

City of Alexandria, Louisiana

April 30, 2018

**City of Alexandria
April 30, 2018**

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PAYNE, MOORE & HERRINGTON, LLP

CERTIFIED PUBLIC ACCOUNTANTS

Established 1945

Independent Auditor's Report

To 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, 2018, and the related notes to the financial statements, which collectively comprise the City of Alexandria, Louisiana's basic financial statements as listed in the table of contents.

Management's Responsibility for the Financial Statements

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

Auditor's Responsibility

Our responsibility is to express opinions on these financial statements based on our audit. We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

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

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

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The Honorable Mayor and City Council
City of Alexandria, Louisiana

Opinions

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of the City of Alexandria, Louisiana, as of April 30, 2018, 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.

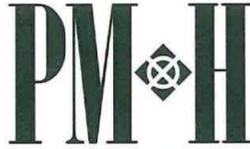
Other Matters

Required Supplementary Information

Accounting principles generally accepted in the United States of America require that the management's discussion and analysis, budgetary comparison information, schedule of funding progress for postemployment health care and life insurance benefits, schedules of employer's share of net pension liability and related ratios, schedules of employer contributions, and notes to the required supplemental information labeled "Required Supplemental Information" in the table of contents (Part I and Part II) 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, the listing of insurance in force, and the schedule of compensation, benefits, and other payments to the agency head 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 Title 2 U.S. Code of Federal Regulations (CFR) Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards*, and is also not a required part of the basic financial statements.



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The Honorable Mayor and City Council
City of Alexandria, Louisiana

The schedule of expenditures of federal awards and the schedule of compensation, benefits, and other payments to the agency head are the responsibility of management and were derived from and relate 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 and the schedule of compensation, benefits, and other payments to the agency head are 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 23, 2018, 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 solely 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 the effectiveness of the City of Alexandria, Louisiana's 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 23, 2018

**Required Supplemental Information –
Part I**

Management's Discussion and Analysis

**City of Alexandria, Louisiana
Management's Discussion and Analysis
Year ended April 30, 2018**

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, 2018. 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 \$311.5 million. Of this total, \$32.1 million in net position are unrestricted, and may be used to meet future obligations of the City's creditors.
- The City's net position increased by over \$18.5 million during the 2018 Fiscal Year. This is the net result of an increase of around \$20.5 million in net position from governmental activities partially offset by a decrease in net position from business activities of \$2.0 million.
- Unrestricted net position increased by \$6.6 million in Fiscal 2018. This is the net result of an increase of \$6.7 million from governmental activities partially offset by a decrease of \$.1 million from business type activities.
- Fund balance in the General Fund is \$22.3 million, which amounts to approximately 39% of the expenditures of the General Fund in Fiscal 2018.
- The City's long-term debt decreased by \$17.9 million, where decreases in pension liability and in bonded debt from scheduled payments more than offset the issuance of new 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.

See Independent Auditor's Report.

**City of Alexandria, Louisiana
Management's Discussion and Analysis
Year ended April 30, 2018**

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, zoo, golf course, 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.

See Independent Auditor's Report.

**City of Alexandria, Louisiana
Management's Discussion and Analysis
Year ended April 30, 2018**

The City as Trustee

Reporting the City's Fiduciary Responsibilities

The City is the trustee, or *fiduciary*, for its employees' pension plans. 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 2018 and 2017:

**City of Alexandria, LA
Condensed Statement of Net Position (in millions)
April 30, 2018 and April 30, 2017**

	<u>2018</u>	<u>2017</u>	<u>2018</u>	<u>2017</u>	<u>2018</u>	<u>2017</u>
	<u>Governmental</u>		<u>Business-Type</u>		<u>Total</u>	
Assets						
Current & Other Assets	\$ 72.8	\$ 69.0	\$ 28.7	\$ 35.3	\$ 101.5	\$ 104.3
Restricted Assets	-	-	38.7	33.8	38.7	33.8
Capital Assets	181.9	172.0	239.1	241.2	421.0	413.2
Total Assets	<u>254.7</u>	<u>241.0</u>	<u>306.5</u>	<u>310.3</u>	<u>561.2</u>	<u>551.3</u>
Deferred Outflows of Resources	14.3	22.0	10.9	10.4	25.2	32.4
Liabilities						
Current Liabilities	10.8	13.2	10.5	12.1	21.3	25.3
Long-Term Liabilities	74.7	87.6	163.9	168.1	238.6	255.7
Total Liabilities	<u>85.5</u>	<u>100.8</u>	<u>174.4</u>	<u>180.2</u>	<u>259.9</u>	<u>281.0</u>
Deferred Inflows of Resources	8.3	7.3	6.6	2.4	14.9	9.7
Net Position						
Invested in Capital Assets (Net)	160.1	146.4	89.6	91.5	249.7	237.9
Restricted	28.1	27.9	1.6	1.6	29.7	29.5
Unrestricted	(13.0)	(19.6)	45.1	45.2	32.1	25.6
Total Net Position	<u>\$ 175.2</u>	<u>\$ 154.7</u>	<u>\$ 136.3</u>	<u>\$ 138.3</u>	<u>\$ 311.5</u>	<u>\$ 293.0</u>

As of April 30, 2018 the City's Net Position totals \$311.5 million, showing an increase of about 7 % compared to the 2017 total of \$293.0 million. Roughly \$249.7 million, or 80%, of the City's total Net Position resides in the Invested in Capital Assets category. These are land, buildings, infrastructure, equipment and other items, net of related debt, 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 \$29.7 million, or 9%, of the total. Restrictions are placed by entities outside the City government, such as bondholders. These assets are also not available for appropriation. The remaining \$32.1 million, or 11%, of Net Position is Unrestricted and is available for appropriation.

See independent auditor's report.

**City of Alexandria, Louisiana
Management's Discussion and Analysis
Year ended April 30, 2018**

The following table is a condensed version of the Statement of Activities displaying 2018 and 2017:

**City of Alexandria, LA
Condensed Statement of Activities (in millions)
April 30, 2018 and April 30, 2017**

	<u>2018</u>	<u>2017</u>	<u>2018</u>	<u>2017</u>	<u>2018</u>	<u>2017</u>
	<u>Governmental</u>		<u>Business-Type</u>		<u>Total</u>	
Revenues						
Program Revenues:						
Charges for Services, Fines, Fees	\$ 4.9	\$ 4.5	\$ 107.0	\$ 101.7	\$ 111.9	\$ 106.2
Grants & Contributions	16.4	6.5	5.0	2.0	21.4	8.5
General Revenues:						
Sales Taxes	46.2	45.7			46.2	45.7
Other Taxes	9.3	9.2	1.2	1.2	10.5	10.4
Other	1.7	1.5	.5	.2	2.2	1.7
Total Revenues	78.5	67.4	113.7	105.1	192.2	172.5
Expenses						
General government	18.5	16.7			18.5	16.7
Public safety	29.5	31.9			29.5	31.9
Public works	18.4	20.7			18.4	20.7
Community and economic development	.8	.7			.8	.7
Interest on long-term debt	1.0	1.2	7.1	7.0	8.1	8.2
Electricity			57.2	48.9	57.2	48.9
Gas			12.0	11.0	12.0	11.0
Water			8.3	8.0	8.3	8.0
Wastewater			9.4	9.4	9.4	9.4
Transit			3.8	2.9	3.8	2.9
Sanitation			4.0	4.1	4.0	4.1
Zoological Park			2.7	2.4	2.7	2.4
Golf Course			1.0	1.0	1.0	1.0
Total Expenses	68.2	71.2	105.5	94.7	173.7	165.9
Change in Net Position before Transfers	10.3	-3.8	8.2	10.4	18.5	6.6
Transfers	10.2	11.1	-10.2	-11.1	-	-
Increase (Decrease) In Net Position	20.5	7.3	-2.0	-.7	18.5	6.6
Net Position, Beginning of Year	154.7	147.4	138.3	139.0	293.0	286.4
Net Position, End of Year	\$ 175.2	\$ 154.7	\$ 136.3	\$ 138.3	\$ 311.5	\$ 293.0

See Independent Auditor's Report.

**City of Alexandria, Louisiana
Management's Discussion and Analysis
Year ended April 30, 2018**

The City's total revenues were \$192.2 million and total expenses were \$173.7 million for Fiscal 2018. This results in an increase of net position before transfers of \$18.5 million. This can be broken down first by governmental and business activities, then broken down further by function.

Net Position in Governmental Activities increased by \$20.5 million in Fiscal 2018 compared to an increase of \$7.3 in Fiscal 2017. Examining the expenses for the 2 years, we see that they are down from \$71.2 million in 2017 to \$68.2 million in 2018, roughly a 5% difference. We see decreases of \$2.4 million in Public Safety; \$2.3 million in Public Works and \$.2 million in Interest on Long Term Debt. These more than offset increases in General Government of \$1.8 million and Community and Economic Development of \$.1 million. Revenues saw greater change from the prior year reflecting an increase of \$11.1 million. The majority of the increase is found in Capital Grants & Contributions totaling roughly \$10.0 million stemming from the City's acceptance of developer infrastructure in the form of streets, sidewalks, and drainage improvements. Taxes are up \$.6 million; while Charges for Services are up \$.4 million.

Business-type Activities Net Position decreased \$2.0 million for Fiscal 2018, compared to a decrease in the prior year of \$.7 million. Expenses are up \$10.8 million; while Revenues are up \$8.6 million. A major factor in the expenses include the presence of a \$6.0 million electric customer rebate; while combined electric and gas fuel cost expense is up \$1.7 million. Municipal Bus and Zoo are up \$.9 million and \$.3 million respectively. Other relatively minor changes account for the remainder. In Revenues, Electric and Gas Fuel Cost recovery accounts for \$3.9 million of the increase; while other Charges for Services are up \$1.4 million. The last significant factor is in Capital Grants & Contributions posting an increase of \$3.0 million stemming from the City's acceptance of developer infrastructure in the form of water and wastewater improvements.

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 2018 with an increase in Fund Balance of over \$1.4 million. In short, the General Fund took in more than it spent by this amount. In order to see the change, a comparison of revenues and expenditures of Fiscal 2018 and 2017 is needed.

See Independent Auditor's Report.

**City of Alexandria, Louisiana
Management's Discussion and Analysis
Year ended April 30, 2018**

Revenues and Transfers In increased by roughly \$.4 million. Revenues show the greatest changes in an increase Taxes of \$.5 million; partially offset by a decrease in Intergovernmental of \$.1 million.

Expenditures and Transfers Out decreased \$.5 million when compared to the previous year. The greatest factor here was Capital Outlay decreasing \$.4 million. Other minor changes account for the remainder.

Overall, Revenues in the General Fund exceeded Expenditures leading to the previously mentioned increase in Fund Balance of \$1.4 million.

General Fund Budgetary Highlights

The original budget of the General Fund reflects the City's plan and financial intent at the beginning of the fiscal year. This is routinely adjusted during the year to better reflect actual revenues available and actual expenditures incurred. The City does its most comprehensive adjustment at Major Budget Amendment (MBA). Revenues and Use of Fund Balance were adjusted for a net increase of \$2.3 million, or 3.6%. The major changes here are a net increase in Transfers of \$.9 million; Intergovernmental and Other Revenue of \$.5 million each and Use of Fund Balance of \$.2 million.

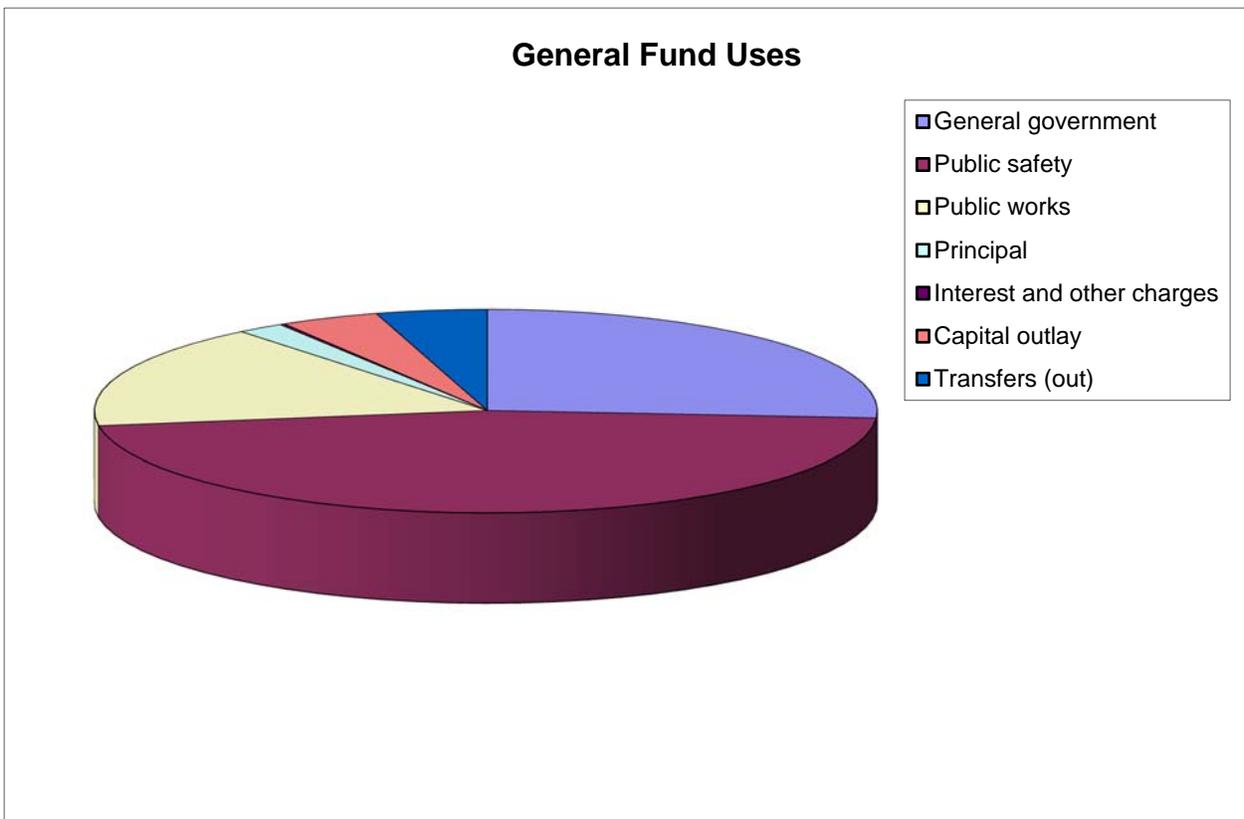
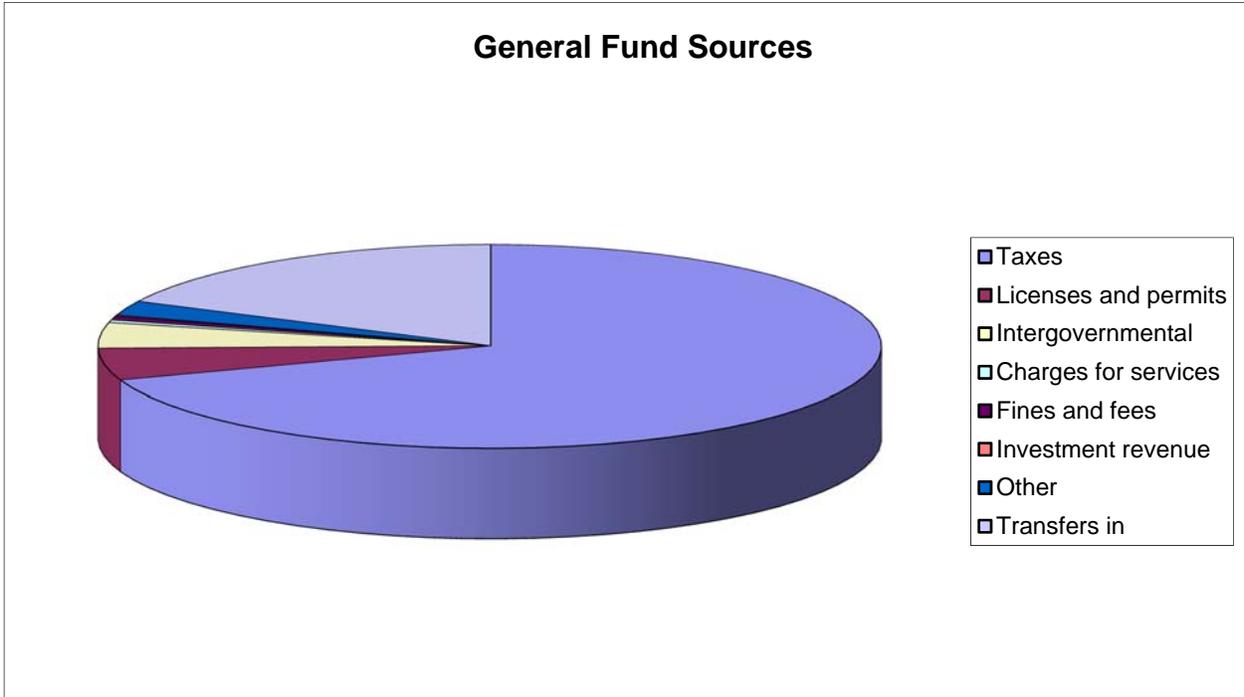
Budgeted Expenditures and Transfers Out were adjusted up during the year by \$2.3 million due to a variety of factors. Transfers Out was increased by \$.6 million; Contract Labor was increased by \$.3 million; Overtime in the various departments was increased \$.7 million; Professional Fees increased by \$.2 million and Vehicles Repairs was increased \$.2 million. Other minor adjustments account for the remainder.

Fortunately, the City did not use the nearly \$5.3 million in fund balance budgeted for Fiscal 2018 but, as previously noted, added to Fund Balance by over \$1.4 million. Actual Revenues and Transfers In exceeded the budget by roughly \$2.2 million, while actual Expenditures and Transfers Out were about \$4.5 million less than budgeted. There were various offsets in the revenues, but the greatest factors were combined Sales Taxes of \$1.3 million; Other Revenue of \$.7 million; and Intergovernmental of \$.2 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 \$2.6 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 \$.6 million in purchases were not made in Fiscal 2018 and will be made in the subsequent year. Reductions in discretionary spending; such as \$.1 million in Vehicle Fuel & Oil; \$.3 million in Utilities; and \$.1 million in Leases by the departments account for the remainder of the difference in General Fund Expenditures.

See Independent Auditor's Report.

**City of Alexandria, Louisiana
Management's Discussion and Analysis
Year ended April 30, 2018**

The following charts represent the actual sources and uses of General Fund monies for Fiscal 2018:



See Independent Auditor's Report.

**City of Alexandria, Louisiana
Management's Discussion and Analysis
Year ended April 30, 2018**

General Capital Projects Fund

Revenues and Other Financing Sources are down in this fund by roughly \$.3 million, where decreases in Intergovernmental Revenues of roughly \$.4 million are partially offset by an increase in Sales Tax of \$.1 million.

Expenditures and Transfers Out for Fiscal 2018 are down \$2.0 million compared to 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 2018, including Chatlain Lake Drainage, Culpepper Drainage, Zoo Improvements, and AUMP Third Street.

Overall Fund Balance decreased \$.8 million for Fiscal 2018.

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 \$5.7 million 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 \$3.9 million in Fiscal 2018 compared to the prior year, while other Charges for Services, primarily sales to customers, increased roughly \$1.8 million.

