration				
Direct				
Federal Transit Formula Grants	20.507		984,287	-
Federal Highway Administration (FHWA)				
Passed-through the State of Louisiana				
Department of Transportation and Development Cluster				
Highway Planning and Construction	20.205	H001266	699,737	-
MPO - Sidewalk Grant	20.205	H.010172	124,905	-
Recreational Trails Program	20.219	H.009350	-	-
Total CFDA 20.205			824,642	-
National Highway Traffic Safety Administration				
Passed-through the State of Louisiana				
Department of Transportation and Development				
State and Community Highway Safety	20.600	PT-2012-30-14	25,618	-
		PT-2014-30-11	15,290	-
Total - CFDA 20.600			40,908	-
Agency Totals			1,849,837	-
U.S. Department of Homeland Security				
Passed-through the Rapides Parish Police Jury				
Homeland Security Grant Program	97.067	EMW-2012-SS00075-S01	3,800	-
Agency Totals			3,800	-
TOTALS			$ 5,598,816	$ 95,688

Notes:

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

See independent auditor's report.

City of Alexandria, Louisiana
Utilities System Enterprise Fund
Unaudited Summary of Utility Service Customers
April 30, 2014

Schedule 4

Type of Service	Number of Customers April 30, 2014
Electricity	24,799
Water	21,871
Gas	16,162
Wastewater	17,479

See independent auditor's report.

City of Alexandria, Louisiana
Unaudited Listing of Insurance in Force
April 30, 2014

Schedule 5
(Continued)

Property
Insurer: The Travelers Insurance Companies
Expiration date: May 6, 2014
Coverage:
Real property, comprising buildings, and personal property
Self-insured retention:
$100,000 per occurrence deductible
Policy limits of liability:
$300,000,000 per occurrence with specified sublimits

Boiler and Machinery
Insurer: The Travelers Insurance Companies
Expiration date: May 6, 2014
Coverage:
Comprehensive boiler and machinery coverage including production machines
Loss retention:
Varies with a minimum of $50,000 per occurrence
Policy limits of liability:
$50,000,000 per accident with specified sublimits

General Liability/Law Enforcement
Insurer: Ace American Insurance Company
Expiration date: May 6, 2014
Coverage:
Bodily injury and property damage, personal and advertising injury, and law enforcement liability
Self-insured retention:
$500,000 each and every loss and/or claim and/or occurrence
Policy limits of liability:
$2,000,000 each and every loss and/or occurrence Combined Single Limit
$4,000,000 in the aggregate annually as respects products/completed operations
Public Officials Errors and Omissions
Coverage:
Any actual or alleged error or misstatement, omission, act of neglect or breach of duty including misfeasance, malfeasance and non-feasance by the Insured; includes actual or alleged violations of US or state constitutions or any law affording protection for civil rights

See independent auditor's report.

City of Alexandria, Louisiana
Unaudited Listing of Insurance in Force
April 30, 2014

Schedule 5
(Concluded)

Employee Benefits Liability
Insurer: Ace American Insurance Company
Expiration date: May 6, 2014
Coverage:
Any negligent act, error or omission in the administration of the Insured's employee benefits programs
Self-insured retention:
$500,000 each and every loss and/or claim and/or occurrence
Policy limits of liability:
$2,000,000 each and every loss and/or occurrence Combined Single Limit
$4,000,000 in the aggregate annually as respects products/completed operations

Specific Excess Workers' Compensation and Employers Liability Indemnity
Insurer: Safety National Casualty Company
Expiration date: May 6, 2014
Coverage:
Workers' compensation - statutory
Employers' liability - any cause of action by an employee against the City for bodily injury or disease in the course of employment
Loss retention:
$600,000 per occurrence
Policy limits of liability:
Workers' compensation - statutory
Employers' liability - $1,000,000 per occurrence

Fidelity Bond
Insurer: Ohio Casualty Insurance Company
Expiration date: May 21, 2014
Coverage: Tax Collector
Policy limits of liability: $10,000

Public Employees Honesty Bond
Insurer: Fidelity and Deposit Company of Maryland
Expiration date: September 1, 2014
Coverage:
Employees in the Divisions of Finance, Public Works, Planning and CADS
Loss retention: $10,000 per occurrence
Policy limits of liability: $100,000 per employee

See independent auditor's report.

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

Independent Auditor's Report on Internal Control over Financial Reporting and on Compliance and Other Matters Based on an Audit of Financial Statements Performed in Accordance with *Government Auditing Standards*

PAYNE, MOORE & HERRINGTON, LLP

CERTIFIED PUBLIC ACCOUNTANTS
Established 1945

Independent Auditor's Report on Internal Control over Financial Reporting and on Compliance and Other Matters Based on an Audit of Financial Statements Performed in Accordance with *Government Auditing Standards*

The Honorable Mayor and City Council
City of Alexandria, Louisiana

We have audited, in accordance with the auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States, the financial statements of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of the City of Alexandria, Louisiana (the City), as of and for the year ended April 30, 2014, and the related notes to the financial statements, which collectively comprise the City of Alexandria, Louisiana's basic financial statements and have issued our report thereon dated October 29, 2014.