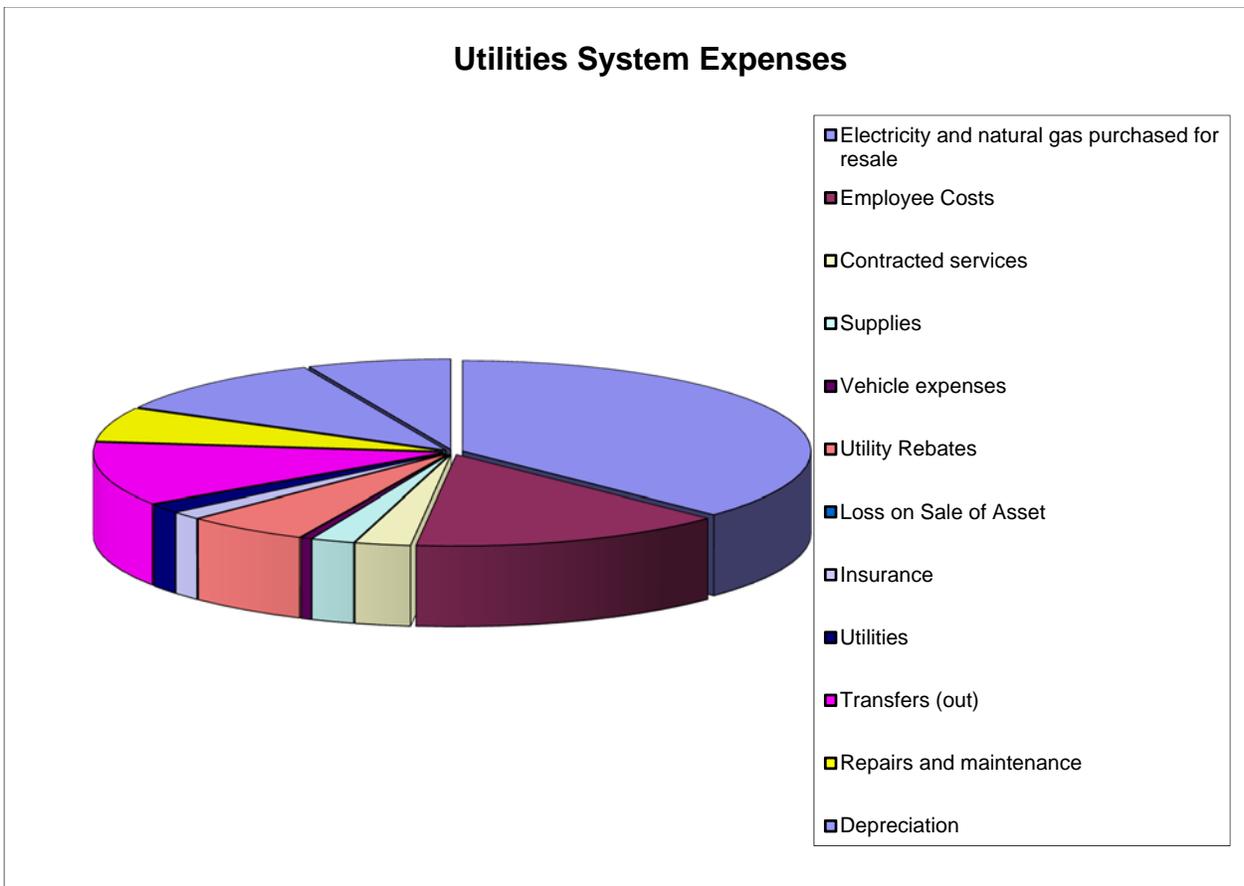
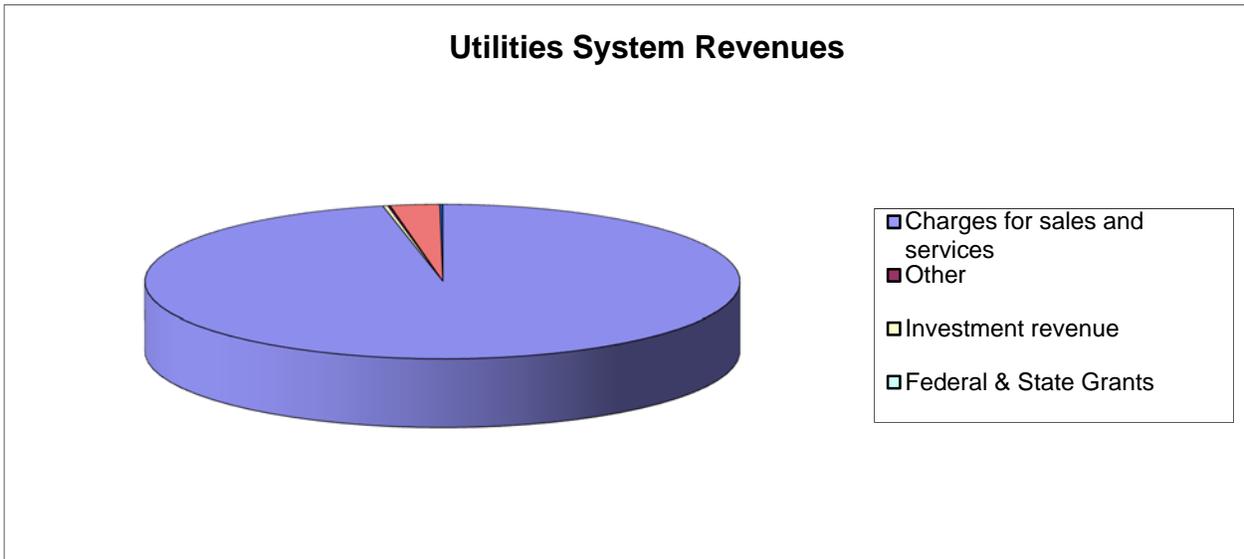
Expenses and Transfers Out are up \$10.4 million in Fiscal 2018 compared to the previous year. The biggest factor here is the payment of customer rebates of \$6.0 million. The expense side of Fuel Cost actually increased \$2.8 million compared to the prior year. Other increases include employee costs of \$.4 million; depreciation of \$.4 million; and Payments in Lieu of Insurance for \$.2 million. Other relatively minor net changes account for the remaining difference.

See Independent Auditor's Report.

**City of Alexandria, Louisiana
Management's Discussion and Analysis
Year ended April 30, 2018**

The result of the above was a decrease in Net Position to the Utilities System Fund of roughly \$2.4 million for Fiscal 2018.

The following charts show the breakdown of Revenues and Expenses of the Utilities System Fund for Fiscal 2018:



See independent auditor's report.

**City of Alexandria, Louisiana
Management's Discussion and Analysis
Year ended April 30, 2018**

Capital Asset and Debt Administration

Capital Assets

Capital Assets (Net of Depreciation)

	<u>Governmental</u>		<u>Business</u>	
	<u>2018</u>	<u>2017</u>	<u>2018</u>	<u>2017</u>
Land	\$ 14.3	\$ 14.3	\$ 3.5	\$ 3.5
Construction in Progress	18.9	16.1	9.3	9.0
Buildings	55.1	58.0	5.8	5.5
Furniture & Fixtures	4.3	4.4	-	-
Vehicles	4.5	4.6	5.4	5.1
Infrastructure	<u>84.8</u>	<u>74.6</u>	<u>215.1</u>	<u>218.1</u>
Net Capital Assets	\$ 181.9	\$ 172.0	\$ 239.1	\$ 241.2

In Governmental Activities, we see that Buildings decreased \$2.9 million as depreciation exceeded new construction. Vehicles along with Furniture and Fixtures decreased \$.1 million. Construction in Progress increased \$2.8 million as work continues on Culpepper Road Drainage, Woodale Outfall Drainage, and Hudson Bridge. Infrastructure increased \$10.2 million over the prior year. This was due primarily to the previously mentioned \$10.6 million in infrastructure streets, sidewalks and drainage accepted by the City from developers, along with the completion of projects such as Cloverleaf Extension, Monroe Street Sidewalks, and Woodale Drainage Phase 3. These are partially offset by depreciation.

In Business Activities, Construction in Progress is up by \$.3 million as work continues on projects such as Water Line Replacement, Water Well Reclamation, Samtown Lift Station, and Sewer Line Rehab. Vehicles and Buildings increased \$.3 million each. Infrastructure decreased \$3.0 million as depreciation exceeded new additions.

Governmental Funds

The City had a net increase of \$9.9 million in capital assets this year in Governmental Activities. These capital assets would include buildings, vehicles, equipment, as well as infrastructure, net of depreciation.

Business-Type Funds

The City had a net decrease of \$2.1 million in capital assets this year in Business Activities. These capital assets would include buildings, vehicles, equipment, as well as infrastructure, net of depreciation.

See Independent Auditor's Report.

**City of Alexandria, Louisiana
Management's Discussion and Analysis
Year ended April 30, 2018**

Debt Administration

Governmental Funds

In the Governmental Funds, Bonded Long-Term debt decreased \$4.9 million; the result of scheduled payments of principal.

Enterprise Funds

In the Enterprise Funds, Bonded Long-Term Debt decreased \$1.7 million; the net result of scheduled payments of principal of \$3.2 million exceeding additional State Revolving Loan issuance of \$1.5 million. For further information on debt, please see Note 10 to the financial statements.

Bonded Long-Term Debt

	Governmental		Business	
	2018	2017	2018	2017
Sales Tax Revenue Bonds	\$ 21.8	\$ 23.7	\$ -	\$ -
Limited Tax Bonds	4.9	7.9	-	-
Utility Revenue Bonds	-	-	150.6	152.3
Total Outstanding Debt	\$ 26.7	\$ 31.6	\$ 150.6	\$ 152.3

Future Outlook

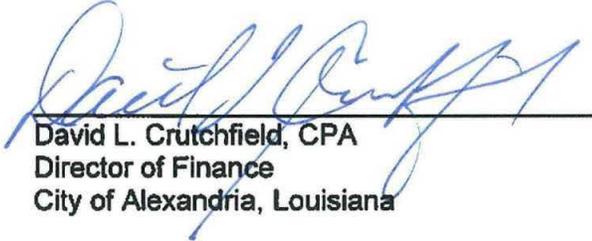
Although the City's fund balance has grown in the General Fund over the last 5 years, the growth has been neither consistent nor substantial. It should be noted that 2 of the last 5 years show decreased Fund Balance. Sales Tax collections reflect a similar pattern, with 2 of the last 5 years showing decreases. Sales taxes accounted for over 62% of General Fund Revenue sources in 2018. In the first 4 months of Fiscal 2019, combined Sales Taxes are virtually flat, showing an increase of less than .25%. 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. The situation is further aggravated by the national trend of the closure of brick and mortar stores that is also occurring locally. Internet sales are replacing local sales; and these are often not taxed. This trend is expected to continue, making the need for taxation of internet transactions even more urgent. The Utilities System Fund has shown a loss for 4 of the last 5 years. Steps have been taken to replace the aging infrastructure such as electrical substations, water tanks, water mains, and wastewater mains. The need for infrastructure replacement has to be tempered with the availability of funds to meet the needs.

See Independent Auditor's Report.

**City of Alexandria, Louisiana
Management's Discussion and Analysis
Year ended April 30, 2018**

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, 2018

Exhibit A

	Primary Government		
	Governmental Activities	Business-Type Activities	Total
Assets			
Cash and cash equivalents	\$ 2,599,825	\$ 3,105,365	\$ 5,705,190
Certificates of deposit	2,264,270	3,000,000	5,264,270
Equity in pooled cash and certificates of deposit	62,866,190	5,903,508	68,769,698
Receivables	4,845,701	12,732,563	17,578,264
Internal balances	(201,975)	201,975	-
Inventories	305,820	3,770,622	4,076,442
Restricted assets			
Cash and equity in pooled cash and certificates of deposit	-	38,652,470	38,652,470
Prepaid expenses/other assets	113,180	-	113,180
Capital assets, net of depreciation			
Nondepreciable			
Land and improvements	14,261,292	3,489,049	17,750,341
Construction and infrastructure in progress	18,866,473	9,319,531	28,186,004
Depreciable			
Other capital assets	148,812,544	226,294,316	375,106,860
Total Assets	<u>254,733,320</u>	<u>306,469,399</u>	<u>561,202,719</u>
Deferred Outflows of Resources			
Unamortized bond refunding charges	-	395,376	395,376
Deferred outflows related to pensions	14,287,147	10,521,305	24,808,452
Total Deferred Outflows of Resources	<u>14,287,147</u>	<u>10,916,681</u>	<u>25,203,828</u>
Liabilities			
Bank overdraft	-	8,560	8,560
Accounts and contracts payable	1,478,481	3,829,930	5,308,411
Accrued expenses/other current liabilities	253,051	3,301,786	3,554,837
Salaries payable	927,204	488,308	1,415,512
Long-term liabilities			
Due within one year			
Bonds and other	3,170,000	2,620,000	5,790,000
Compensated absences	533,340	300,082	833,422
Claims and judgments	4,400,506	-	4,400,506
Due in more than one year			
Bonds and other	23,525,000	148,015,060	171,540,060
Compensated absences	3,022,264	1,700,461	4,722,725
Customer guaranteed deposits	-	5,420,580	5,420,580
Claims and judgments	3,540,113	-	3,540,113
Other noncurrent liability - net			
Post-employment benefit obligation	1,891,955	-	1,891,955
Pension liability	42,747,297	8,795,687	51,542,984
Total Liabilities	<u>85,489,211</u>	<u>174,480,454</u>	<u>259,969,665</u>
Deferred Inflows of Resources			
Deferred inflows related to pensions	8,291,487	6,638,943	14,930,430
Total Deferred Inflows of Resources	<u>8,291,487</u>	<u>6,638,943</u>	<u>14,930,430</u>
Net Position			
Net investment in capital assets	160,145,309	89,626,172	249,771,481
Restricted for			
Capital projects, net of related debt	25,303,735	-	25,303,735
Debt service	2,751,313	571,363	3,322,676
Capital additions and contingencies	-	1,000,000	1,000,000
Unrestricted	(12,960,588)	45,069,148	32,108,560
Total Net Position	<u>\$ 175,239,769</u>	<u>\$ 136,266,683</u>	<u>\$ 311,506,452</u>

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

City of Alexandria
Alexandria, Louisiana
Statement of Activities
For the Year Ended April 30, 2018

Exhibit B

20

Functions/Programs	Program Revenue				Net (Expense) Revenue and Changes in Net Position		
	Expenses	Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions	Primary Government		
					Governmental Activities	Business-Type Activities	Total
Primary Government							
Governmental activities							
General government	\$ 18,481,358	\$ 4,263,285	\$ 385,921	\$ -	\$ (13,832,152)	\$ -	\$ (13,832,152)
Public safety	29,519,118	535,102	3,001,741	-	(25,982,275)	-	(25,982,275)
Public works	18,408,725	78,190	146,435	12,055,877	(6,128,223)	-	(6,128,223)
Community and economic development	826,564	16,162	818,025	-	7,623	-	7,623
Interest on long-term debt	1,024,740	-	-	-	(1,024,740)	-	(1,024,740)
Total Governmental Activities	68,260,505	4,892,739	4,352,122	12,055,877	(46,959,767)	-	(46,959,767)
Business-type activities							
Electricity	57,130,791	76,564,388	2,055	-	-	19,435,652	19,435,652
Natural gas	11,966,898	10,097,405	-	-	-	(1,869,493)	(1,869,493)
Water	8,340,981	7,084,652	-	661,162	-	(595,167)	(595,167)
Waste water	9,344,200	6,902,027	-	2,115,956	-	(326,217)	(326,217)
Municipal transit	3,780,891	421,393	1,120,271	714,623	-	(1,524,604)	(1,524,604)
Sanitation	3,985,991	4,790,918	-	135,090	-	940,017	940,017
Zoological park	2,707,801	504,639	-	236,233	-	(1,966,929)	(1,966,929)
Golf course	1,007,422	605,069	-	9,499	-	(392,854)	(392,854)
Interest on long-term debt	7,069,645	-	-	-	-	(7,069,645)	(7,069,645)
Total Business-Type Activities	105,334,620	106,970,491	1,122,326	3,872,563	-	6,630,760	6,630,760
Total Primary Government	\$ 173,595,125	\$ 111,863,230	\$ 5,474,448	\$ 15,928,440	(46,959,767)	6,630,760	(40,329,007)
General Revenues							
Taxes							
Property taxes					8,700,085	1,207,372	9,907,457
Sales tax					46,209,112	-	46,209,112
Hotel occupancy taxes					542,554	-	542,554
Franchise and miscellaneous taxes					601,905	-	601,905
Grants and contributions not restricted to specific programs							
Entitlements and shared revenues					71,027	-	71,027
Investment earnings					414,094	322,970	737,064
Miscellaneous					587,993	-	587,993
Gain (loss) on sale of assets					81,720	134,204	215,924
Transfers					10,232,221	(10,232,221)	-
Total General Revenues and Transfers					67,440,711	(8,567,675)	58,873,036
Change in Net Position					20,480,944	(1,936,915)	18,544,029
Net Position, Beginning of Year					154,758,825	138,203,598	292,962,423
Net Position, End of Year					\$ 175,239,769	\$ 136,266,683	\$ 311,506,452

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, 2018

Exhibit C

	General Fund	General Capital Projects Fund	Other Governmental Funds	Total Governmental Funds
Assets				
Cash and cash equivalents	\$ 67,697	\$ -	\$ 2,482,115	\$ 2,549,812
Certificates of deposit	-	-	2,264,270	2,264,270
Equity in pooled cash and certificates of deposit	20,152,983	16,009,296	11,390,848	47,553,127
Receivables (net of allowances for uncollectible)	3,338,227	371,492	695,738	4,405,457
Due from other governments	70,719	297,262	72,263	440,244
Due from other funds	213,596	-	8,654	222,250
Inventories	305,820	-	-	305,820
Total Assets	\$ 24,149,042	\$ 16,678,050	\$ 16,913,888	\$ 57,740,980
Liabilities, Deferred Inflows of Resources, and Fund Balances				
Liabilities				
Accounts payable	\$ 622,779	\$ 559,065	\$ 245,583	\$ 1,427,427
Salaries payable	927,204	-	-	927,204
Due to other funds	251,677	-	172,548	424,225
Total Liabilities	1,801,660	559,065	418,131	2,778,856
Deferred Inflows of Resources				
Unavailable revenues	-	-	401,869	401,869
Fund Balances				
Nonspendable				
Inventories	305,820	-	-	305,820
Restricted				
Debt service	-	-	2,751,313	2,751,313
Capital projects	-	15,018,985	10,284,750	25,303,735
Committed				
Capital projects	-	1,100,000	-	1,100,000
Economic development	-	-	2,089,471	2,089,471
Assigned	-	-	968,354	968,354
Unassigned	22,041,562	-	-	22,041,562
Total Fund Balances	22,347,382	16,118,985	16,093,888	54,560,255
Total Liabilities, Deferred Inflows of Resources, and Fund Balances	\$ 24,149,042	\$ 16,678,050	\$ 16,913,888	\$ 57,740,980

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, 2018**

Exhibit D

Total Fund Balance - Governmental Funds \$ 54,560,255

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

Capital assets used in governmental activities are not current financial resources and, therefore, are not reported in the fund financial statement but are reported in the governmental activities of the Statement of Net Position. 181,940,309

Pension related deferred outflows of resources and deferred inflows of resources are not due and payable in the current year and, therefore, are not reported in the governmental funds, as follows:

Deferred outflows of resources 14,287,147
Deferred inflows of resources (8,291,487)

Some liabilities (such as compensated absences, bonds payable, and pension liabilities) 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 (26,695,000)
Compensated absences (3,555,604)
Pension liability (42,747,297)

Interest on long-term debt is accrued in the Statement of Net Position but not in the governmental funds. (253,051)

Unavailable revenues are reported in governmental funds but not in the Statement of Net Position. 401,869

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. 5,592,628

Net Position of Governmental Activities in the Statement of Net Position \$ 175,239,769

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, 2018

Exhibit E

	General Fund	General Capital Projects Fund	Other Governmental Funds	Total Governmental Funds
Revenues				
Taxes				
Property taxes	\$ 3,683,572	\$ -	\$ 5,016,513	\$ 8,700,085
Sales taxes	38,615,206	4,775,140	2,818,766	46,209,112
Other	601,905	-	542,554	1,144,459
Intergovernmental	2,501,421	1,503,232	818,025	4,822,678
Fees, commissions, and fines	375,027	-	-	375,027
Licenses and permits	3,133,239	-	-	3,133,239
Charges for services	275,230	-	332,221	607,451
Investment earnings	101,133	129,609	85,709	316,451
Miscellaneous	1,186,534	-	220,056	1,406,590
Total Revenues	50,473,267	6,407,981	9,833,844	66,715,092
Expenditures				
Current				
General government	15,771,775	-	510,384	16,282,159
Public safety	27,983,846	-	-	27,983,846
Public works	10,010,985	-	-	10,010,985
Community and economic development	-	-	906,925	906,925
Capital outlay	2,464,370	6,750,385	2,344,156	11,558,911
Debt service				
Principal	1,165,000	-	3,770,000	4,935,000
Interest and other charges	115,837	-	947,200	1,063,037
Total Expenditures	57,511,813	6,750,385	8,478,665	72,740,863
Excess (Deficiency) of Revenues over Expenditures	(7,038,546)	(342,404)	1,355,179	(6,025,771)
Other Financing Sources (Uses)				
Transfers in	10,960,754	99,996	1,568,005	12,628,755
Transfers out	(2,754,767)	(598,858)	(1,729,969)	(5,083,594)
Proceeds from sale of assets	250,379	-	-	250,379
Total Other Financing Sources (Uses)	8,456,366	(498,862)	(161,964)	7,795,540
Net Change in Fund Balances	1,417,820	(841,266)	1,193,215	1,769,769
Fund Balances, Beginning of Year	20,929,562	16,960,251	14,900,673	52,790,486
Fund Balances, End of Year	\$ 22,347,382	\$ 16,118,985	\$ 16,093,888	\$ 54,560,255

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, 2018

Exhibit F

Net Change in Fund Balances - Total Governmental Funds \$ 1,769,769

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

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

Capital outlays meeting the capitalization threshold	8,174,057
Depreciation included in the Statement of Activities	(8,571,296)

Governmental funds report proceeds from the disposition of capital assets as revenue. The Statement of Activities reports the gain or loss from the disposition of capital assets (proceeds less basis).	(168,659)
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Revenues in the Statement of Activities that do not provide current financial resources are not reported as revenues in the governmental funds:	
Unavailable revenue	(57,830)
Donated infrastructure	10,552,645

Governmental funds report repayment of bond principal as an expenditure. In contrast, the Statement of Activities treats such repayments as a reduction in long-term liabilities.	
Principal Payments	4,935,000

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	38,296
Compensated absences	194,079
Pension expense	(315,028)

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.	3,929,911
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Change in Net Position of Governmental Activities \$ 20,480,944

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

City of Alexandria
Alexandria, Louisiana
Statement of Net Position
Proprietary Funds
April 30, 2018

Exhibit G

	Enterprise Funds			
	Utilities System	Other Enterprise Funds	Total Enterprise Funds	Internal Service Funds
Assets				
Current Assets				
Cash and cash equivalents	\$ 3,011,417	\$ 93,948	\$ 3,105,365	\$ 50,013
Certificates of deposit	3,000,000	-	3,000,000	-
Equity in pooled cash and certificates of deposit	264,540	5,638,968	5,903,508	15,313,063
Receivables (net of allowances for uncollectible)	12,124,196	247,912	12,372,108	-
Due from other funds	89,612	277,492	367,104	-
Due from other governments	-	360,455	360,455	-
Inventories	3,770,622	-	3,770,622	-
Prepaid expenses/other assets	-	-	-	113,180
Total Current Assets	<u>22,260,387</u>	<u>6,618,775</u>	<u>28,879,162</u>	<u>15,476,256</u>
Non-Current Assets				
Restricted assets				
Cash and equity in pooled cash and certificates of deposit	38,652,470	-	38,652,470	-
Capital assets				
Land and improvements	2,398,084	1,090,965	3,489,049	-
Construction and infrastructure in progress	9,201,775	117,756	9,319,531	-
Property, plant, equipment, and infrastructure	381,818,882	29,484,488	411,303,370	-
Less accumulated depreciation	<u>(170,007,326)</u>	<u>(15,001,728)</u>	<u>(185,009,054)</u>	<u>-</u>
Total Non-Current Assets	<u>262,063,885</u>	<u>15,691,481</u>	<u>277,755,366</u>	<u>-</u>
Total Assets	<u>284,324,272</u>	<u>22,310,256</u>	<u>306,634,528</u>	<u>15,476,256</u>
Deferred Outflows of Resources				
Unamortized bond refunding charges	395,376	-	395,376	-
Deferred outflows related to pensions	8,132,125	2,389,180	10,521,305	-
Total Deferred Outflows of Resources	<u>8,527,501</u>	<u>2,389,180</u>	<u>10,916,681</u>	<u>-</u>
Liabilities				
Current Liabilities				
Bank overdraft	-	8,560	8,560	-
Accounts payable	2,804,514	135,959	2,940,473	51,054
Salaries payable	385,978	102,330	488,308	-
Due to other funds	69,310	95,819	165,129	-
Compensated absences	236,864	63,218	300,082	-
Estimated liability for claims incurred	-	-	-	4,400,506
Liabilities payable from restricted assets:				
Accounts and contracts payable	889,457	-	889,457	-
Interest	3,301,786	-	3,301,786	-
Revenue bonds	<u>2,620,000</u>	<u>-</u>	<u>2,620,000</u>	<u>-</u>
Total Current Liabilities	<u>10,307,909</u>	<u>405,886</u>	<u>10,713,795</u>	<u>4,451,560</u>
Non-Current Liabilities				
Compensated absences	1,342,229	358,232	1,700,461	-
Customer guaranteed deposits	5,420,580	-	5,420,580	-
Estimated liability for claims incurred	-	-	-	3,540,113
Post-employment benefit obligation	-	-	-	1,891,955
Revenue bonds	148,015,060	-	148,015,060	-
Net pension liability	<u>6,825,253</u>	<u>1,970,434</u>	<u>8,795,687</u>	<u>-</u>
Total Non-Current Liabilities	<u>161,603,122</u>	<u>2,328,666</u>	<u>163,931,788</u>	<u>5,432,068</u>
Total Liabilities	<u>171,911,031</u>	<u>2,734,552</u>	<u>174,645,583</u>	<u>9,883,628</u>
Deferred Inflows of Resources				
Deferred inflows related to pensions	5,092,976	1,545,967	6,638,943	-
Net Position				
Net investment in capital assets	73,934,691	15,691,481	89,626,172	-
Restricted for debt service	571,363	-	571,363	-
Restricted for capital additions and contingencies	1,000,000	-	1,000,000	-
Unrestricted	<u>40,341,712</u>	<u>4,727,436</u>	<u>45,069,148</u>	<u>5,592,628</u>
Total Net Position	<u>\$ 115,847,766</u>	<u>\$ 20,418,917</u>	<u>\$ 136,266,683</u>	<u>\$ 5,592,628</u>

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

City of Alexandria
Alexandria, Louisiana
Statement of Revenues, Expenses, and Changes in Fund Net Position
Proprietary Funds
For the Year Ended April 30, 2018

Exhibit H

	Enterprise Funds			Internal Service Funds
	Utilities System	Other Enterprise Funds	Total Enterprise Funds	
Operating Revenues				
Charges for services	\$ 100,454,679	\$ 6,307,902	\$ 106,762,581	\$ 15,794,215
Miscellaneous	193,793	14,119	207,912	326,791
Total Operating Revenues	<u>100,648,472</u>	<u>6,322,021</u>	<u>106,970,493</u>	<u>16,121,006</u>
Operating Expenses				
Electricity and natural gas purchases	39,637,453	-	39,637,453	-
Utility rebates	6,008,261	-	6,008,261	-
Personnel costs	15,514,167	4,848,106	20,362,273	-
Contractual and professional services	2,735,840	605,966	3,341,806	1,127,567
Disposal costs	-	1,088,066	1,088,066	-
Utilities	1,724,859	632,419	2,357,278	-
Repairs and maintenance	6,438,925	215,409	6,654,334	-
Vehicle expense	522,381	1,166,712	1,689,093	-
Other supplies and expenses	1,993,509	541,825	2,535,334	50
Miscellaneous expenses	139,396	170,609	310,005	-
Payments in lieu of insurance	1,489,000	997,000	2,486,000	-
Insurance, claims, and related expenses	-	-	-	12,870,121
Depreciation	11,184,874	1,588,260	12,773,134	-
Total Operating Expenses	<u>87,388,665</u>	<u>11,854,372</u>	<u>99,243,037</u>	<u>13,997,738</u>
Operating Income (Loss)	13,259,807	(5,532,351)	7,727,456	2,123,268
Nonoperating Revenues (Expenses)				
Investment earnings	282,342	40,628	322,970	97,643
Property taxes	-	1,207,372	1,207,372	-
Operating grants and contributions	2,055	1,120,271	1,122,326	-
Interest expense and fiscal charges	(7,069,645)	-	(7,069,645)	-
Gain (loss) on sale of assets	132,834	1,370	134,204	-
Total Nonoperating Revenues (Expenses)	<u>(6,652,414)</u>	<u>2,369,641</u>	<u>(4,282,773)</u>	<u>97,643</u>
Income (Loss) Before Contributions and Transfers	6,607,393	(3,162,710)	3,444,683	2,220,911
Transfers in	174,683	5,023,870	5,198,553	1,709,000
Transfers out	(11,930,644)	(2,522,070)	(14,452,714)	-
Capital contributions	2,777,118	1,095,445	3,872,563	-
Change in Net Position	<u>(2,371,450)</u>	<u>434,535</u>	<u>(1,936,915)</u>	<u>3,929,911</u>
Net Position, Beginning of Year	<u>118,219,216</u>	<u>19,984,382</u>	<u>138,203,598</u>	<u>1,662,717</u>
Net Position, End of Year	<u>\$ 115,847,766</u>	<u>\$ 20,418,917</u>	<u>\$ 136,266,683</u>	<u>\$ 5,592,628</u>

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

City of Alexandria
 Alexandria, Louisiana
 Statement of Cash Flows
 Proprietary Funds
 For the Year Ended April 30, 2018

Exhibit I
 (Continued)

	Enterprise Funds			Internal Service Funds
	Utilities System	Other Enterprise Funds	Total Enterprise Funds	
Cash Flows from Operating Activities				
Receipts from customers	\$ 93,132,492	\$ 6,309,205	\$ 99,441,697	\$ 3,254,870
Internal activity - receipts from other funds	1,474,481	-	1,474,481	12,870,753
Other receipts	171,429	-	171,429	-
Payments for personnel costs	(14,793,322)	(3,981,143)	(18,774,465)	-
Payments to vendors and others	(49,815,297)	(2,907,968)	(52,723,265)	(14,414,248)
Internal activity - payments to other funds	(5,682,573)	(3,156,437)	(8,839,010)	(1,440)
Net Cash Provided by (Used in)				
Operating Activities	24,487,210	(3,736,343)	20,750,867	1,709,935
Cash Flows from Noncapital Financing Activities				
Bank overdraft	-	(24,946)	(24,946)	-
Property taxes	-	1,207,372	1,207,372	-
Operating grants and subsidies	2,055	951,854	953,909	-
Transfers between funds	(12,312,486)	2,037,078	(10,275,408)	1,709,000
Net Cash Provided by (Used in)				
Noncapital Financing Activities	(12,310,431)	4,171,358	(8,139,073)	1,709,000
Cash Flows from Capital and Related Financing Activities				
Proceeds from capital debt	1,553,055	-	1,553,055	-
Capital grants and contributions	-	1,095,445	1,095,445	-
Interest received on construction funds	152,823	-	152,823	-
Proceeds from sale of capital assets	3,073,682	1,370	3,075,052	-
Acquisition or construction of capital assets	(10,153,168)	(1,534,712)	(11,687,880)	-
Principal paid on capital debt	(3,202,000)	-	(3,202,000)	-
Interest paid on capital debt	(6,923,587)	-	(6,923,587)	-
Net Cash Provided by (Used in) Capital and Related Financing Activities	(15,499,195)	(437,897)	(15,937,092)	-
Cash Flows from Investing Activities				
Net change in equity in pooled cash and investments	3,040,504	(798,541)	2,241,963	(3,467,448)
Interest received on operating funds	129,518	40,628	170,146	97,643
Net Cash Provided by (Used in)				
Investing Activities	3,170,022	(757,913)	2,412,109	(3,369,805)
Net Increase (Decrease) in Cash and Cash Equivalents				
	(152,394)	(760,795)	(913,189)	49,130
Cash and Cash Equivalents, Beginning of Year				
	3,163,811	854,743	4,018,554	883
Cash and Cash Equivalents, End of Year				
	<u>\$ 3,011,417</u>	<u>\$ 93,948</u>	<u>\$ 3,105,365</u>	<u>\$ 50,013</u>

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

**City of Alexandria
Alexandria, Louisiana
Statement of Cash Flows
Proprietary Funds
For the Year Ended April 30, 2018**

**Exhibit I
(Concluded)**

	Enterprise Funds			Internal Service Funds
	Utilities System	Other Enterprise Funds	Total Enterprise Funds	
Reconciliation of Operating Income (Loss) to Net Cash Provided by (Used in) Operating Activities				
Operating income (loss)	\$ 13,259,807	\$ (5,532,351)	\$ 7,727,456	\$ 2,123,268
Adjustments to Reconcile Operating Income (Loss) to Net Cash Provided by (Used in) Operating Activities:				
Depreciation	11,184,874	1,588,260	12,773,134	-
Amortization of pension deferral	676,114	209,535	885,649	-
Changes in assets and liabilities:				
Receivables	(33,238)	(12,816)	(46,054)	4,617
Inventories	(150,256)	-	(150,256)	-
Accounts payable	(666,251)	(56,270)	(722,521)	(1,066)
Accrued expenses and other current liabilities	15,625	3,082	18,707	-
Estimated liability for claims incurred	-	-	-	(463,293)
Post-employment benefit obligation	-	-	-	46,409
Compensated absences	29,106	64,217	93,323	-
Customer guaranteed deposits	171,429	-	171,429	-
Net Cash Provided by (Used in) Operating Activities	<u>\$ 24,487,210</u>	<u>\$ (3,736,343)</u>	<u>\$ 20,750,867</u>	<u>\$ 1,709,935</u>
Additional required disclosure:				
Noncash transactions affecting capital and related financing activities:				
Contributions of capital assets from developers	<u>\$ 2,777,118</u>	<u>\$ -</u>	<u>\$ 2,777,118</u>	<u>\$ -</u>

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

**City of Alexandria
Alexandria, Louisiana
Statement of Fiduciary Net Position
Fiduciary Funds
For the Year Ended**

Exhibit J

	Pension Trust Funds		
	City of Alexandria Employees' Retirement System (12/31/17)	City of Alexandria Firemen's Pension and Relief Fund (4/30/18)	Total
Assets			
Cash and cash equivalents	\$ 5,356,988	\$ 26,123	\$ 5,383,111
Receivables			
Interest and dividends	744,473	-	744,473
Investments, at fair value			
Corporate bonds	58,227,574	-	58,227,574
Corporate stocks	96,891,533	-	96,891,533
U.S. Government agency notes	1,003,174	-	1,003,174
GNMA notes	653	-	653
Certificate of deposit	-	97,245	97,245
Total Investments	156,122,934	97,245	156,220,179
Capital assets			
Furniture, fixtures, and equipment, net	683	-	683
Total Assets	162,225,078	123,368	162,348,446
Liabilities			
Payroll taxes withheld	780	-	780
Net Position			
Net Position Restricted for Pensions	\$ 162,224,298	\$ 123,368	\$ 162,347,666

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 of Alexandria Employees' Retirement System (12/31/17)	City of Alexandria Firemen's Pension and Relief Fund (4/30/18)	Total
Additions			
Contributions			
Employer	\$ 4,734,943	\$ 22,000	\$ 4,756,943
Plan members	1,873,690	-	1,873,690
Purchased service, transfers, etc.	47,822	-	47,822
Total Contributions	<u>6,656,455</u>	<u>22,000</u>	<u>6,678,455</u>
Investment earnings			
Net appreciation (depreciation) in fair value of investments	13,365,331	-	13,365,331
Interest	2,373,406	200	2,373,606
Dividends	2,143,275	-	2,143,275
Total Investment Earnings	<u>17,882,012</u>	<u>200</u>	<u>17,882,212</u>
Total Additions	<u>24,538,467</u>	<u>22,200</u>	<u>24,560,667</u>
Deductions			
Benefit payments, excluding DROP benefits	8,902,930	18,392	8,921,322
DROP benefits	337,652	-	337,652
Employee refunds	596,958	-	596,958
Administrative expenses	155,590	-	155,590
Total Deductions	<u>9,993,130</u>	<u>18,392</u>	<u>10,011,522</u>
Net Increase (Decrease)	14,545,337	3,808	14,549,145
Net Position Restricted for Pensions, Beginning of Year	<u>147,678,961</u>	<u>119,560</u>	<u>147,798,521</u>
Net Position Restricted for Pensions, End of Year	<u>\$ 162,224,298</u>	<u>\$ 123,368</u>	<u>\$ 162,347,666</u>

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

Notes to Financial Statements

City of Alexandria, Louisiana
April 30, 2018
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.

City of Alexandria, Louisiana
April 30, 2018
Notes to Financial Statements

B. Basis of Presentation and Accounting

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

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

Government-Wide Financial Statements (GWFS)

The government-wide financial statements, "*Statement of Net 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 financial 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 and fiduciary fund financial statements. Revenues are recorded when earned and expenses are recorded when the liability is incurred, regardless of the timing of related cash flows. This approach 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.

City of Alexandria, Louisiana
April 30, 2018
Notes to Financial Statements

Fund Financial Statements

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

City of Alexandria, Louisiana
April 30, 2018
Notes to Financial Statements

Expenditure Recognition

The measurement focus of 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, if measurable. 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 measurement focus concentrates on an entity or fund's net position. All transactions and events that affect the total economic resources (net position) during the period are reported. An economic resource measurement focus is connected with full accrual accounting. Under the full accrual basis of accounting, 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.

City of Alexandria, Louisiana
April 30, 2018
Notes to Financial Statements

Fiduciary Funds

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

- City of Alexandria Employees' Retirement System Fund is used to accumulate resources for retirement benefits for City employees covered under the plan.
- City of Alexandria 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 as required by law. 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, Certificates of Deposit, and 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.

Certificates of Deposit and 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 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.

City of Alexandria, Louisiana
April 30, 2018
Notes to Financial Statements

E. Receivables

Amounts due from individuals, organizations or other governmental units are recorded as receivables at year-end. These amounts include charges for services rendered, or for goods and materials provided by the City, including amounts for unbilled services. Receivables are also recognized for property taxes, sales taxes, assessments, loans receivable, and intergovernmental grants.

Taxes and tax increments receivable consist of uncollected taxes levied and payable in prior years, net of allowance for uncollectible taxes. These receivables are deferred to indicate they are not available to finance expenditures of the current fiscal period. Loans receivable include both the current and long-term portions of loans issued by the City. Most of these loans receivable are reported as an asset in the amount of loan proceeds disbursed.

Receivables are shown net of an allowance for uncollectible accounts. Managements' estimate of these allowances are based on the age of the related receivables.

F. Deferred Outflows/Inflows of Resources

In addition to assets, the Statement of Net Position will sometimes report a separate section for deferred outflows of resources. This separate financial statement element, deferred outflows of resources, represents a consumption of net position that applies to a future period(s) and so will not be recognized as an outflow of resources (expense/expenditure) until then. Currently, the City has two items that qualify for reporting in this category, which includes unamortized bond refunding charges and deferred outflows related to pensions.

In addition to liabilities, the Statement of Net Position will sometimes report a separate section for deferred inflows of resources. This separate financial statement element, deferred inflows of resources, represents an acquisition of net position that applies to a future period(s) and so will not be recognized as an inflow of resources (revenue) until that time. The City has loan receivable balances that qualify for reporting in this category and are reported as unavailable revenues in the governmental funds balance sheet. These amounts are recognized as an inflow of resources in the period that amounts become available. Unavailable revenues are eliminated in the Government-Wide Financial Statements. Deferred inflows related to pensions are recognized in the Government-Wide Financial Statements for both governmental and business-type activities and in the Proprietary Fund Financial Statements.

G. 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.

City of Alexandria, Louisiana
April 30, 2018
Notes to Financial Statements

H. Prepaid Expenses

Certain payments to vendors reflect costs applicable to future accounting periods and are recorded as prepaid expenses in both government-wide and proprietary fund financial statements.

I. 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.

J. 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.

K. 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 the date of donation. The minimum capitalization threshold is as follows:

Land	All costs
Buildings and building improvements	Greater than \$100,000
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.

City of Alexandria, Louisiana
April 30, 2018
Notes to Financial Statements

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 required to be capitalized during the current period.

L. Bond Issuance Costs

In accordance with GASB Statement No. 65, *Items Previously Reported as Assets and Liabilities*, bond issuance costs are to be expensed as incurred.

M. 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.

N. Long-term Liabilities

Long-term liabilities expected to be financed from governmental funds are not reported in the Balance Sheet of 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.

O. On-Behalf Payments

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. In the Government-Wide Financial Statements, these supplemental wages are recognized as operating grants and contributions and public safety expenses.

The Municipal Police Employees Retirement System of Louisiana and the Firefighters' Retirement System of Louisiana receive non-employer pension contributions from the State of Louisiana on-behalf of the City. In the Government-Wide Financial Statements, these on-behalf payments are recognized as operating grants and contributions and public safety expenses.

P. 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.

City of Alexandria, Louisiana
April 30, 2018
Notes to Financial Statements

Q. 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.

R. Subsequent Events

Management has evaluated subsequent events and determined that the City did not have any events through October 23, 2018, which is the date of the financials were available to be issued, requiring recording or disclosure in the financial statements for the year ended April 30, 2018.

2. Cash and Cash Equivalents, Certificates of Deposit, Equity in Pooled Cash and Certificates of Deposit, and Investments

Cash and cash equivalents, equity in pooled cash and certificates of deposit, and investments – 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.

At year-end, the City's pooled cash and certificates of deposit were covered by depository insurance or collateral held by the City or its agent in the City's name. At April 30, 2018, the City of Alexandria had the following cash and cash equivalents along with cash and equity in pooled cash and certificates of deposit:

	<u>Governmental Activities</u>	<u>Business-Type Activities</u>
Unrestricted		
Cash and cash equivalents	\$ 2,599,825	\$ 3,105,365
Equity in pooled cash and certificates of deposit	<u>62,866,190</u>	<u>5,903,508</u>
Total	\$ 65,466,015	\$ 9,008,873
Restricted		
Cash held with the paying agent	\$ -	\$ 5,921,786
MISO deposits	-	497,917
Revenue bond reserve future debt service	-	64,048
Customers' deposits	-	5,420,580
Special projects	-	150,000
Utilities capital projects – unexpended bond funds	-	1,158,336
Utilities capital projects – other	-	23,932,488
Revenue bond future debt service	-	507,315
Revenue bond capital additions and contingencies	<u>-</u>	<u>1,000,000</u>
Total	\$ -	\$ 38,652,470

City of Alexandria, Louisiana
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Certificates of deposit – 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 had unrestricted certificates of deposit with maturities of less than one year totaling \$5,264,270. These certificates of deposit were covered by depository insurance or collateral held by the City or its agent in the City's name.