Internal Control Over Financial Reporting

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

Our consideration of internal control was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control that might be material weaknesses or significant deficiencies and therefore, material weaknesses or significant deficiencies may exist that were not identified. Given these limitations, during our audit we did not identify any deficiencies in internal control that we consider to be material weaknesses. However, material weaknesses may exist that have not been identified. We did identify one deficiency in internal control, described in the accompanying schedule of findings and questioned costs as Finding 2014-01, that we consider to be a significant deficiency.

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PAYNE, MOORE & HERRINGTON, LLP

The Honorable Mayor and City Council
City of Alexandria, Louisiana

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

Compliance and Other Matters

As part of obtaining reasonable assurance about whether the City's financial statements are free from material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements, noncompliance with which could have a direct and material effect on the determination of financial statement amounts. However, providing an opinion on compliance with those provisions was not an objective of our audit, and accordingly, we do not express such an opinion. The results of our tests disclosed no instances of noncompliance or other matters that are required to be reported under *Government Auditing Standards*.

City of Alexandria, Louisiana's Response to Findings

The City's response to the findings identified in our audit is described in the accompanying schedule of findings and questioned costs. The City's response was not subjected to the auditing procedures applied in the audit of the financial statements and, accordingly, we express no opinion on it.

Purpose of this Report

The purpose of this report is solely to describe the scope of our testing of internal control and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the entity's internal control or on compliance. This report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the entity's internal control and compliance. Accordingly, this communication is not suitable for any other purpose.

Payne, Moore + Herrington, LLP

Certified Public Accountants
Alexandria, Louisiana

October 29, 2014

Independent Auditor's Report on Compliance for Each Major Program and on Internal Control Over Compliance Required by OMB Circular A-133

PAYNE, MOORE & HERRINGTON, LLP

CERTIFIED PUBLIC ACCOUNTANTS
Established 1945

Independent Auditor's Report on Compliance for Each Major Program and on Internal Control Over Compliance Required by OMB Circular A-133

The Honorable Mayor and City Council
City of Alexandria, Louisiana

Report on Compliance for Each Major Federal Program

We have audited the City of Alexandria, Louisiana's (the City) compliance with the types of compliance requirements described in the *OMB Circular A-133 Compliance Supplement* that could have a direct and material effect on each of the City's major federal programs for the year ended April 30, 2014. The City's major federal programs are identified in the summary of auditor's results section of the accompanying schedule of findings and questioned costs.

Management's Responsibility

Management is responsible for compliance with the requirements of laws, regulations, contracts, and grants applicable to its federal programs.

Auditor's Responsibility

Our responsibility is to express an opinion on compliance for each of the City's major federal programs based on our audit of the types of compliance requirements referred to above. We conducted our audit of compliance in accordance with auditing standards generally accepted in the United States of America; the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States; and OMB Circular A-133, *Audits of States, Local Governments, and Non-Profit Organizations*. Those standards and OMB Circular A-133 require that we plan and perform the audit to obtain reasonable assurance about whether noncompliance with the types of compliance requirements referred to above that could have a direct and material effect on a major federal program occurred. An audit includes examining, on a test basis, evidence about the City's compliance with those requirements and performing such other procedures as we considered necessary in the circumstances.

We believe that our audit provides a reasonable basis for our opinion on compliance for each major federal program. However, our audit does not provide a legal determination of the City's compliance.

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The Honorable Mayor and City Council
City of Alexandria, Louisiana

Basis for Qualified Opinion on the Recreational Trails Program grant included in the Highway Planning and Construction Cluster

As described in the accompanying schedule of findings and questioned costs, the City did not comply with the requirements regarding CFDA Number 20.219 Recreational Trails Program described in finding 2014-02 as Duplicate Reimbursement. Compliance with such requirements is necessary, in our opinion, for the City of Alexandria, Louisiana to comply with the requirements applicable to that program.

Qualified Opinion on the Recreational Trails Program grant included in the Highway Planning and Construction Cluster

In our opinion, except for the noncompliance described in the "Basis for Qualified Opinion" paragraph, the City of Alexandria, Louisiana complied in all material respects, with the types of compliance requirements referred to above that could have a direct and material effect on the Recreational Trails Program for the year ended April 30, 2014.

Unmodified Opinion on Each of the Other Major Federal Program

In our opinion, the City, complied, in all material respects, with the types of compliance requirements referred to above that could have a direct and material effect on each of its major federal programs identified in the summary of auditor's results section of the accompanying schedule of findings and questioned costs for the year ended April 30, 2014.

Report on Internal Control Over Compliance

Management of the City, is responsible for establishing and maintaining effective internal control over compliance with the types of compliance requirements referred to above. In planning and performing our audit of compliance, we considered the City's internal control over compliance with the types of requirements that could have a direct and material effect on each major federal program to determine the auditing procedures that are appropriate in the circumstances for the purpose of expressing an opinion on compliance for each major federal program and to test and report on internal control over compliance in accordance with OMB Circular A-133, but not for the purpose of expressing an opinion on the effectiveness of internal control over compliance. Accordingly, we do not express an opinion on the effectiveness of the City of Alexandria, Louisiana's internal control over compliance.

PAYNE, MOORE & HERRINGTON, LLP

The Honorable Mayor and City Council
City of Alexandria, Louisiana

Our consideration of internal control over compliance was for the limited purpose described in the preceding paragraph and was not designed to identify all deficiencies in internal control over compliance that might be material weaknesses or significant deficiencies and therefore material weaknesses or significant deficiencies may exist that were not identified. We did not identify any deficiencies in internal control that we consider to be material weaknesses. However, as discussed below, we identified one deficiency in internal control over compliance that we consider to be a significant deficiency. We did not identify any deficiencies in internal control over compliance that we consider to be material weaknesses. However, material weaknesses may exist that have not been identified.

A *deficiency in internal control over compliance* exists when the design or operation of a control over compliance does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct, noncompliance with a type of compliance requirement of a federal program on a timely basis. A *material weakness in internal control over compliance* is a deficiency, or combination of deficiencies, in internal control over compliance, such that there is a reasonable possibility that material noncompliance with a type of compliance requirement of a federal program will not be prevented, or detected and corrected, on a timely basis. A *significant deficiency in internal control over compliance* is a deficiency, or a combination of deficiencies, in internal control over compliance with a type of compliance requirement of a federal program that is less severe than a material weakness in internal control over compliance, yet important enough to merit attention by those charged with governance. We consider the deficiency in internal control over compliance in the accompanying schedule of findings and questioned costs as Finding 2014-02 to be a significant deficiency.

The City's response to the internal control over compliance finding identified in our audit is described in the accompanying schedule of findings and questioned costs. The City's response was not subjected to the auditing procedures applied in the audit of compliance and, accordingly, we express no opinion on the response.

The purpose of this report on internal control over compliance is solely to describe the scope of our testing of internal control over compliance and the results of that testing based on the requirements of OMB Circular A-133. Accordingly, this report is not suitable for any other purpose.

Payne, Moore + Herrington, LLP

Certified Public Accountants
Alexandria, Louisiana

October 29, 2014

City of Alexandria, Louisiana
Schedule of Findings and Questioned Costs
For the Year Ended April 30, 2014

Part I - Summary of Auditor's Results

Financial Statements

Type of auditor's report issued:			Unmodified	
Internal control over financial reporting:				
Material weakness(es) identified?	_____	Yes	__X__	No
Significant deficiency(ies) identified not considered to be material weaknesses?	__X__	Yes	_____	None reported
Noncompliance material to the financial statements?	_____	Yes	__X__	No
Management's Corrective Action Plan			See Attached	
Management's Summary Schedule of Prior Audit			See Attached	

Federal Awards

Internal control over major programs:				
Material weakness(es) identified?	_____	Yes	__X__	No
Significant deficiency(ies) identified not considered to be material weaknesses?	__X__	Yes	_____	None reported
Type of auditor's report issued on compliance for major programs:			Qualified for the Recreational Trails Program included in The Highway Planning & Construction Cluster, CFDA #20.219, Unmodified for Each of the Other Major Federal Programs	
Any audit findings disclosed that are required to be reported in accordance with Circular A-133, Section 510(a)?	__X__	Yes	_____	No

Identification of major programs:

CFDA Number	Name of Federal Program or Cluster
14.239	Home Investment Partnerships Program
20.205 & 20.219	Highway Planning and Construction Cluster
20.507	Federal Transit Formula Grants
14.218	Community Development Block Grants/Entitlement Grants

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

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

Finding 2014-01 **Centralized Recordkeeping for Grant Awards**

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

Condition: In response to our previous comments regarding deficiencies, in recordkeeping and accounting for grant awards, we noted improvement during the current year due to the appointment of a designated individual responsible for centralized grant recordkeeping. However, in certain cases, we continued to experience difficulties in obtaining complete information regarding revenue sources, classifications, and supporting documentation from certain departments.

Recommendation: Although improvements have been made, we recommend that previous recommendations be fully implemented. Specifically, we recommend that:

- A copy of all grants, cooperative endeavor agreements, etc. should be provided to the designated individual responsible for centralized recordkeeping at the time grant awards are received.
- Once the request for reimbursement is prepared, it should be reviewed and approved by management prior to its submission.
- Subsequent to the submission to the granting authority, a copy of the request should be provided to that designated individual and the accounting department.
- When reimbursement is received, the designated individual and the accounting department should be timely notified.

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