Cash and cash equivalents and certificates of deposit – Fiduciary funds

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 (COAERS)

At December 31, 2017, the City of Alexandria Employees' Retirement System (System) had the following investments and maturities:

Investment Type	Fair Value	Investment Maturities (In Years)			
		Less than 1	1 – 5	6 – 10	More than 10
Corporate bonds	\$ 58,227,574	\$ -	\$ 6,464,189	\$ 5,139,088	\$ 46,624,297
GNMA notes	653	-	653	-	-
U.S. Government agency notes	1,003,174	-	-	-	1,003,174
Total interest-bearing	\$ 59,231,401	\$ -	\$ 6,464,842	\$ 5,139,088	\$ 47,627,471
Common stocks	96,177,227				
Preferred stocks	714,306				
	\$156,122,934				

The City categorizes its fair value measurements within the fair value hierarchy established by generally accepted accounting principles. The hierarchy is based on the valuation inputs used to measure the fair value of the asset. Level 1 inputs are quoted prices in active markets for identical assets; Level 2 inputs are significant other observable inputs; Level 3 inputs are significant unobservable inputs. All investment types are valued using Level 1 inputs.

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.

City of Alexandria, Louisiana
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<u>Moody's Investor Services Credit Rating</u>	<u>Fair Value</u>
A or better	\$ 49,600,604
Baa	8,556,308
Less than Baa	<u>1,074,489</u>
	\$ 59,231,401

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, 2018, consist of the following:

	Governmental Funds	Proprietary Funds	Internal Service Funds	Totals
Receivables				
Taxes - sales	\$ 3,097,999	\$ -	\$ -	\$ 3,097,999
Taxes - ad valorem	2,567,469	-	-	2,567,469
Accounts				
Uncollected cycle billings	-	9,876,495	-	9,876,495
Estimated unbilled services	-	4,861,549	-	4,861,549
Interest	991	1,676	-	2,667
Other	<u>1,327,374</u>	<u>332,388</u>	-	<u>1,659,762</u>
Gross receivables	6,993,833	15,072,108	-	22,065,941
Allowance for uncollectibles	<u>(2,588,376)</u>	<u>(2,700,000)</u>	-	<u>(5,288,376)</u>
Net receivables	4,405,457	12,372,108	-	16,777,565
Intergovernmental				
Federal	356,191	345,132	-	701,323
State	51,601	15,323	-	66,924
Local	<u>32,452</u>	<u>-</u>	<u>-</u>	<u>32,452</u>
Total Intergovernmental	<u>440,244</u>	<u>360,455</u>	<u>-</u>	<u>800,699</u>
Total Receivables	\$ 4,845,701	\$ 12,732,563	\$ -	\$ 17,578,264

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, 2018, taxes of 24.54 mills were levied on property with assessed values totaling \$399,124,251 and were dedicated as follows:

Streets and Drainage	11.51 mills
General purpose	6.98 mills
Recreation and Zoo	6.05 mills

Ad valorem taxes levied totaled \$9,794,567. Of this amount, \$2,567,469 remains receivable at April 30, 2018.

An allowance for uncollectible accounts includes \$2,588,376, which represents projected uncollectible ad valorem taxes of \$2,567,469 and other projected uncollectible accounts of \$20,907.

City of Alexandria, Louisiana
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Notes to Financial Statements

The City is subject to a number of tax abatement agreements entered into by other governments that reduce the ad valorem tax revenues of the City. These abatements are based on undepreciated values of various contracts as reported by Louisiana Economic Development. The total estimated undepreciated property subject to the contracts in effect during the year totaled \$14,127,155. The estimated amount of ad valorem taxes abated through indirect agreements is \$52,003.

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 \$2,700,000, which represents the projected uncollectible utility accounts at April 30, 2018.

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, 2018, consist of the following:

<u>Receivable Fund</u>	<u>Payable Fund</u>	<u>Amount</u>
General	Community Development Block Grant	\$ 144,451
General	HOME Investment Partnership Program	19,443
General	Utilities System	43,495
General	Zoological Park	6,207
Home Investment Partnership Program	Community Development Block Grant	<u>8,654</u>
Total Governmental Funds		222,250
Utilities System	Golf Course	2,148
Utilities System	Sanitation	25,224
Utilities System	Zoological Park	62,002
Utilities System	Municipal Bus Line	238
Sanitation	General	133,034
Sanitation	Utilities System	25,815
Golf Course	General	522
Municipal Bus Line	General	<u>118,121</u>
Total Enterprise Funds		<u>367,104</u>
Total Due From/To Other Funds		\$ 589,354

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, 2018, shown in the fund financial statements were as follows:

<u>Transfers in</u>	<u>Transfers out</u>	<u>Amount</u>
General	Utilities System	\$ 8,038,636
General	General Capital Projects	411,000
General	HOME Investment Partnership Program	1,731
General	Sanitation	534,967

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Transfers in	Transfers out	Amount
General	Municipal Bus Line	601,459
General	Zoological Park	1,185,483
General	Golf Course	25,478
General	Pretrial Intervention	162,000
Community Development Block Grant	General	1,767
General Capital Projects	Utilities System	99,996
Debt Service	General Capital Projects Property Tax Call	<u>1,566,238</u>
Total Governmental Funds		12,628,755
Utilities System	Sanitation	156,224
Utilities System	Municipal Bus Line	18,459
Municipal Bus Line	General Capital Projects	187,858
Municipal Bus Line	Utilities System	2,901,012
Golf Course	General	275,000
Zoological Park	General	<u>1,660,000</u>
Total Enterprise Funds		5,198,553
Employee Benefits Insurance	Utilities System	891,000
Employee Benefits Insurance	General Fund	<u>818,000</u>
Total Internal Service Funds		1,709,000
Total Transfers		<u>\$ 19,536,308</u>

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, 2018, assets of the Utility System Enterprise Fund consist of equity in pooled cash and certificates of deposit totaling \$38,652,470 as follows:

Revenue bond current debt service	\$ 5,921,786
Customers' deposits	5,420,580
Special projects	150,000
MISO Deposits	497,917
Revenue bond reserve future debt service	64,048
Revenue bonds future debt service	507,315
Revenue bond capital additions and contingencies	1,000,000
Utilities capital projects - unexpended bond funds	1,158,336
Utilities capital projects - other	<u>23,932,488</u>
	<u>\$ 38,652,470</u>

City of Alexandria, Louisiana
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6. Capital Assets and Depreciation

Capital asset activity for the year ended April 30, 2018, was as follows:

	<u>Balance</u> <u>May 1, 2017</u>	<u>Increases</u>	<u>Decreases</u>	<u>Balance</u> <u>April 30, 2018</u>
Governmental Activities				
Capital Assets not Being Depreciated				
Land and land improvements	\$ 14,261,292	\$ -	\$ -	\$ 14,261,292
Construction and Infrastructure in progress	<u>16,143,100</u>	<u>6,371,332</u>	<u>(3,647,959)</u>	<u>18,866,473</u>
Total Capital Assets not Being Depreciated	30,404,392	6,371,332	(3,647,959)	33,127,765
Other Depreciable Capital Assets				
Buildings and improvements	104,181,805	7,205	(2,490)	104,186,520
Furniture and fixtures	787,921	-	(13,475)	774,446
Equipment	16,206,412	1,045,758	(1,267,228)	15,984,942
Vehicles	14,861,407	1,097,946	(630,519)	15,328,834
Infrastructure	<u>129,948,042</u>	<u>13,852,420</u>	<u>-</u>	<u>143,800,462</u>
Total Other Depreciable Capital Assets	265,985,587	16,003,329	(1,913,712)	280,075,204
Accumulated Depreciation				
Buildings and improvements	(46,251,834)	(2,823,117)	933	(49,074,018)
Furniture and fixtures	(784,539)	-	13,475	(771,064)
Equipment	(11,780,179)	(1,153,709)	1,248,721	(11,685,167)
Vehicles	(10,249,036)	(1,041,536)	481,924	(10,808,648)
Infrastructure	<u>(55,370,829)</u>	<u>(3,552,934)</u>	<u>-</u>	<u>(58,923,763)</u>
Total Accumulated Depreciation	<u>(124,436,417)</u>	<u>(8,571,296)</u>	<u>1,745,053</u>	<u>(131,262,660)</u>
Other Depreciable Capital Assets, Net	<u>141,549,170</u>	<u>7,432,033</u>	<u>(168,659)</u>	<u>148,812,544</u>
Net Capital Assets	\$171,953,562	\$ 13,803,365	\$(3,816,618)	\$181,940,309

Depreciation was charged to functions as follows:

Governmental Activities	
General government	\$ 1,695,534
Public safety	908,692
Public works	<u>5,967,070</u>
Total Depreciation Expense for Governmental Activities	\$ 8,571,296

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

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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 this 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

	<u>Balance</u> <u>May 1, 2017</u>	<u>Increases</u>	<u>Decreases</u>	<u>Balance</u> <u>April 30, 2018</u>
Business-Type Activities				
Capital Assets not Being Depreciated				
Land	\$ 3,489,049	\$ -	\$ -	\$ 3,489,049
Construction and infrastructure in progress	<u>9,018,092</u>	<u>4,162,819</u>	<u>(3,861,380)</u>	<u>9,319,531</u>
Total Capital Assets not Being Depreciated	12,507,141	4,162,819	(3,861,380)	12,808,580
Other Depreciable Capital Assets				
Plant and infrastructure	375,896,037	7,625,323	(1,066,208)	382,455,152
Buildings and improvements	10,232,281	930,677	(28,533)	11,134,425
Vehicles and buses	15,589,926	1,730,875	(791,833)	16,528,968
Furniture, fixtures, and equipment	<u>1,425,482</u>	<u>109,329</u>	<u>(349,986)</u>	<u>1,184,825</u>
Total Other Depreciable Capital Assets	403,143,726	10,396,204	(2,236,560)	411,303,370
Accumulated Depreciation				
Plant and infrastructure	(158,018,565)	(10,776,151)	1,056,063	(167,738,653)
Buildings and improvements	(4,741,161)	(575,972)	28,533	(5,288,600)
Vehicles and buses	(10,534,604)	(1,357,466)	791,833	(11,100,237)
Furniture, fixtures, and equipment	<u>(1,168,005)</u>	<u>(63,545)</u>	<u>349,986</u>	<u>(881,564)</u>
Total Accumulated Depreciation	<u>(174,462,335)</u>	<u>(12,773,134)</u>	<u>2,226,415</u>	<u>(185,009,054)</u>
Other Depreciable Capital Assets, Net	<u>228,681,391</u>	<u>(2,376,930)</u>	<u>(10,145)</u>	<u>226,294,316</u>
Net Capital Assets	\$241,188,532	\$ 1,785,889	\$ (3,871,525)	\$239,102,896

Depreciation was charged to functions as follows:

Business-Type Activities	
Electricity	\$ 6,574,888
Natural gas	1,369,006
Water	1,329,126
Wastewater	1,911,854
Municipal bus line	437,740
Sanitation	353,079
Municipal zoo	563,021
Municipal golf course	<u>234,420</u>
Total Depreciation Expense for Business-Type Activities	\$ 12,773,134

City of Alexandria, Louisiana
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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, equipment, and infrastructure	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	\$ 16,526,461	\$ 1,261,731	\$ 4,967,797	None
Water	12,894,346	401,965	188,775	None
Gas	3,987,416	3,242,967	364,895	None
Wastewater	6,013,762	2,014,758	650,638	None
General and administrative	1,120,013	165,591	47,755	None
	\$ 40,541,998	\$ 7,087,012	\$ 6,219,860	

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, 2018. 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	Limits of Insurance In Aggregate
General liability/Law enforcement liability	\$ 500,000	\$ 4,000,000
Workers' compensation	600,000	Statutory
Public officials and employees liability	500,000	4,000,000
Automobile	200,000	1,000,000
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 \$7,230,113 as of April 30, 2018 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.

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Changes in the City's claims liability amount in the fiscal year ending April 30, 2018, were as follows:

Balance, beginning of the year	\$ 7,849,064
Current year claims and changes in estimates	2,691,053
Claims payments	<u>(3,310,004)</u>
Balance, end of the year	\$ 7,230,113

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 \$710,506 reported in the Fund at April 30, 2018, 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, 2018, were as follows:

Balance, beginning of the year	\$ 554,848
Current year claims and changes in estimates	7,976,951
Claims payments	<u>(7,821,293)</u>
Balance, end of the year	\$ 710,506

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, 2018, claim payments of \$4,297 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 due as of April 30, 2018, are considered immaterial and are not included in this report.

City of Alexandria, Louisiana
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Notes to Financial Statements

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 of Alexandria 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's limited tax bonds are secured by and payable from an irrevocable pledge and dedication of specified ad valorem tax millages.

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. The state revolving loan funds are a special classification of the utility revenue bonds. 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, 2018, follows:

	<u>Maturity Dates</u>	<u>Interest Rates</u>	<u>Business-type Activities</u>	<u>Governmental Activities</u>
Governmental activities				
Sales tax revenue bonds				
Series 2008 – Capital projects	2017 - 2029	4.00 - 5.00%	\$ -	\$ 1,180,000
Series 2014 – Refunding	2017 - 2024	2.00 - 4.50	-	4,930,000
Series 2015 – Refunding	2017 - 2029	2.00 - 5.00	-	15,685,000
Limited tax bonds				
Series 2012 (Taxable) – Refunding	2017 - 2022	1.46 - 2.52	-	4,900,000
Compensated absences			-	3,555,604
Risk Management Claims			-	7,940,619
Business-type activities				
Enterprise Funds				
Utilities System revenue bonds series				
2013A refunding 2004A	2019 - 2025	4.00 - 5.00	6,765,000	-
2013B refunding 2004B	2019 - 2024	2.33 - 4.53	9,720,000	-
2013A capital improvements	2025 - 2044	4.00 - 5.00	96,150,000	-
2014 capital improvements	2019 - 2044	2.00 - 5.00	27,395,000	-
State Revolving loan funds series				
2010 capital improvements	2018 - 2030	3.45	2,256,000	-
2011 capital improvements	2018 - 2030	3.45	5,091,457	-
2012 capital improvements	2018 - 2030	.95	3,257,603	-
Customer guaranteed deposits			5,420,580	-
Compensated absences			<u>2,000,543</u>	-
Totals			158,056,183	38,191,223
Current portion			<u>(2,920,082)</u>	<u>(8,103,846)</u>
Totals			\$155,136,101	\$ 30,087,377

City of Alexandria, Louisiana
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During the year ended April 30, 2018, the following changes occurred in governmental activities long-term liabilities:

	<u>Balance</u> <u>May 1, 2017</u>	<u>Additions</u>	<u>(Reductions)</u>	<u>Balance</u> <u>April 30, 2018</u>
Governmental Activities Long-Term Debt				
Sales tax bonds	\$ 23,695,000	\$ -	\$ (1,900,000)	\$ 21,795,000
Limited tax bonds	7,935,000	-	(3,035,000)	4,900,000
Compensated absences - net	3,749,683	75,918	(269,997)	3,555,604
Risk management claims	<u>8,403,912</u>	<u>10,668,004</u>	<u>(11,131,297)</u>	<u>7,940,619</u>
Totals	<u>\$ 43,783,595</u>	<u>\$ 10,743,922</u>	<u>\$ (16,336,294)</u>	<u>\$ 38,191,223</u>

	<u>Balance</u> <u>April 30, 2018</u>	<u>Due within</u> <u>one year</u>	<u>Due in more</u> <u>than one year</u>
Governmental Activities Long-Term Debt			
Sales tax bonds	\$ 21,795,000	\$ 1,985,000	\$ 19,810,000
Limited tax bonds	4,900,000	1,185,000	3,715,000
Compensated absences - net	3,555,604	533,340	3,022,264
Risk management claims	<u>7,940,619</u>	<u>4,400,506</u>	<u>3,540,113</u>
Totals	<u>\$ 38,191,223</u>	<u>\$ 8,103,846</u>	<u>\$ 30,087,377</u>

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

<u>Year ended April 30,</u>	<u>Principal</u> <u>Payments</u>	<u>Interest</u> <u>Payments</u>	<u>Total</u>
2019	\$ 3,170,000	\$ 895,316	\$ 4,065,316
2020	3,275,000	809,031	4,084,031
2021	3,380,000	724,999	4,104,999
2022	3,485,000	618,852	4,103,852
2023	2,330,000	502,900	2,832,900
2024-2028	9,195,000	1,195,238	10,390,238
2029	<u>1,860,000</u>	<u>27,900</u>	<u>1,887,900</u>
	<u>\$ 26,695,000</u>	<u>\$ 4,774,236</u>	<u>\$ 31,469,236</u>

During the year ended April 30, 2018, the following changes occurred in business-type activities long-term liabilities:

	<u>Balance</u> <u>May 1, 2017</u>	<u>Additions</u>	<u>(Reductions)</u>	<u>Balance</u> <u>April 30, 2018</u>
Business-Type Activities Long-Term Debt				
Revenue bonds	\$ 142,575,000	\$ -	\$ (2,545,000)	\$ 140,030,000
State revolving loan funds	9,719,870	1,542,190	(657,000)	10,605,060
Compensated absences - net	1,907,221	93,322	-	2,000,543
Customer guaranteed deposits - net	<u>5,249,151</u>	<u>171,429</u>	<u>-</u>	<u>5,420,580</u>
Totals	<u>\$ 159,451,242</u>	<u>\$ 1,806,941</u>	<u>\$ (3,202,000)</u>	<u>\$ 158,056,183</u>

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	<u>Balance</u> <u>April 30, 2018</u>	<u>Due within</u> <u>one year</u>	<u>Due in more</u> <u>than one year</u>
Business-Type Activities Long-Term Debt			
Revenue bonds	\$140,030,000	\$ 2,620,000	\$ 137,410,000
State revolving loan funds	10,605,060	-	10,605,060
Compensated absences - net	2,000,543	300,082	1,700,461
Customer guaranteed deposits - net	<u>5,420,580</u>	<u>-</u>	<u>5,420,580</u>
Totals	\$158,056,183	\$ 2,920,082	\$ 155,136,101

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

<u>Year ended April 30,</u>	<u>Principal</u> <u>Payments</u>	<u>Interest</u> <u>Payments</u>	<u>Total</u>
2019	\$ 3,375,000	\$ 6,844,758	\$ 10,219,758
2020	3,480,000	6,735,825	10,215,825
2021	3,628,000	6,611,971	10,239,971
2022	3,733,000	6,471,876	10,204,876
2023	3,879,000	6,318,445	10,197,445
2024-2028	22,846,603	29,057,094	51,903,697
2029-2033	23,888,457	24,008,821	47,897,278
2034-2038	33,275,000	17,313,694	50,588,694
2039-2043	42,655,000	7,940,712	50,595,712
2044	<u>9,875,000</u>	<u>244,500</u>	<u>10,119,500</u>
	\$ 150,635,060	\$ 111,547,696	\$ 262,182,756

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 \$1,504,084 is recognized as intergovernmental revenue in the General Fund and as expenditures in the following public safety departments:

Police	\$ 865,385
Fire	<u>638,699</u>
	\$ 1,504,084

12. Utilities System Enterprise Fund – Segment Information

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

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	Utilities System
Condensed Statement of Net Position	
Assets	
Current assets	
Due from other funds	\$ 89,612
Other current assets	22,170,775
Noncurrent assets	
Restricted cash and equity in pooled cash and certificates of deposit	38,652,470
Capital assets	<u>223,411,415</u>
Total Assets	<u>284,324,272</u>
Deferred Outflows of Resources	8,527,501
Liabilities	
Current liabilities	
Due to other funds	69,310
Other current liabilities	3,427,356
Liabilities payable from restricted assets	6,811,243
Noncurrent liabilities	<u>161,603,122</u>
Total Liabilities	<u>171,911,031</u>
Deferred Inflows of Resources	<u>5,092,976</u>
Net Position	
Net investment in capital assets	73,934,691
Restricted	1,571,363
Unrestricted	<u>40,341,712</u>
Total Net Position	<u>\$ 115,847,766</u>
Condensed Statement of Revenues, Expenses, and Changes in Net Position	
Operating revenues (operating revenues are pledged against revenue bonds)	\$ 100,648,472
Operating expenses	
Depreciation	(11,184,874)
Other	<u>(76,203,791)</u>
Operating income (loss)	13,259,807
Nonoperating revenues (expenses)	
Investment earnings	282,342
Operating grants and contributions	2,055
Capital contributions	2,777,118
Gain (loss) on sale of assets	132,834
Interest expense and fiscal charges	(7,069,645)
Transfers in (out), net	<u>(11,755,961)</u>
Change in Net Position	(2,371,450)
Net Position, beginning	<u>118,219,216</u>
Net Position, ending	<u>\$ 115,847,766</u>

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Condensed Statement of Cash Flows

Net cash provided by (used in)	
Operating activities	\$ 24,487,210
Noncapital financing activities	(12,310,431)
Capital and related financing activities	(15,499,195)
Investing activities	<u>3,170,022</u>
Net increase (decrease)	(152,394)
Cash and cash equivalents, beginning	<u>3,163,811</u>
Cash and cash equivalents, ending	<u>\$ 3,011,417</u>

Segment information for the Utilities System Enterprise Fund for the fiscal year ended April 30, 2018, follows:

	Total	Electric	Gas	Water	Wastewater
Operating revenues	\$100,648,472	\$ 76,564,388	\$ 10,097,405	\$ 7,084,652	\$ 6,902,027
Operating expenses					
Depreciation	(11,184,874)	(6,573,558)	(1,369,658)	(1,329,394)	(1,912,264)
Other	<u>(76,203,791)</u>	<u>(50,697,199)</u>	<u>(10,666,760)</u>	<u>(7,177,031)</u>	<u>(7,662,801)</u>
Operating income (loss)	\$ 13,259,807	\$ 19,293,631	\$ (1,939,013)	\$ (1,421,773)	\$ (2,673,038)

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 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.

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

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- 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.

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. The City will always provide revenues in each year sufficient to pay the necessary expenses of administering, operating, and maintaining the Utilities System; 120% of the principal and interest maturing on the bonds or other obligations payable therefrom 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. The City's 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.

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- (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 4/30). 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

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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.

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16. Defined Benefit Pension Plans

At year-end, the City reports total deferred outflows and inflows of pension resources and net pension liability from the following systems in the Statement of Net Position:

	Deferred Outflows of Pension Resources	Deferred Inflows of Pension Resources	Net Pension Liability
Governmental Activities			
Municipal Police Employees' Retirement System of Louisiana	\$ 4,889,896	\$ 2,227,805	\$ 23,669,015
Firefighters' Retirement System of Louisiana	3,018,826	1,968,386	13,642,053
City of Alexandria Employees' Retirement System	6,367,703	4,090,244	5,316,349
City of Alexandria Firemen's Pension and Relief Fund	10,722	5,052	119,880
	14,287,147	8,291,487	42,747,297
Business-Type Activities			
City of Alexandria Employees' Retirement System	10,521,305	6,638,943	8,795,687
Total	\$ 24,808,452	\$ 14,930,430	\$ 51,542,984

The City contributes to two statewide cost-sharing, multiple-employer, defined benefit public employee retirement systems and two single-employer defined benefit pension plans. Information relative to these systems is presented below:

Municipal Police Employees' Retirement System of Louisiana (MPERS)

General Information about the Pension Plan

Plan Description

The Municipal Police Employees' Retirement System of Louisiana (MPERS) is a cost-sharing multiple-employer plan. Membership in MPERS is mandatory for any full-time police officer employed by the City that is engaged in law enforcement, empowered to make arrests, providing he or she does not have to pay social security and providing he or she meets the statutory criteria. MPERS provides retirement benefits for municipal police officers. The projections of benefit payments in the calculation of the total pension liability includes all benefits to be provided to current active and inactive employees through MPERS in accordance with benefit terms and any additional legal agreements to provide benefits that are in force at the measurement date. MPERS provides retirement benefits for municipal police officers. Benefit provisions are authorized within Act 189 of 1973 and amended by LRS 11:2211-11:2233. MPERS issues a publicly available financial report that is available for download at www.lampers.org.

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Benefits Provided

The following is a description of the plan and its benefits and is provided for general information purposes only. Participants should refer to the appropriate statutes for more complete information.

Retirement

A member who has joined the System before January 1, 2013 is eligible for regular retirement after he has been a member of the System and has 25 years of creditable service at any age or has 20 years of creditable service and is age 50 or has 12 years of creditable service and is age 55. A member is eligible for early retirement after he has been a member of the System for 20 years of creditable service at any age with an actuarially reduced benefit. Benefit rates are three and one-third percent of average final compensation (average monthly earnings during the highest 36 consecutive months or joined months if service was interrupted) per number of years of creditable service not to exceed 100% of final salary. Upon the death of an active contributing member, or disability retiree, the plan provides for surviving spouses and minor children. Under certain conditions outlined in the statutes, the benefits range from forty to sixty percent of the member's average final compensation for the surviving spouse. In addition, each child under age eighteen receives benefits equal to ten percent of the member's average final compensation or \$200 per month, whichever is greater.

The eligibility of a member who joins the System on or after January 1, 2013, for regular retirement, early retirement, disability, and survivor benefits is based on Hazardous Duty and Non Hazardous Duty sub plans. Under the Hazardous Duty sub plan, a member is eligible for regular retirement after he has been a member of the System and has 25 years of creditable service at any age or has 12 years of creditable service at age 55. Under the Non Hazardous Duty sub plan, a member is eligible for regular retirement after he has been a member of the System and has 30 years of creditable service at any age, 25 years of creditable service at age 55, or 10 years of creditable service at age 60. Under both sub plans, a member is eligible for early retirement after he has been a member of the System for 20 years of creditable service at any age, with an actuarially reduced benefit from age 55. Under the Hazardous and Non Hazardous Duty sub plans, the benefit rates are three percent and two and one-half percent, respectively, of average final compensation (average monthly earnings during the highest 60 consecutive months or joined months if service was interrupted) per number of years of creditable service not to exceed 100% of final salary. Upon death of an active contributing member, or disability retiree, the plan provides for surviving spouses and minor children. Under certain conditions outlined in the statutes, the benefits range from twenty-five to fifty-five percent of the member's average final compensation for the surviving spouse. In addition, each child under age eighteen receives ten percent of average final compensation or \$200 per month, whichever is greater. If deceased member had less than ten years of service, beneficiary will receive a refund of employee contributions only.

The Board of Trustees of the System's Plan is authorized to provide annual cost-of-living adjustments (COLA) computed on the amount of the current regular retirement, disability, beneficiary or survivor's benefit, not to exceed 3% in any given year. The Board is authorized to provide an additional 2% COLA, computed on the member's original benefit, to all regular retirees, disability, survivors and beneficiaries who are 65 years of age or older on the cut-off date which determines eligibility. No regular retiree, survivor, or beneficiary shall be eligible to receive a cost-of-living adjustment until benefits have been received at least one full fiscal year and the payment of such COLA, when authorized, shall not be effective until the lapse of at least one-half of the fiscal year. Members who elect early retirement are not eligible for a cost of living adjustment until they reach regular retirement age.

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A member is eligible to elect to enter the deferred retirement option plan (DROP) when he is eligible for regular retirement based on the members' sub plan participation. Upon filing the application for the program, the employee's active membership in the System is terminated. At the entry date into the DROP, the employee and employer contributions cease. The amount to be deposited into the DROP account is equal to the benefit computed under the retirement plan elected by the participant at date of application. The duration of participation in the DROP is thirty-six months or less. If employment is terminated after the three-year period the participant may receive his benefits by lump sum payment or a true annuity. If employment is not terminated, active contributing membership into the System shall resume and upon later termination, he shall receive additional retirement benefit based on the additional service. For those eligible to enter DROP prior to January 1, 2004, DROP accounts shall earn interest subsequent to the termination of DROP participation at a rate of half of one percentage point below the percentage rate of return of the System's investment portfolio as certified by the actuary on an annual basis but will never lose money. For those eligible to enter DROP subsequent to January 1, 2004, an irrevocable election is made to earn interest based on the System's investment portfolio return or a money market investment return. This could result in a negative earnings rate being applied to the account. If the member elects a money market investment return, the funds are transferred to a government money market account and earn interest at the money market rate.

In 1999, the State Legislature authorized the System to establish an Initial Benefit Option program. Initial Benefit Option is available to members who are eligible for regular retirement and have not participated in DROP. The Initial Benefit Option program provides both a one-time single sum payment of up to 36 months of regular monthly retirement benefit, plus a reduced monthly retirement benefit for life. Interest is computed on the balance based on same criteria as DROP.

Contributions

Contributions for all members are actuarially determined as required by state law but cannot be less than 9% of the employee's earnable compensation excluding overtime but including state supplemental pay.

The employer's contribution rate for the plan year ended June 30, 2017, was 31.75% for all members hired prior to January 1, 2013, and Hazardous Duty members hired after January 1, 2013, and 33.75% for Non-Hazardous Duty members hired after January 1, 2013. The employer's contribution rate for any member whose earnable compensation is less than or equal to the poverty guidelines which is issued by the United States Department of Health and Human services, will be 34.25%.

Pension Liabilities, Pension Expense, and Deferred Outflows of Resources and Deferred Inflows of Resources Related to Pensions

At April 30, 2018, the City reported a liability of \$23,669,015 for its proportionate share of the Net Pension Liability (NPL). The NPL was measured as of June 30, 2017, and the total pension liability used to calculate the NPL was determined by an actuarial valuation as of that date. The City's proportion of the NPL was based on a projection of the City's long-term share of contributions to the pension plan relative to the projected contributions of all participating employers, actuarially determined. At June 30, 2017, the City's proportion was 2.711096%, which was a decrease of 0.228753% from its proportion measured as of June 30, 2016.

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For the year ended April 30, 2018, the City recognized a pension expense of \$2,689,613.

At April 30, 2018, the City reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

	Deferred Outflows of Resources	Deferred Inflows of Resources
Differences between expected and actual experience	\$ 154,984	\$ 181,925
Changes of assumptions	1,684,181	-
Difference between projected and actual earnings on pension plan investments	1,036,140	-
Changes in proportion and differences between employer contributions and proportionate share of contributions	-	2,045,880
Employer contributions subsequent to the measurement date	2,014,591	-
Total	\$ 4,889,896	\$ 2,227,805

The \$2,014,591 reported as deferred outflows of resources related to pensions resulting from the City's contributions subsequent to the measurement date will be recognized as a reduction of the NPL in the year ended April 30, 2018. Other amounts reported as deferred outflows of resources and deferred inflows of resources related to pensions will be recognized as an increase (decrease) in pension expense as follows:

<u>Year Ending April 30,</u>	
2019	\$ 104,938
2020	689,446
2021	408,477
2022	(555,361)

Actuarial Methods and Assumptions

The actuarial assumptions used in the June 30, 2017 valuation were based on the assumptions used in the June 30, 2017 actuarial funding valuation and were based on the results of an actuarial experience study for the period July 1, 2009 - June 30, 2014. In cases where benefit structures were changed after the study period, assumptions were based on estimates of future experience.

A summary of the actuarial methods and assumptions used in determining the total pension liability as of June 30, 2017 are as follows:

Valuation Date	June 30, 2017
Actuarial Cost Method	Entry Age Normal Cost
Investment Rate of Return	7.325%, net of investment expense
Expected Remaining Service Lives	2017 – 4 years 2016 – 4 years 2015 – 4 years 2014 – 4 years

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Inflation Rate 2.70%

Salary increases, including inflation and merit

<u>Years of Service</u>	<u>Salary Growth Rate</u>
1 – 2	9.75%
3 – 23	4.75%
Over 23	4.25%

Mortality

RP-2000 Combined Healthy with Blue Collar Adjustment Sex Distinct Tables projected to 2029 by Scale AA (set back 1 year for females) for healthy annuitants and beneficiaries.

RP-2000 Disabled Lives Table set back 5 years for males and set back 3 years for females for disabled annuitants.

RP-2000 Employee Table set back 4 years for males and 3 years for females for active members.

Cost-of-Living Adjustments

The present value of future retirement benefits is based on benefits currently being paid by the System and includes previously granted cost-of-living increases. The present values do not include provisions for potential future increases not yet authorized by the Board of Trustees.

The discount rate used to measure the total pension liability was 7.325%. The projection of cash flows used to determine the discount rate assumed that contributions from plan members will be made at the current contribution rates and that contributions from participating employers will be made at the actuarially determined rates approved by Public Employee's Retirement Systems Actuarial Committee (PERSAC) taking into consideration the recommendation of the System's actuary. Based on those assumptions, the System's fiduciary net position was projected to be available to make all projected future benefit payments of current plan members. Therefore, the long-term expected rate of return on pension plan investments was applied to all periods of projected benefit payments to determine the total pension liability.

Sensitivity to Changes in Discount Rate

The following presents the Employer's proportionate share of the Net Pension Liability using the discount rate of 7.325%, as well as what the employers' proportionate share of the Net Position Liability would be if it were calculated using a discount rate that is one percentage point lower (6.325%) or one percentage point higher (8.325%) than the current rate.

	1.0% Decrease (6.325%)	Current Discount Rate (7.325%)	1.0% Increase (8.325%)
Employer's proportionate share of the net pension liability	\$ 32,701,026	\$ 23,669,015	\$ 16,091,808

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Support of Non-Employer Contributing Entities

MPERS receives insurance premium tax monies as additional employer contributions. The tax is considered support from a non-contribution entity and is appropriated by the legislature each year based on an actuarial study. For the year ended April 30, 2018, the City's proportionate share of these non-employer contributions received by MPERS on behalf of the city was \$517,553.

Pension Plan Fiduciary Net Position

Detailed information about the pension plan's fiduciary net position is available in the separately issued Audit Report online at www.lampers.org.

Firefighters' Retirement System of Louisiana (FRS)

General Information about the Pension Plan

Plan Description

The Firefighters' Retirement System (FRS) is the administrator of a cost-sharing multiple-employer plan. Membership in the System is a condition of employment for any full-time firefighters or any person in a position as defined in the municipal fire and police civil service system that earns at least \$375 per month and are employed by any municipality, parish, or fire protection district of the State of Louisiana. The System provides retirement benefits for their members. The projections of benefit payments in the calculation of the total pension liability includes all benefits to be provided to current active and inactive employees through the System in accordance with benefit terms and any additional legal agreements to provide benefits that are in force at the measurement date. FRS issues a publicly available financial report that is available for download at www.lafirefightersret.com.

Benefit provisions are authorized within Act 434 of 1979 and amended by LRS 11:2251-11:2272. The following is a brief description of the plan and its benefits and is provided for general information purposes only. Participants should refer to the appropriate statutes for more complete information.

Any person who becomes an employee as defined in RS 11:2252 on and after January 1, 1980 shall become a member as a condition of employment.

No person who has attained age fifty or over shall become a member of the System, unless the person becomes a member by reason of a merger or unless the System received an application for membership before the applicant attained the age of fifty. No person who has not attained the age of eighteen years shall become a member of the System.

Any person who has retired from service under any retirement system or pension fund maintained basically for public officers and employees of the state, its agencies or political subdivisions, and who is receiving retirement benefits therefrom may become a member of this System, provided the person meets all other requirements for membership. Service credit from the retirement system or pension plan from which the member is retired shall not be used for reciprocal recognition of service with this System, or for any other purpose in order to attain eligibility or increase the amount of service credit in this System.

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Deferred Retirement Option Plan

After completing 20 years of creditable service and age 50 or 25 years at any age, a member may elect to participate in the deferred retirement option plan (DROP) for up to 36 months. Upon commencement of participation in the deferred retirement option plan, employer and employee contributions to the System cease. The monthly retirement benefit that would have been payable is paid into the deferred retirement option plan account. Upon termination of employment, a participant in the program has several options to receive their DROP benefit. A member may (1) elect to rollover all or a portion of their DROP balance into another eligible qualified plan, (2) receive a lump-sum payment from the account, (3) receive single withdrawals at the discretion of the member, (4) receive monthly or annual withdrawals, or (5) receive an annuity based on the DROP account balance. These withdrawals are in addition to his regular monthly benefit.

If employment is not terminated at the end of the 36 months, the participant resumes regular contributions to the System. No payments may be made from the deferred retirement option plan account until the participant retires.

Initial Benefit Option Plan

Effective June 16, 1999, members eligible to retire and who do not choose to participate in DROP may elect to receive, at the time of retirement, an initial benefit option (IBO) in an amount up to 36 months of benefits, with an actuarial reduction of their future benefits. Such amounts may be withdrawn or remain in the IBO account earning interest at the same rate as the DROP account.

Contributions

Employer contributions are actuarially determined each year. For the year ended June 30, 2017, employer and employee contributions for members above the poverty line were 25.25% of covered payroll. The employer and employee contribution rates for those members below the poverty line were 27.25%.

Pension Liabilities, Pension Expense, and Deferred Outflows of Resources and Deferred Inflows of Resources Related to Pensions

At April 30, 2018, the City reported a liability of \$13,642,053 for its proportionate share of the Net Pension Liability (NPL). The NPL was measured as of June 30, 2017, and the total pension liability used to calculate the NPL was determined by an actuarial valuation as of that date. The City's proportion of the NPL was based on a projection of the City's long-term share of contributions to the pension plan relative to the projected contributions of all participating employers, actuarially determined. At June 30, 2017, the City's proportion was 2.38004%, which was a decrease of 0.12333% from its proportion measured as of June 30, 2016.

For the year ended April 30, 2018, the City recognized a pension expense of \$2,358,083.

At April 30, 2018, the City reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

City of Alexandria, Louisiana
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	<u>Deferred Outflows of Resources</u>	<u>Deferred Inflows of Resources</u>
Differences between expected and actual experience	\$ -	\$ 760,776
Changes of assumptions	570,584	3,254
Difference between projected and actual earnings on pension plan investments	1,173,610	-
Changes in proportion and differences between employer contributions and proportionate share of contributions	-	1,204,356
Employer contributions subsequent to the measurement date	<u>1,274,632</u>	<u>-</u>
Total	\$ 3,018,826	\$ 1,968,386

The \$1,274,632 reported as deferred outflows of resources related to pensions resulting from the City's contributions subsequent to the measurement date will be recognized as a reduction of the NPL in the year ended April 30, 2019. Other amounts reported as deferred outflows of resources and deferred inflows of resources related to pensions will be recognized as an increase (decrease) in pension expense as follows:

<u>Year Ending April 30,</u>	
2019	\$ 209,482
2020	444,490
2021	(76,208)
2022	(594,687)
2023	(147,747)
Thereafter	(59,521)

Actuarial Methods and Assumptions

The actuarial assumptions used in the June 30, 2017, valuation were based on the assumptions used in the June 30, 2017, actuarial funding valuation, and were based on results of an actuarial experience study for the period July 1, 2009 - June 30, 2014. In cases where benefit structures were changed after the study period, assumptions were based on estimates of future experience.

A summary of the actuarial methods and assumptions used in determining the total pension liability as of June 30, 2017 are as follows:

Valuation Date	June 30, 2017
Actuarial Cost Method	Entry Age Normal Cost
Investment Rate of Return	7.40%, net of investment expense, including inflation
Expected Remaining Service Lives	2017 – 7 years 2016 – 7 years 2015 – 7 years 2014 – 7 years

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Inflation Rate	2.775% per annum
Salary Increases	Vary from 15% in the first two years of service to 4.75% after 25 years
Mortality Rate Assumption	Based upon an experience study performed on plan data for the period July 1, 2009 through June 30, 2014. The data was then assigned credibility weighting and combined with a standard table to produce current levels of mortality. This mortality was then projected forward to a period equivalent to the estimated duration of the fund's liabilities. The RP-2000 Combined Healthy with Blue Collar Adjustment Sex Distinct Tables projected to 2031 using Scale AA were selected for employee, annuitant, and beneficiary mortality. The RP-2000 Disabled Lives Mortality Table set back 5 years for males and set back 3 years for females was selected for disabled annuitants. Setbacks in these tables were used to approximate mortality improvement.

The discount rate used to measure the total pension liability was 7.40%. The projection of cash flows used to determine the discount rate assumed that contributions from plan members will be made at the current contribution rates and that contributions from participating employers will be made at the actuarially determined rates approved by Public Employee's Retirement Systems Actuarial Committee (PERSAC) taking into consideration the recommendation of the System's actuary. Based on those assumptions, the System's fiduciary net position was projected to be available to make all projected future benefit payments of current plan members. Therefore, the long-term expected rate of return on pension plan investments was applied to all periods of projected benefit payments to determine the total pension liability.

Sensitivity to Changes in Discount Rate

The following presents the Employer's proportionate share of the Net Pension Liability using the discount rate of 7.40%, as well as what the employers' proportionate share of the Net Position Liability would be if it were calculated using a discount rate that is one percentage point lower (6.40%) or one percentage point higher (8.40%) than the current rate.

	<u>1.0% Decrease (6.40%)</u>	<u>Current Discount Rate (7.40%)</u>	<u>1.0% Increase (8.40%)</u>
Employer's proportionate share of the net pension liability	\$ 19,603,103	\$ 13,642,053	\$ 8,630,933

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Support of Non-employer Contributing Entities

FRS receives insurance premium tax monies as additional employer contributions. The tax is considered support from a non-contribution entity and is appropriated by the legislature each year based on an actuarial study. For the year ended April 30, 2018, the City's proportionate share of these non-employer contributions received by FRS on behalf of the City from the State of Louisiana was \$602,405.

Pension Plan Fiduciary Net Position

Detailed information about the pension plan's fiduciary net position is available in the separately issued Audit Report online at www.lafirefightersret.com.

City of Alexandria Employees' Retirement System (COAERS)

General Information about the Pension Plan

Plan Description

Plan Administration - The City of Alexandria Employees Retirement System (the System) is the administrator of a single-employer defined benefit plan established by Act 459 of the Louisiana Legislature of 1948, as amended (Louisiana Revised Statutes (RS) 11:3001 to 13:3017), and administered by the City of Alexandria. Substantially all employees of the City, except firemen and policemen, become members of the System as a condition of employment. The System issues publicly available financial reports that are available by contacting the System's management at P.O. Box 71, Alexandria, LA 71309.

R.S. 11:3011 provides that the Board shall consist of seven trustees as follows:

- a) The Mayor of the City;
- b) The Director of Finance of the City;
- c) The Director of Civil Service and Personnel of the City;
- d) Two municipal employees, who are members of the System and who are selected by plurality vote of the members of the System;
- e) Two retired municipal employees of the City who are members of the System and who are selected by plurality vote of the retired municipal employee members of the System.

Plan Membership - Municipal employees of the City of Alexandria are eligible to become members of the system, other than those public officials and City employees who receive per diem allowance in lieu of earnable compensation, patient or inmate help in City charitable, penal, and corrective institutions, and independent contractors employed to render service on a contractual basis, including independent contractual professional services. Membership in this system shall be optional with any class of elected official or with any class of officials appointed by the Mayor or appointed for fixed terms. The Board of trustees may, in its discretion, deny the right to membership in this system to any class of employees whose compensation is only partly paid by the City or who are occupying positions on a part-time or intermittent basis. The Board may, in its discretion, make optional with employees in any such classes their individual entrance into the system.

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At December 31, 2017, pension plan membership consisted of:

Inactive plan members and beneficiaries currently receiving benefits	359
Inactive plan members entitled to but not yet receiving benefits	164
Active plan members	<u>510</u>
Total	1,033

The following brief description of the System is provided for general information only.

Retirement Benefits - Members with ten years of creditable service may retire at age sixty-two; members with at least twenty years of creditable service may retire at age sixty; members with twenty-five years of service may retire at age fifty-five; members with thirty years of service may retire regardless of age. The retirement allowance is equal to three percent of the member's average compensation multiplied by number of years of creditable service, not to exceed one hundred percent of average compensation. Average compensation is defined as the highest three year average annual compensation.

Members may receive their benefits as a life annuity, or in lieu of such, a reduced benefit according to the option selected which is the actuarial equivalent of the maximum benefit.

Option 1 – If the member dies before he has received in annuity payments the present value of his member's annuity, as it was at the time of retirement, the balance is paid to his beneficiary.

Option 2 – Upon retirement, the member receives a reduced benefit. Upon the member's death, the designated beneficiary will continue to receive the same reduced benefit.

Option 3 – Upon retirement, the member receives a reduced benefit. Upon the member's death, the designated beneficiary will receive one-half of the member's reduced benefit.

Option 4 – Upon retirement, the member elects to receive a board-approved benefit that is actuarially equivalent to the maximum benefit.

Option 5 – Upon retirement, the member elects to receive the amount of his maximum retirement and upon death, if survived by a spouse, the spouse will receive one-half of the member's maximum benefit.

Disability Benefits - Five years of creditable service are required in order to be eligible for disability benefits. Disabled members receive a retirement allowance if they have attained the age of sixty-two. Otherwise, they receive three percent of the final average compensation for each year of service, not to be less than three hundred dollars per year.

Survivor Benefits - Three years of creditable service are required in order to be eligible for survivor benefits. The survivor is entitled to twice the amount of accumulated contributions or two months' salary, whichever is greater, plus \$1,000. If the member has completed fifteen or more years of service, the surviving spouse is entitled to an automatic option 2 benefit (an actuarially equivalent joint and full survivor benefit) which ceases if the spouse remarries. In lieu of option 2, the spouse may receive the greater of a refund of twice the member's contributions with interest earnings or two months' salary. Widows, who are at least age fifty, of members who die prior to retirement but subsequent to becoming eligible to retire, are entitled to automatic option 2 benefits.

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Deferred Retirement Option Plan (DROP) - In lieu of terminating employment and accepting a service retirement allowance, any member of the System who has at least ten years of creditable service and who is eligible to receive a service retirement allowance may elect to participate in the Deferred Retirement Option Plan for up to thirty-six months and defer the receipt of benefits. Creditable service shall not include service reciprocally recognized pursuant to R.S. 11:142. Upon commencement of participation in the DROP plan, active membership in the System terminates and the participant's contributions cease; however, employer contributions continue. Compensation and creditable service remain, as they existed on the effective date of commencement of participation in the plan. The monthly retirement benefits that would have been payable, had the member elected to cease employment and receive a service retirement allowance, are paid into the Deferred Retirement Option Plan account. Upon termination of employment at the end of the specified period of participation, a participant in the program may receive, at his option, a lump sum payment from the account equal to the payments to the account, or a true annuity based upon his account balance (or any other method of payment subject to approval by the Board of Trustees); in addition, the member receives the monthly benefits that were paid into the fund during the period of participation. After a member has terminated his participation in the plan, the member's individual account balance in the plan will earn interest at the actual rate of return earned on such funds left on deposit with the System. Such funds will be invested in accordance with a policy adopted by the Board of Trustees. The accrued interest will be credited to the individual account on an annual basis. If employment is not terminated at the end of the participation period, payments into the account cease and the member resumes active contributing membership in the System. The monthly benefit payments that were being paid into the DROP fund are paid to the retiree and an additional benefit based on his additional service rendered since termination of DROP participation is calculated using the normal method of benefit computation. The average compensation used to calculate the additional benefit is that used to calculate the original benefit unless his period of additional service is at least thirty-six months. In no event can the entire monthly benefit amount paid to the retiree exceed 100% of the average compensation used to compute the additional benefit. If a participant dies during the period of participation in the program, a lump sum payment equal to his account balance is paid to his named beneficiary or, if none, to his estate.

Contribution Refunds - Upon withdrawal from service, members not entitled to a retirement allowance are paid a refund of accumulated contributions on request. Receipt of such a refund cancels all accrued rights in the System.

Contribution Rates - The retirement system is financed by employee contributions of 10% of pay plus employer contributions that are set according to actuarial requirements. Employer contributions rates for the year ended December 31, 2017 were 24.15%. The employer contribution rate is determined annually by actuarial valuation. The rate so determined is adjusted on May 1, of the calendar year following the year in which the report is issued. The City is required by statute to contribute remaining amounts necessary to finance the System at an actuarially determined rate. Benefit and contribution provisions are established by state law and may be amended only by the Louisiana Legislature.

Cost of Living Increases - The board of trustees is authorized to use earnings on investments of the system in excess of normal requirements to grant retired members, and widows of members, an annual cost of living increase of 2.00% of their original benefit (not less than ten dollars per month). No cost of living increase was authorized by the board of trustees for calendar year 2017.

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Administrative Costs - Administrative costs of the plan are financed through investment earnings.

Basis of Accounting - The System's financial statements are prepared using the accrual basis of accounting. Plan member contributions are recognized in the period in which the contributions are due. Employer contributions are recognized when due and when the employer has made a formal commitment to provide the contributions. Benefits and refunds are recognized when due and payable in accordance with the terms of the plan.

Investments - Louisiana statutes allow the System to invest in securities issued, guaranteed, or insured by the United States government; bonds and other evidence of indebtedness issued by states or their political subdivisions; stocks, bonds, or other securities or evidence of indebtedness issued by any solvent corporation created under the laws of the United States or any of the states of the United States; and certificates of deposit of any bank domiciled or having a branch office in the State of Louisiana.

Investments are reported at fair value. Corporate bonds are valued based on yields currently available on comparable securities of issuers with similar credit ratings. Securities traded on the national securities exchange 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 and listed securities for which no sale was reported on that date are valued at the average of the last reported bid and asked prices.

The System's investment policies are established by and may be amended by the Board of Trustees by a majority vote of Board members. It is the policy of the System that all assets shall be managed with the care that an institutional investor of ordinary prudence, discretion, and intelligence exercises in management of large institutional investments considering probable safety of capital as well as probable income. The primary considerations of the investment manager shall be to minimize the risk of loss of principal value and to achieve the greatest rate of return on investments consistent with the level of risk incurred and to provide for future benefits. The management of the pension fund assets and the responsibility for investment decisions is delegated to the secretary of the retirement board who shall be the investment manager. The System's investment policy limits investments to common or preferred stock, corporate or government securities, certificates of deposit, government guaranteed mortgage pools, Guaranteed Investment Contracts' repurchase agreements, and sufficient cash reserves to meet the System's liquidity needs.

The following is the Board's adopted asset allocation policy as of year-end:

<u>Asset Class</u>	<u>Target Allocation</u>
Cash and short term investments	2% to 15%
Long-term fixed income securities and preferred stocks	40% to 90%
Equities	5% to 60%

Contributions

The retirement system is financed by employee contributions of 10% of pay plus employer contributions that are set according to actuarial requirements. Employer contributions rates for the year ended December 31, 2017 were 24.15% for January 1, 2017 through December 31, 2017. The employer contribution rate is determined annually by actuarial valuation. The rate so determined is adjusted on May 1, of the calendar year following the year in which the report is issued. The City is required by statute to contribute remaining amounts necessary to finance the System at an actuarially determined rate. Benefit and contribution provisions are established by state law and may be amended only by the Louisiana Legislature.

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Actuarial Methods and Assumptions

Actuarial Assumptions: The Total Pension Liability as stated in this report is based on the Individual Entry Age Normal actuarial cost method as described in Statement 67 of the Government Accounting Standards Board (GASB 67). Calculations were made as of December 31, 2017 and were based on December 31, 2017 data. The current year actuarial assumptions utilized for this report are based on the assumptions used in the December 31, 2017 actuarial funding valuation, which were based on results of an actuarial experience study for the period January 1, 2010 – December 31, 2014, unless otherwise specified in this report.

Investment rate of return, net of investment expense, including inflation	6.50%
Salary increases, including inflation and merit increases	4.50%
Inflation	2.50%

Mortality Rates: In the case of mortality, a study of system mortality was conducted in 2016. The data for the study was collected over the period of January 1, 2014 through December 31, 2014. The data was then assigned credibility weighting and combined with a standard table to produce current levels of mortality. This mortality was then projected forward to a period equivalent to the estimated duration of the fund's liabilities. The RP-2000 Healthy Annuitant Sex Distinct Tables (set forward 1 year for males with no set forward for females) projected to 2029 using scale AA as published by the Society of Actuaries were selected for annuitant and beneficiary mortality. For employees, the RP-2000 Employee Sex Distinct Tables set back 4 years for males and set back 3 years for females was selected. The RP-2000 Disabled Lives Mortality Table set back 5 years for males and setback 3 years for females was selected for disabled annuitants. Setbacks in the employee and disability tables are used to approximate mortality improvements.

Expected Remaining Service Lives – The effects of certain other changes in the net pension liability are required to be included in pension expense over the current and future periods. The effects on the total pension liability of (1) changes of economic and demographic assumptions or of other inputs and (2) differences between expected and actual experience are required to be included in pension expense in a systematic and rational manner over a closed period equal to the average of the expected remaining service lives of all employees that are provided with benefits through the pension plan (active employees and inactive employees), determined as of the beginning of the measurement period. The effect on the net pension liability of differences between the projected earnings on pension plan investments and actual experience with regard to those earnings is required to be included in pension expense in a systematic and rational manner over a closed period of five years, beginning with the current period.

The Expected Remaining Service Lives (ERSL) for the plan year ending December 31, 2017 are:

<u>Beginning of Year</u>	<u>ERSL (in years)</u>
2017	4
2016	4
2015	4
2014	4

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Discount rate: The discount rate used to measure the total pension liability was 6.50%. The projection of cash flows used to determine the discount rate assumes that contributions from plan members will be made at the current contribution rates and that contributions from the participating employers and non-employer contributing entities will be made at actuarially determined contribution rates, which are calculated in accordance with relevant statutes and approved by the Board of Trustees. Based on these assumptions and the other assumptions and methods as specified in this report, the pension plan's fiduciary net position was projected to be available to make all projected future benefit payments of current plan members. Therefore, the long-term expected rate of return on pension plan investments was applied to all periods of projected benefit payments to determine the total pension liability. For the plan year ending December 31, 2016, the discount rate used was 7.00%.

Post-employment benefit changes – Although the board of trustees has authority to grant ad hoc Cost of Living Increases (COLAs) under limited circumstances, these COLAs have not shown to have a historical pattern, the amounts of the COLAs have not been relative to a defined cost-of-living or inflation index, and there is no evidence to conclude that COLAs will be granted on a predictable basis in the future. Therefore, for purposes of determining the present value of benefits, these COLAs were deemed not to be substantively automatic and the present value of benefits excludes COLAs not previously granted by the board of trustees.

Changes in the Net Pension Liability

The components of the change in the System's Net Pension Liability (NPL) for the year ended December 31, 2017 were as follows:

	<u>Total Pension Liability (a)</u>	<u>Plan Fiduciary Net Position (b)</u>	<u>Net Pension Liability (a-b)</u>
Balance at December 31, 2016	\$ 166,182,074	\$ 147,678,961	\$ 18,503,113
Changes for the year			
Service cost	3,218,971	-	3,218,971
Interest	11,521,228	-	11,521,228
Changes in benefit terms	-	-	-
Differences between expected and actual experience	(3,522,240)	-	(3,522,240)
Changes in assumptions	8,726,019	-	8,726,019
Benefit payments	(9,240,582)	(9,240,582)	-
Refunds of contributions	(596,958)	(596,958)	-
Other	47,822	47,822	-
Contributions – members	-	1,873,690	(1,873,690)
Contributions – employer	-	4,734,943	(4,734,943)
Projected earnings on pension plan investments	-	10,222,719	(10,222,719)
Difference between projected and actual earnings on pension plan investments	-	7,659,293	(7,659,293)
Administrative expenses	-	(155,590)	155,590
Balance at December 31, 2017	<u>\$ 176,336,334</u>	<u>\$ 162,224,298</u>	<u>\$ 14,112,036</u>

Plan fiduciary net position as a percentage of the total pension liability

Beginning of the year	88.87%
End of the year	92.00%

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Sensitivity to Changes in Discount Rate

The following presents the Net Pension Liability using the discount rate of 6.50%, as well as what the Net Position Liability would be if it were calculated using a discount rate that is one percentage point lower (5.50%) or one percentage point higher (7.50%) than the current rate.

	1.0% Decrease (5.50%)	Current Discount Rate (6.50%)	1.0% Increase (7.50%)
Net Pension Liability	\$ 33,879,189	\$ 14,112,036	\$ (2,625,267)

Pension Liabilities, Pension Expense, and Deferred Outflows of Resources and Deferred Inflows of Resources Related to Pensions

At April 30, 2018, the City reported a liability of \$14,112,036 for the Net Pension Liability (NPL) as follows:

	Governmental Activities	Business-Type Activities	Total
Governmental activities	\$ 5,316,349	\$ -	\$ 5,316,349
Enterprise Funds			
Utilities System Enterprise Fund	-	6,825,253	6,825,253
Other Enterprise Funds	-	1,970,434	1,970,434
Total Enterprise Funds	-	8,795,687	8,795,687
	\$ 5,316,349	\$ 8,795,687	\$ 14,112,036

The NPL was measured as of December 31, 2017, and the total pension liability used to calculate the NPL was determined by an actuarial valuation as of that date.

For the year ended April 30, 2018, the City recognized a pension expense of \$6,282,511 as follows:

Governmental Activities	\$ 2,405,573
Enterprise Funds	
Utilities System Enterprise Fund	2,959,691
Other Enterprise Funds	917,247
	\$ 6,282,511

At year-end, the City reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

	Deferred Outflows of Resources	Deferred Inflows of Resources
Differences between expected and actual experience	\$ -	\$ 3,359,664
Changes of assumptions	9,102,168	-
Difference between projected and actual earnings on pension plan investments	6,115,460	7,369,523
Employer contributions subsequent to the measurement date	1,671,380	-
Total	\$ 16,889,008	\$ 10,729,187

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The \$1,671,380 reported as deferred outflows of resources related to pensions resulting from the City's contributions subsequent to the measurement date will be recognized as a reduction of the NPL in the year ended April 30, 2018. Other amounts reported as deferred outflows of resources and deferred inflows of resources related to pensions will be recognized as an increase (decrease) in pension expense as follows:

<u>Year Ending April 30,</u>	
2019	\$ 3,201,530
2020	3,275,251
2021	(456,480)
2022	(1,531,859)

City of Alexandria Firemen's Pension and Relief Fund (FPARF)

General Information about the Pension Plan

Plan Description

Plan Administration - The City of Alexandria Firemen's Pension and Relief Fund (the Fund) of the City of Alexandria, Louisiana, is the administrator of a single-employer defined benefit plan established by Act 12 of the Louisiana Legislature of 1940, as amended (Louisiana Revised Statutes (RS) 11:3101 to 13:3118), and administered by the City of Alexandria. The Fund issues publicly available financial reports that are available by contacting the Fund's management at P.O. Box 71, Alexandria, LA 71309.

R.S. 11:3104 provides that the Board shall consist of seven trustees as follows:

- a) The Mayor of the City;
- b) The Director of Finance of the City;
- c) Five active members of the Fire Department of the City, not above the rank of Station Captain, who must have served at least two years in that Department before being eligible to serve on the Board and must be elected by the members of the Fire Department.

RS 11:3103 provides that the Board will control and manage the City of Alexandria Firemen's Pension and Relief Fund and will make all rules and regulations for the proper administration of the Fund not to conflict with Act 12 of the Louisiana Legislature of 1940, as amended.

Plan Membership - Effective May 1, 1993, the City of Alexandria Firemen's Pension and Relief Fund merged with the statewide Firefighters' Retirement System. On this date, all retirees and survivors receiving benefits at April 30, 1993, transferred to the Firefighters' Retirement System.

The City of Alexandria and the Firemen's Pension and Relief Fund of the City of Alexandria guaranteed that no active member, retiree, beneficiary, or survivor merged into the Firefighters' Retirement System would lose any rights or benefits that he or she would have been entitled to under the City of Alexandria Firemen's Pension and Relief Fund. Specifically, it is agreed that if a firefighter dies, retires, or becomes disabled subsequent to the merger, the Fund shall pay or cause to be paid to the firefighter or the firefighter's survivors and/or beneficiaries any difference in benefits, if any, where those benefits payable under the Fund prior to the merger exceed those benefits payable under the State system. It is further agreed and understood that if a firefighter exercises his or her right to a twenty year retirement any time before the age 50 and is not eligible to receive benefits from the State System, then the Fund shall provide benefits until that person is eligible for benefits under the State System.

City of Alexandria, Louisiana
April 30, 2018
Notes to Financial Statements

As of April 30, 2018, five (5) retirees and survivors are currently receiving benefits under the City of Alexandria Firemen's Pension and Relief Fund. No remaining employees are vested in the Fund with twenty (20) years of service and less than fifty (50) years of age; therefore, this fund is closed to any new retirees. Once the retirees and survivors who are currently receiving benefits are deceased, this fund will cease to exist.

Basis of Accounting - The Fund's financial statements are prepared using the accrual basis of accounting. Under this method, revenues are recorded when earned and expenses are recorded at the time liabilities are incurred.

Contributions

There are no covered employees remaining in 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. Benefits and contribution provisions are established by state law and may be amended only by the Louisiana Legislature.

Actuarial Methods and Assumptions

Actuarial Assumptions: The Total Pension Liability as stated in this report is based on the Individual Entry Age Normal actuarial cost method as described in Statement 67 of the Government Accounting Standards Board (GASB 67). Calculations were made as of April 30, 2018 and were based on April 30, 2018 data. The current year actuarial assumptions utilized for this report are based on the assumptions used in the April 30, 2018 actuarial funding valuation, which were based on 1994 Uninsured Pensioners Mortality Table and discount rates from Bond Buyer 20-Bond GO Municipal Bond Index. The investment rate of return, net of investment expense, including inflation actuarial assumption used was 3.90%.

Discount Rate: The discount rate used to measure the total pension liability was 3.90%. GASB 67 requires that the discount rate to be used in determining the total pension liability is the long-term expected return on pension plan investments to the extent that the pension plan's fiduciary net position is projected to be sufficient to make projected benefit payments. Since the City of Alexandria Firemen's Pension and Relief Fund is not actuarially funded and is, and has always been, a pay-as-you-go system, projections mandated by GASB 67 are inapplicable and the discount rate stipulated by GASB 67 for the unfunded portion of projected benefit payments, in this case all of the projected payments, would apply and that rate would be used to determine the total pension liability. For this purpose the rates for April 30, 2017 and April 30, 2018 from the Bond Buyer 20-Bond GO Municipal Bond Index have been used.

Expected Remaining Service Lives: The effects of certain other changes in the net pension liability are required to be included in pension expense over the current and future periods. The effects on the total pension liability of (1) changes of economic and demographic assumptions or of other inputs and (2) differences between expected and actual experience are required to be included in pension expense in a systematic and rational manner over a closed period equal to the average of the expected remaining service lives of all employees that are provided with benefits through the pension plan (active employees and inactive employees), determined as of the beginning of the measurement period. The effect on the net pension liability of differences between the projected earnings on pension plan investments and actual experience with regard to those earnings is required to be included in pension expense in a systematic and rational manner over a closed period of five years, beginning with the current period.

City of Alexandria, Louisiana
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The Expected Remaining Service Lives (ERSL) for the year ending April 30, 2018 are:

<u>Beginning of Year</u>	<u>ERSL (in years)</u>
2018	4
2017	4
2016	4
2015	4

Changes in the Net Pension Liability

The components of the change in the Fund's Net Pension Liability (NPL) for the year ended April 30, 2018 were as follows:

	<u>Total Pension Liability (a)</u>	<u>Plan Fiduciary Net Position (b)</u>	<u>Net Pension Liability (a-b)</u>
Balance at April 30, 2017	\$ 251,846	\$ 119,560	\$ 132,286
Changes for the year			
Interest	9,269	-	9,269
Differences between expected and actual experience	525	-	525
Changes in assumptions	-	-	-
Benefit payments	(18,392)	(18,392)	-
Contributions – employer	-	22,000	(22,000)
Projected earnings on pension plan investments	-	200	(200)
Balance at April 30, 2018	<u>\$ 243,248</u>	<u>\$ 123,368</u>	<u>\$ 119,880</u>

Plan fiduciary net position as a percentage of the total pension liability

Beginning of the year	47.47%
End of the year	50.72%

Sensitivity to Changes in Discount Rate

The following presents the net pension liability of the system calculated using the discount rate of 3.90%, as well as what the fund's net pension liability would be if it were calculated using a discount rate that is one percentage point lower (2.90%) or one percentage point higher (4.90%) than the current rate (assuming all other assumptions remain unchanged):

	<u>1% Decrease (2.90%)</u>	<u>Current Discount Rate (3.90%)</u>	<u>1% Increase (4.90%)</u>
Net Pension Liability (Asset)	\$ 143,838	\$ 119,880	\$ 99,337

Pension Liabilities, Pension Expense, and Deferred Outflows of Resources and Deferred Inflows of Resources Related to Pensions

At April 30, 2018, the City reported a liability of \$119,880 for the Net Pension Liability (NPL).

City of Alexandria, Louisiana
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The NPL was measured as of April 30, 2018, and the total pension liability used to calculate the NPL was determined by an actuarial valuation as of that date.

For the year ended April 30, 2018, the City recognized a pension expense of \$20,708.

At April 30, 2018, the City reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

	Deferred Outflows of Resources	Deferred Inflows of Resources
Differences between expected and actual experience	\$ 8,735	\$ 5,052
Changes of assumptions	1,987	-
Total	\$ 10,722	\$ 5,052

The amounts reported as deferred outflows of resources related to pensions will be recognized as an increase (decrease) in pension expense as follows:

<u>Year Ending April 30,</u>				
2019			\$	7,932
2020				(2,394)
2021				132

17. Defined Contribution Pension Plan

The City contributes to the City of Alexandria Unclassified Employees Retirement Plan (the Plan), a defined contribution pension plan, for its unclassified employees who elect to participate in the Plan in lieu of Social Security. The Plan is administered by the Trustees of the Plan. The City appoints and designates one or more persons to serve as the trustee or trustees of the Plan. The Trustees of the Plan may appoint a bank or trust company in accordance with the terms of the Plan, under which the bank's or trust company's duties shall be of a custodial, clerical, and record-keeping nature. The powers granted to the trustees shall be exercised in the sole fiduciary discretion of the Trustees. However, if participants are so empowered by the Plan or by the employer, each participant may direct the Trustees to separate and keep separate all or any portion of his or her Plan account; and in such event, each participant is authorized and empowered, in his or her sole and absolute discretion, to give directions to the Trustees pursuant to the procedures established by the employer and in such form as the Trustees may require concerning the investments of the participant's directed investment account.

Benefit terms, including contribution requirements, for the Plan are established and may be amended by the City Council. For each electing unclassified employee in the pension plan, the City is authorized to contribute to the Plan for the account of each eligible participant an amount of money equal to the "normal contribution" (as described in Louisiana Revised Statute 11:3013(B) and (C)) which the City would have been required to contribute to the statutory plan (City of Alexandria Employees Retirement System) on behalf of those employees, subject to any basic annual limitation proved by statute or regulation. The contribution rate is set May 1st of each year at the normal contribution rate for the City of Alexandria Employees Retirement System for the prior calendar year. For the year ended April 30, 2018, the rate was set at 12.48%. Employees are permitted to make contributions to the pension plan, up to applicable Internal Revenue Code limits. For the year ended April 30, 2018, employee contributions totaled \$384,814, and the City recognized pension expense of \$175,124.

All employer and employee contributions and earnings are immediately vested.

City of Alexandria, Louisiana
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Notes to Financial Statements

18. Post-employment benefits

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

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

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 2018 and 2017, the City of Alexandria's portion of health care premiums cost for retired employees totaled \$986,709 and \$913,619, 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 Codification Section P50. 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:

	2018	2017
Normal cost	\$ 324,043	\$ 311,580
30 year UAL amortization amount	741,981	713,443
Annual required contribution (ARC)	\$ 1,066,024	\$ 1,025,023

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:

	2018	2017
Beginning Net OPEB Obligation	\$ 1,845,546	\$ 1,765,623
Annual required contribution	1,066,024	1,025,023
Interest on Net OPEB Obligation	73,822	70,625
ARC Adjustment	(106,728)	(102,106)
OPEB Cost	1,033,118	993,542
Current year retiree premium	(986,709)	(913,619)
Change in Net OPEB Obligation	46,409	79,923
Ending Net OPEB Obligation	\$ 1,891,955	\$ 1,845,546

City of Alexandria, Louisiana
April 30, 2018
Notes to Financial Statements

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 two years and this year:

<u>Fiscal Year Ended</u>	<u>Annual OPEB Cost</u>	<u>Percentage of Annual Cost Contributed</u>	<u>Net OPEB Liability (Asset)</u>
April 30, 2018	\$ 1,033,118	95.51%	\$ 1,891,955
April 30, 2017	993,542	91.96%	\$ 1,845,546
April 30, 2016	554,195	79.49%	\$ 1,765,623

Funded Status and Funding Progress - In 2018 and 2017, 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, 2016 actuarial valuation, the most recent valuation, the Actuarial Accrued Liability (AAL) at the end of the year April 30, 2018 was \$13,343,672 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.

	<u>2018</u>	<u>2017</u>
Actuarial Accrued Liability (AAL)	\$ 13,343,672	\$ 12,830,454
Actuarial Value of Plan Assets (AVP)	-	-
Unfunded Actuarial Accrued Liability (UAAL)	\$ 13,343,672	\$ 12,830,454
Funded Ratio (AVP/AAL)	0.00%	0.00%
Covered Payroll (active plan members)	\$ 32,700,000	\$ 32,111,000
UAAL as a percentage of covered payroll	40.81%	39.96%

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.

City of Alexandria, Louisiana
April 30, 2018
Notes to Financial Statements

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 no plan assets. It is anticipated that in future valuations, should funding take place, a smoothed market value will be 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.

City of Alexandria, Louisiana
April 30, 2018
Notes to Financial Statements

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 2016	FY 2017	FY 2018
OPEB Cost	\$ 554,195	\$ 993,542	\$ 1,033,118
Contribution to Irrevocable Trust	-	-	-
Retiree Premium	440,550	913,619	986,709
Total contribution and premium	440,550	913,619	986,709
Change in net OPEB obligation	\$ 113,645	\$ 79,923	\$ 46,409
% of contribution to cost	0.00%	0.00%	0.00%
% of contribution plus premium to cost	79.49%	91.96%	95.51%

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. At the present time, they are operating on a month-to-month basis. 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 \$25,150, under the terms of the lease representing fiscal year ended April 30, 2018 obligations.

The City of Alexandria entered into a new lease agreement for equipment with Wells Fargo Leasing, Inc. starting May 1, 2017 for the sum of \$10,350 payable on the 1st day of each month for 48 consecutive months. The lease term will end on April 1, 2020.

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 payable on the 15th day of May annually. The rent increases by 2.75% annually for the term of the lease which commenced on September 15, 2011 and will expire on September 30, 2031. The rent for the current fiscal year was \$11,020.

Annual lease payments total \$160,344 for the current fiscal year.

City of Alexandria, Louisiana
April 30, 2018
Notes to Financial Statements

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

Year ending April 30,	
2019	\$ 135,527
2020	134,805
2021	11,955
2022	12,284
2023	12,621
2024-2028	68,508
2029-2031	<u>45,794</u>
	\$ 421,494

City as Lessor

The City entered into a formal lease agreement with CLECO Corporate Holding, LLC to lease 41,293 square feet of the building located at Power Center Mall, Alexandria, Louisiana for two years commencing on June 2, 2017 and ending on June 1, 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 \$240,319 for the current fiscal year.

On January 1, 2015, the City of Alexandria entered into a formal lease agreement with Manchac Technologies to lease 3,349 square feet of office spaces located at 1501-A Wimbledon Drive, Alexandria, Louisiana. This lease was for a term of two years commencing on January 1, 2015 and ending on December 31, 2016. At the present time, they are operating on a month-to-month basis. Total income from this lease totaled \$87,140 for the current fiscal year.

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

2019	\$ 240,319
2020	<u>20,027</u>
	\$ 260,346

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, 2018.

Charles L. Fowler, Jr.	\$ 25,200
Harry B. Silver	25,200
James A. Villard	25,200
Edward Larvadain, III	25,200
Jules R. Green	25,200
Roosevelt Johnson	25,200
Joseph Fuller	25,200

City of Alexandria, Louisiana
April 30, 2018
Notes to Financial Statements

21. Contingencies

The City is subject to litigation arising in the normal course of business. In the opinion of the City Attorney, there are cases pending in which there is at least a possibility that the plaintiff could be entitled to monetary damages. However, the City believes that its financial position would not be adversely affected due to the availability of reserves in the remote event that the plaintiff prevails.

Management has not calculated the possible rebate of arbitrage interest, as of April 30, 2018, 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.

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. 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.

22. Net Position and Fund Balances

Governmental

Nonspendable Fund Balances

The City has recorded a nonspendable fund balance of \$305,820 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 fund balance and restricted net position in the amount of \$2,751,313 for debt service.

The City also has restricted fund balance and restricted net position for capital projects in the amount of \$25,303,735 that is restricted by enabling legislation.

Committed Fund Balances

The City has committed the use of \$2,089,471 for community and economic development purposes. In addition, the City has formally committed the use of \$1,100,000 for capital projects. These amounts are shown as unrestricted net position in the Government-Wide Financial Statements.

City of Alexandria, Louisiana
April 30, 2018
Notes to Financial Statements

Assigned Fund Balances

The City's assigned fund balance totaling \$968,354 is primarily to be used in support of the Safe Alex initiative. This amount is recorded as unrestricted net position in the Government-Wide Financial Statements.

Business-Type

Restricted Net Position

In accordance with revenue bond indentures, the City has restricted the net position balances in the amount of \$571,363 for debt service and \$1,000,000 for capital additions and contingencies.

23. Impact of Recently Issued Pronouncements

In June 2015, the GASB approved Statement No. 75 (GASB 75), Accounting and Financial Reporting for Post-employment Benefits Other than Pensions. The primary objective of this Statement is to improve accounting and financial reporting by state and local governments for these post-employment benefits. The guidance contained in this statement will change how governments calculate and report the costs and obligations associated with post-employment benefits other than pensions. This statement is effective for fiscal years beginning after June 15, 2017, which for the City is its fiscal year beginning May 1, 2018. Management is currently evaluating the impact of the adoption of GASB 75 on the City's financial statements.

Required Supplemental Information - Part II

City of Alexandria, Louisiana
General Fund
Budgetary Comparison Schedule
For the Year Ended April 30, 2018

Schedule 1

	Budgeted Amounts		Actual	Variance with Final Budget - Positive (Negative)
	Original	Final		
Revenues				
Taxes				
Property taxes	\$ 3,551,000	\$ 3,605,000	\$ 3,683,572	\$ 78,572
Sales taxes	37,350,000	37,350,000	38,615,206	1,265,206
Other	650,000	593,000	601,905	8,905
Intergovernmental	1,840,000	2,373,000	2,501,421	128,421
Fees, commissions, and fines	519,000	394,000	375,027	(18,973)
Licenses and permits	2,890,000	3,035,000	3,133,239	98,239
Charges for services	220,000	230,000	275,230	45,230
Investment earnings	-	80,000	101,133	21,133
Miscellaneous	266,000	577,000	1,186,534	609,534
Total Revenues	<u>47,286,000</u>	<u>48,237,000</u>	<u>50,473,267</u>	<u>2,236,267</u>
Expenditures				
Current				
General government	15,724,081	17,142,081	15,771,775	1,370,306
Public safety	27,514,210	30,104,429	27,983,846	2,120,583
Public works	10,844,593	10,432,374	10,010,985	421,389
Capital outlay	2,402,035	3,114,035	2,464,370	649,665
Debt service				
Principal	1,165,000	1,165,000	1,165,000	-
Interest and other charges	115,837	115,837	115,837	-
Total Expenditures	<u>57,765,756</u>	<u>62,073,756</u>	<u>57,511,813</u>	<u>4,561,943</u>
Excess (Deficiency) of Revenues over Expenditures	(10,479,756)	(13,836,756)	(7,038,546)	6,798,210
Other Financing Sources (Uses)				
Transfers in	10,236,000	11,149,000	10,960,754	(188,246)
Transfers out	(4,786,000)	(2,753,000)	(2,754,767)	(1,767)
Proceeds from sale of capital assets	-	186,000	250,379	64,379
Total Other Financing Sources (Uses)	<u>5,450,000</u>	<u>8,582,000</u>	<u>8,456,366</u>	<u>(125,634)</u>
Net Change in Fund Balance	(5,029,756)	(5,254,756)	1,417,820	6,672,576
Fund Balance, Beginning of Year	<u>20,929,562</u>	<u>20,929,562</u>	<u>20,929,562</u>	<u>-</u>
Fund Balance, End of Year	<u>\$ 15,899,806</u>	<u>\$ 15,674,806</u>	<u>\$ 22,347,382</u>	<u>\$ 6,672,576</u>

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	4/30/2015	4/30/2016	4/30/2017	4/30/2018
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	6,978,032	7,257,153	12,830,454	13,343,672
Unfunded AAL (UAAL) (b-a)	\$ 4,883,089	\$ 5,986,492	\$ 6,225,952	\$ 6,252,400	\$ 6,502,496	\$ 6,978,032	\$ 7,257,153	\$ 12,830,454	13,343,672
Funded Ratio (a/b)	0.00%	0.00%	0.00%	0.00%	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	\$ 33,043,090	\$ 32,710,418	\$ 32,111,000	32,700,000
Unfunded AAL (Funding Excess) as a Percentage of Covered Payroll ((b-a)/c)	12.48%	16.17%	18.75%	19.03%	16.91%	21.12%	22.19%	39.96%	40.81%
* The unit credit cost method is used for funding purposes.									

See Independent Auditor's Report.

City of Alexandria, Louisiana
Schedule of Employer's Share of Net Pension Liability
Municipal Police Employees' Retirement System (MPERS)

Schedule 3

	<u>4/30/2018</u>	<u>4/30/2017</u>	<u>4/30/2016</u>
Employer's Proportion of the Net Pension Liability (Asset)	2.711096%	2.939849%	3.089654%
Employer's Proportionate Share of the Net Pension Liability (Asset)	\$ 23,669,015	\$ 27,554,668	\$ 24,204,210
Employer's Covered-Employee Payroll	\$ 8,074,047	\$ 8,235,224	\$ 8,265,621
Employer's Proportionate Share of the Net Pension Liability (Asset) as a Percentage of its Covered-Employee Payroll	293.15%	334.60%	292.83%
Plan Fiduciary Net Position as a Percentage of the Total Pension Liability	70.08%	66.04%	70.73%
The amounts presented have a measurement date of:	6/30/2017	6/30/2016	6/30/2015

Schedule is intended to show information for 10 years. Additional years will be displayed as they become available.

See Independent Auditor's Report.

**City of Alexandria, Louisiana
Schedule of Employer Contributions
Municipal Police Employees' Retirement System (MPERS)**

Schedule 4

	Contractually Required Contribution	Contributions in Relation to Contractually Required Contribution	Contribution Deficiency (Excess)	Employer's Covered Employee Payroll	Contributions as a Percentage of Covered Employee Payroll
4/30/2016	\$ 2,603,348	\$ 2,603,348	\$ -	\$ 8,265,621	31.50 %
4/30/2017	2,429,224	2,429,224	-	8,116,308	29.93
4/30/2018	2,571,395	2,571,395	-	7,782,119	33.04

Schedule is intended to show information for 10 years. Additional years will be displayed as they become available.

∞ See Independent Auditor's Report.

City of Alexandria, Louisiana
Notes to Required Supplemental Information
Municipal Police Employees' Retirement System (MPERS)
For the Year Ended April 30, 2018

Schedule 5

Changes in Benefit Terms include:

There were no changes of benefit terms for the plan year ended June 30, 2017.

Changes of Assumptions

The net investment rate of return was decreased from 7.50% to 7.325% per the year ended June 30, 2017 actuarial report.

The inflation interest rate was decreased from 2.875% to 2.70% per the year ended June 30, 2017 actuarial report.

See Independent Auditor's Report.

City of Alexandria, Louisiana
Schedule of Employer's Share of Net Pension Liability
Firefighters' Retirement System (FRS)

Schedule 6

	<u>4/30/2018</u>	<u>4/30/2017</u>	<u>4/30/2016</u>
Employer's Proportion of the Net Pension Liability (Asset)	2.380044%	2.503373%	2.595836%
Employer's Proportionate Share of the Net Pension Liability (Asset) \$	13,642,053	\$ 16,374,323	\$ 14,010,018
Employer's Covered-Employee Payroll \$	5,562,330	\$ 5,653,225	\$ 5,524,733
Employer's Proportionate Share of the Net Pension Liability (Asset) as a Percentage of its Covered-Employee Payroll	245.26%	289.65%	253.59%
Plan Fiduciary Net Position as a Percentage of the Total Pension Liability	73.55%	68.16%	72.45%
The amounts presented have a measurement date of:	6/30/2017	6/30/2016	6/30/2015

Schedule is intended to show information for 10 years. Additional years will be displayed as they become available.

See Independent Auditor's Report.

**City of Alexandria, Louisiana
 Schedule of Employer Contributions
 Firefighters' Retirement System (FRS)**

Schedule 7

	Contractually Required Contribution	Contributions in Relation to Contractually Required Contribution	Contribution Deficiency (Excess)	Employer's Covered Employee Payroll	Contributions as a Percentage of Covered Employee Payroll
4/30/2016	\$ 1,615,984	\$ 1,615,984	\$ -	\$ 5,524,733	29.25 %
4/30/2017	1,540,512	1,540,512	-	5,570,846	27.65
4/30/2018	1,406,404	1,406,404	-	5,638,318	24.94

Schedule is intended to show information for 10 years. Additional years will be displayed as they become available.

See Independent Auditor's Report.

City of Alexandria, Louisiana
Notes to Required Supplemental Information
Firefighters' Retirement System (FRS)
For the Year Ended April 30, 2018

Schedule 8

Changes in Benefit Terms

There were no changes of benefit terms for the plan year ended June 30, 2017.

Changes of Assumptions

The net investment rate of return was decreased from 7.50% to 7.40% per the year ended June 30, 2017 actuarial report.

The inflation interest rate was decreased from 2.875% to 2.775% per the year ended June 30, 2017 actuarial report.

See Independent Auditor's Report.

City of Alexandria, Louisiana
Schedule of Changes in Net Pension Liability and Related Ratios
City of Alexandria Employees' Retirement System (COAERS)

Schedule 9

	<u>12/31/2017</u>	<u>12/31/2016</u>	<u>12/31/2015</u>
Total Pension Liability			
Service cost	\$ 3,218,971	\$ 2,975,969	\$ 3,263,636
Interest	11,521,228	11,376,092	11,165,902
Changes in benefit terms	-	-	1,249,682
Differences between expected and actual experience	(3,522,240)	(857,021)	(1,157,889)
Changes in assumptions	8,726,019	3,553,024	3,124,571
Benefit payments	(9,240,582)	(9,042,968)	(9,004,033)
Refunds of member contributions	(596,958)	(352,340)	(353,939)
Other	<u>47,822</u>	<u>(42,820)</u>	<u>146,848</u>
Net Change in Total Pension Liability	10,154,260	7,609,936	8,434,778
Total Pension Liability - Beginning	<u>166,182,074</u>	<u>158,572,138</u>	<u>150,137,360</u>
Total Pension Liability - Ending (a)	<u>\$ 176,336,334</u>	<u>\$ 166,182,074</u>	<u>\$ 158,572,138</u>
Plan Fiduciary Net Position			
Contributions			
Member	\$ 1,873,690	\$ 1,830,452	\$ 1,790,965
Employer	4,734,943	4,580,596	4,858,476
Net investment income	17,882,012	11,143,790	(4,378,349)
Benefit payments	(9,240,582)	(9,042,968)	(9,004,033)
Refunds of member contributions	(596,958)	(352,340)	(353,939)
Administrative expenses	(155,590)	(149,330)	(150,777)
Other	<u>47,822</u>	<u>(42,820)</u>	<u>146,848</u>
Net Change in Plan Fiduciary Net Position	14,545,337	7,967,380	(7,090,809)
Plan Fiduciary Net Position - Beginning	<u>147,678,961</u>	<u>139,711,581</u>	<u>146,802,390</u>
Plan Fiduciary Net Position - Ending (b)	<u>\$ 162,224,298</u>	<u>\$ 147,678,961</u>	<u>\$ 139,711,581</u>
Net Pension Liability - Ending ((a) - (b))	<u>\$ 14,112,036</u>	<u>\$ 18,503,113</u>	<u>\$ 18,860,557</u>
Plan Fiduciary Net Position as a Percentage of the Total Pension Liability	92.00%	88.87%	88.11%
Covered-Employee Payroll	\$ 19,894,718	\$ 19,384,664	\$ 18,643,423
Net Pension Liability as a Percentage of Covered-Employee Payroll	70.93%	95.45%	101.16%

Notes to Schedule:

The amounts presented have a measurement date of: 12/31/2017 12/31/2016 12/31/2015

There were no changes in benefit terms for the plan year ended December 31, 2017.

The discount rate decreased by .50% compared to the prior year from 7.00% to 6.50%.

Schedule is intended to show information for 10 years. Additional years will be displayed as they become available.

See Independent Auditor's Report.

City of Alexandria, Louisiana
Schedule of Employer Contributions
City of Alexandria Employees' Retirement System (COAERS)

Schedule 10

	Contractually Required Contribution	Contributions in Relation to Contractually Required Contribution	Contribution Deficiency (Excess)	Employer's Covered Employee Payroll	Contributions as a Percentage of Covered Employee Payroll
4/30/2016	\$ 4,843,760	\$ 4,843,760	\$ -	\$ 19,610,365	24.70 %
4/30/2017	4,517,698	4,517,698	-	19,557,386	23.10
4/30/2018	4,847,332	4,847,332	-	20,060,745	24.16

Schedule is intended to show information for 10 years. Additional years will be displayed as they become available.

⁵⁶ See Independent Auditor's Report.

City of Alexandria, Louisiana
Schedule of Changes in Net Pension Liability and Related Ratios
City of Alexandria Firemen's Pension and Relief Fund (FPARF)

Schedule 11

	<u>4/30/2018</u>	<u>4/30/2017</u>	<u>4/30/2016</u>
Total Pension Liability			
Service cost	\$ -	\$ -	\$ -
Interest	9,269	8,713	8,367
Changes in benefit terms	-	-	-
Differences between expected and actual experience	525	(10,106)	33,370
Changes in assumptions	-	-	7,951
Benefit payments	(18,392)	(18,392)	(18,392)
Other	-	-	-
Net Change in Total Pension Liability	<u>(8,598)</u>	<u>(19,785)</u>	<u>31,296</u>
Total Pension Liability - Beginning	<u>251,846</u>	<u>271,631</u>	<u>240,335</u>
Total Pension Liability - Ending (a)	<u>\$ 243,248</u>	<u>\$ 251,846</u>	<u>\$ 271,631</u>
Plan Fiduciary Net Position			
Contributions			
Member	\$ -	\$ -	\$ -
Employer	22,000	22,000	22,000
Net investment income	200	141	125
Benefit payments	(18,392)	(18,392)	(18,392)
Refunds of member contributions	-	-	-
Administrative expenses	-	-	-
Other	-	-	-
Net Change in Plan Fiduciary Net Position	<u>3,808</u>	<u>3,749</u>	<u>3,733</u>
Plan Fiduciary Net Position - Beginning	<u>119,560</u>	<u>115,811</u>	<u>112,078</u>
Plan Fiduciary Net Position - Ending (b)	<u>\$ 123,368</u>	<u>\$ 119,560</u>	<u>\$ 115,811</u>
Net Pension Liability - Ending ((a) - (b))	<u>\$ 119,880</u>	<u>\$ 132,286</u>	<u>\$ 155,820</u>
Plan Fiduciary Net Position as a Percentage of the Total Pension Liability	50.72%	47.47%	42.64%
Covered-Employee Payroll	\$ -	\$ -	\$ -
Net Pension Liability as a Percentage of Covered-Employee Payroll	N/A	N/A	N/A

Notes to Schedule:

The amounts presented have a measurement date of: 4/30/2018 4/30/2017 4/30/2016

This plan is closed to any new members and no city employees contribute to this plan.

There were no changes in benefit terms or assumptions for the plan year ended April 30, 2018.

Schedule is intended to show information for 10 years. Additional years will be displayed as they become available.

See Independent Auditor's Report.

City of Alexandria, Louisiana
Schedule of Employer Contributions
City of Alexandria Fireman's Pension and Relief Fund (FPARF)

Schedule 12

	Contributions	Contributions in Relation to Statutorily Required Contribution	Contribution Deficiency (Excess)	Employer's Covered Employee Payroll	Contributions as a Percentage of Covered Employee Payroll
4/30/2016	\$ 22,000	\$ 18,267	\$ (3,733)	\$ -	N/A
4/30/2017	22,000	18,251	(3,749)	-	N/A
4/30/2018	22,000	18,192	(3,808)	-	N/A

Notes to Schedule:

19 This plan is closed to any new members and no City employees contribute to this plan.

The City is statutorily required to contribute an amount sufficient to meet any deficit in the plan without regard to reserve requirements accruing or having accrued on an actuarial basis.

This schedule is intended to show information for 10 years. Additional years will be displayed as they become available.

See Independent Auditor's Report.

Supplemental Information

City of Alexandria, Louisiana
Schedule of Expenditures of Federal Awards
For the Year Ended April 30, 2018

Schedule 13
(Continued)

Federal Grantor/ Pass Through Grantor/ Program Title	Federal CFDA Number	Pass-through Grant Number	Amount Expended
U.S. Department of Housing and Urban Development			
Office of Community Planning and Development			
Direct			
CDBG - Entitlement Grants Cluster			
Community Development Block Grants/Entitlement Grants	14.218		\$ 584,621
Total for Cluster			584,621
Home Investment Partnerships Program	14.239		234,456
Economic Development Initiative - Special Projects, Neighborhood Initiative and Miscellaneous	14.251		500,000
Agency Total			1,319,077
U.S. Department of Justice			
Bureau of Justice Assistance			
Passed-through the State of Louisiana			
Passed-through the Louisiana Commission on Law Enforcement and the Administration of Criminal Justice			
Crime Victim Assistance	16.575	2016-VA-02-3815	14,598
Total CFDA 16.575			14,598
Passed-through the State of Louisiana			
Edward Byrne Memorial Justice Assistance Grant Program	16.738	2015-DJ-BX-0445	37,730
Edward Byrne Memorial Justice Assistance Grant Program	16.738	2016-DJ-BX-0619	42,660
Edward Byrne Memorial Justice Assistance Grant Program	16.738	2016-DJ-06-3575	4,130
Edward Byrne Memorial Justice Assistance Grant Program	16.738	2016-DJ-01-3574	32,358
Total CFDA 16.738			116,878
Direct			
Bulletproof Vest Partnership Program	16.607		7,231
Total CFDA 16.607			7,231
Agency Total			138,707
U.S. Environmental Protection Agency			
Office of Water			
Passed-through the State of Louisiana			
Drinking Water State Revolving Fund Cluster			
Capitalization Grants for Drinking Water State Revolving Funds	66.468	1079001-02	360,516
Agency Total			360,516
U.S. Department of Transportation			
Federal Transit Administration			
Direct			
Federal Transit Cluster			
Federal Transit - Formula Grants (Urbanized Area Formula Grants)	20.507		1,708,919
Total for Cluster			1,708,919
Federal Highway Administration (FHWA)			
Passed-through the State of Louisiana			
Highway Planning and Construction Cluster			
Highway Planning and Construction	20.205	H.011754.6	52,965
Highway Planning and Construction	20.205	H.004823	1,133,139
Total for Cluster			1,186,104
National Highway Traffic Safety Administration			
Passed-through the State of Louisiana			
Department of Transportation and Development			
Highway Safety Cluster			
State and Community Highway Safety	20.600	PT-2017-30-11	15,691
State and Community Highway Safety	20.600	PT-2018-30-11	14,178
Total for Cluster			29,869
Agency Total			2,924,892
Total			\$ 4,743,192

City of Alexandria, Louisiana
Schedule of Expenditures of Federal Awards
For the Year Ended April 30, 2018

Schedule 13
(Concluded)

Notes:

(1) The Schedule of Expenditures of Federal Awards (the schedule) includes the federal award activity of the City of Alexandria, Louisiana (the City), under programs of the federal government for the year ended April 30, 2018. The information in this schedule is presented in accordance with the requirements of Title 2 U.S. Code of Federal Regulations Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* (Uniform Guidance). Because the schedule presents only a selected portion of the operations of the City, it is not intended to and does not present the financial position, changes in net position, or cash flows of the City.

(2) 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.

(3) The City of Alexandria, Louisiana did not elect to use the ten percent (10%) *de minimus* indirect cost rate as allowed under the Uniform Guidance.

(4) No federal funds were awarded to subrecipients during the year ended April 30, 2018.

(5) The Schedule of Expenditures of Federal Awards for the fiscal year ended April 30, 2017 inadvertently omitted the following:

Federal Grantor/ Pass Through Grantor/ Program Title	Federal CFDA Number	Pass-through Grant Number	Amount Expended
U.S. Department of Housing and Urban Development			
Office of Community Planning and Development			
Passed-through the State of Louisiana			
Community Development Block Grants/State's Program and Non-Entitlement Grants in Hawaii	14.228	B-08-DI-22-0001	\$ 236,500

See Independent Auditor's Report.

**City of Alexandria, Louisiana
Utilities System Enterprise Fund
Unaudited Summary of Utility Service Customers
April 30, 2018**

Schedule 14

<u>Type of Service</u>	<u>Number of Customers April 30, 2018</u>
Electricity	24,622
Water	21,925
Gas	15,990
Wastewater	17,582

See Independent Auditor's Report.

City of Alexandria, Louisiana
Unaudited Listing of Insurance in Force
April 30, 2018

Schedule 15
(Continued)

Property

Insurer: XL Insurance America, Inc

Expiration date: May 6, 2018

Coverage:

Real property, comprising buildings, and personal property

Self-insured retention:

\$100,000 per occurrence deductibles

Policy limits of liability:

\$300,000,000 per occurrence with specified sublimits

Boiler and Machinery

Insurer: Ace American Insurance Company

Expiration date: May 6, 2018

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, 2018

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, 2018

Schedule 15
(Concluded)

Employee Benefits Liability

Insurer: Ace American Insurance Company

Expiration date: May 6, 2018

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, 2018

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, 2018

Coverage: Tax Collector

Policy limits of liability: \$10,000

Public Employees Honesty Bond

Insurer: Fidelity and Deposit Company of Maryland

Expiration date: September 1, 2018

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.

City of Alexandria, Louisiana
Schedule of Compensation, Benefits, and Other
Payments to the Agency Head
For the Year Ended April 30, 2018

Schedule 16

Agency Head: The Honorable Mayor Jacques Roy

Purpose	Amount
Salary	\$ 120,719
Benefits - medicare	1,983
Benefits - life insurance	28
Benefits - health insurance	19,753
Benefits - retirement/457 plan	15,071
Car allowance	7,705
Travel	2,798
Registration fees	1,561
Conference travel	8,160
Special meals	899
Total	\$ 178,677

See Independent Auditor's Report.

**Other Reports Required by
Government Auditing Standards
and the Uniform Guidance**

**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**

To 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, 2018, 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 23, 2018.

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.

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

Our consideration of internal control 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 have not been identified. We did identify certain deficiencies in internal control, described in the accompanying schedule of findings and questioned costs as findings 2018-001 and 2018-002 that we consider to be material weaknesses.

REBECCA B. MORRIS, C.P.A.
MICHAEL A. JUREAU, C.P.A.
CINDY L. HUMPHRIES, C.P.A.

DEBORAH R. DUNN, C.P.A.
REBECCA G. NATION, C.P.A.
EVELYN T. RENCROW, C.P.A.





PAYNE, MOORE & HERRINGTON, LLP

To the Honorable Mayor and City Council
City of Alexandria, Louisiana

Compliance and Other Matters

As part of obtaining reasonable assurance about whether the City's financial statements are free 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 and one other matter described in Finding 2018-003 that is 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 23, 2018

**Independent Auditor's Report on Compliance for Each Major Program and
on Internal Control Over Compliance Required by the Uniform Guidance**



PAYNE, MOORE & HERRINGTON, LLP

CERTIFIED PUBLIC ACCOUNTANTS

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**Independent Auditor's Report
on Compliance for Each Major Program and on
Internal Control over Compliance Required by the Uniform Guidance**

To 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 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, 2018. 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 federal statutes, regulations, and the terms and conditions of its federal awards 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 the audit requirements of Title 2 U.S. *Code of Federal Regulations Part 200, Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* (Uniform Guidance). Those standards and the Uniform Guidance 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.

REBECCA B. MORRIS, C.P.A.
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PAYNE, MOORE & HERRINGTON, LLP

To the Honorable Mayor and City Council
City of Alexandria, Louisiana

Opinion on Each 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 for the year ended April 30, 2018.

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 the Uniform Guidance, 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.

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.

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



PAYNE, MOORE & HERRINGTON, LLP

To the Honorable Mayor and City Council
City of Alexandria, Louisiana

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 the Uniform Guidance. Accordingly, this report is not suitable for any other purpose.

Payne, Moore + Herrington, LLP

Certified Public Accountants
Alexandria, Louisiana

October 23, 2018

**City of Alexandria, Louisiana
Schedule of Findings and Questioned Costs
For the Year Ended April 30, 2018**

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?	<u> X </u>	Yes	<u> </u> No
Significant deficiency(ies) identified not considered to be material weaknesses?	<u> </u>	Yes	<u> X </u> None reported
Noncompliance material to the financial statements?	<u> </u>	Yes	<u> X </u> No
Other matters required to be reported under <i>Government Auditing Standards</i> ?	<u> X </u>	Yes	<u> </u> No
Management's Corrective Action Plan	See attached		
Management's Summary Schedule of Prior Year Findings	See attached		

Federal Awards

Internal control over major programs:			
Material weakness(es) identified?	<u> </u>	Yes	<u> X </u> No
Significant deficiency(ies) identified not considered to be material weaknesses?	<u> </u>	Yes	<u> X </u> None reported
Type of auditor's report issued on compliance for major programs:	Unmodified		
Any audit findings disclosed that are required to be reported in accordance with the Uniform Guidance?	<u> </u>	Yes	<u> X </u> No
Identification of major programs:			

<u>CFDA Number</u>	<u>Name of Federal Program or Cluster</u>
14.251	Economic Development Initiative – Special Projects, Neighborhood Initiative and Miscellaneous Grants
	Federal Transit Cluster
20.507	Federal Transit – Formula Grants (Urbanized Area Formula Program)

Dollar threshold used to distinguish between Type A and Type B programs	\$750,000
Auditee qualified as a low-risk auditee?	<u> X </u> Yes <u> </u> No

City of Alexandria, Louisiana
Schedule of Findings and Questioned Costs
For the Year Ended April 30, 2018

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

Finding 2018-001: Donated Infrastructure

Criteria: Accounting principles generally accepted in the United States of America (GAAP) as applied to governmental units requires that donated capital assets be reported at estimated fair value at the date of donation. Donated capital assets for governmental activities should be reported at the Government-Wide Financial Statement level. Assets donated to a proprietary fund should also be included at the fund level.

Condition and Context: Donations of capital assets noted in the minutes and exceeding the City's minimum capitalization threshold were not capitalized. This resulted in the understatement of donated street and drainage infrastructure of \$10,552,645 in governmental activities and water and wastewater infrastructure of \$2,777,118 in the Utilities System Fund.

Cause and Effect: The City does not have consistent procedures to identify and record assets donated to the City. The Finance Department has to rely on information provided by the City Clerk's office as to donations and/or scans of council agendas to identify donations. This information may lack sufficient detail to properly identify and value donated assets. The result was a material understatement of donated capital assets.

Recommendation: We recommend that management develop a reliable system to capture the information necessary to reflect donated capital assets in the financial statements.

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

Finding 2018-002: Pretrial Intervention and Local Agency Compensated Enforcement Programs

Criteria: The objective of internal controls is to provide management with reasonable assurance that assets are safeguarded against loss and that transactions are executed in accordance with management's authorization and recorded properly to permit the preparation of financial statements in accordance with accounting principles generally accepted in the United States of America. Since cash is so readily subject to error and mishandling, effective control of checks, currency, and other cash items should begin at the time of receipt, continue through the deposit, and include recognition in the financial statements.

Condition and Context: Cash collections for the Pretrial Intervention (PTI) and the Local Agency Compensated Enforcement (LACE) programs lack adequate segregation of duties. In addition, subsidiary ledgers are not maintained for these programs. Lastly, deposits are not always made daily.

Cause and Effect: Controls have not been established to address lack of segregation of duties and safeguarding of assets. This increases the risk of misstatement due to error or fraud.

**City of Alexandria, Louisiana
Schedule of Findings and Questioned Costs
For the Year Ended April 30, 2018**

Recommendation: We offer the following recommendations:

- Create subsidiary ledgers to account for both PTI and LACE program participants.
- Post all fines assessed, payments received, and authorized adjustments to the participants' accounts in these subsidiary ledgers.
- From the subsidiary, print a daily cash collections report and reconcile this report to the daily receipts and deposit slip.
- Segregate duties between receiving cash, posting to the subsidiary, and making deposits.
- Copies of the daily cash collections reports, reconciliations, receipts, and deposits slips should be provided to the Accounting Department to ensure proper posting to the general ledger.
- Deposits should be made daily in compliance with state law.
- Reconcile subsidiary ledgers to general ledger monthly.

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

Finding 2018-003: Theft Allegation - Municipal Transit Fund Fares

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

Conditions and Context: City control procedures detected an alleged theft of approximately \$3,500 in cash from bus fares by Kenneth Nugent, Municipal Transit Fund's Night Shift Supervisor. The alleged theft occurred from December 30, 2017 through March 28, 2018. Mr. Nugent is no longer employed by the City. The alleged theft was timely detected by City personnel during routine reconciliation procedures. The Municipal Transit Manager noted an unusual decrease in the number of bills compared to the number of coins in the bus fare box vaults and contacted the Alexandria Police Department with her suspicions. An investigation by the Alexandria Police Department resulted in the arrest of Mr. Nugent on April 3, 2018. Mr. Nugent allegedly obtained a key to the fare box vaults that allowed him to access the money in those vaults. The alleged theft has been reported to all of the proper authorities, including the Louisiana Legislative Auditor and the District Attorney. The investigation is ongoing by the District Attorney's office as of the date of this report. Mr. Nugent made restitution of \$3,500 on September 5, 2018.

Cause and Effect: The Municipal Transit Fund's Night Shift Supervisor obtained a key to the fare box vaults allowing access to the money included in these vaults. This resulted in the alleged theft of City funds of approximately \$3,500.

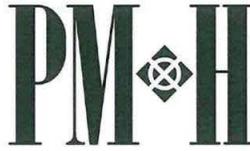
Recommendation: We recommend that the City maintain control and account for all fare box vault keys and continue to closely monitor and reconcile bus fares collected to the supporting documentation.

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

Part III - Findings and Questioned Costs for Federal Awards

None reported.

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



PAYNE, MOORE & HERRINGTON, LLP

CERTIFIED PUBLIC ACCOUNTANTS

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To the Honorable Mayor and City Council
City of Alexandria, Louisiana

RE: Resolution Number 2341-1982
Requirement of specific
Recommendations

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

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

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

Payne, Moore + Herrington, LLP

Certified Public Accountants
Alexandria, Louisiana

October 23, 2018

REBECCA B. MORRIS, C.P.A.
MICHAEL A. JUNEAN, C.P.A.
CINDY L. HUMPHRIES, C.P.A.

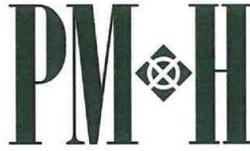
DEBORAH R. DUNN, C.P.A.
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EVELYN T. RENFROW, C.P.A.

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**Independent Auditors' Report on Compliance
With Utilities Revenue Bond Series 2014 and Series 2013A**



PAYNE, MOORE & HERRINGTON, LLP

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**Independent Auditors' Report on Compliance
With Utilities Revenue Bonds Series 2014 and Series 2013A**

To 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, 2018, 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 23, 2018.

In connection with our audit, no default on the part of the City of any covenant or obligation as stated in the Utilities Revenue Bonds, Series 2014 or Utilities Revenue Bonds, Series 2013A was noted. However, our audit was not directed primarily towards obtaining such knowledge.

The purpose of this report is solely to describe the City's compliance with the requirements of the Utilities Revenue Bonds, Series 2014 and Utilities Revenue Bonds, Series 2013A. Accordingly, this report is not suitable for any other purpose.

Payne, Moore & Herrington, LLP

Certified Public Accountants
Alexandria, Louisiana

October 23, 2018

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Management's Corrective Action Plan



The City of Alexandria, Louisiana respectfully submits the following corrective action plan for the year ended April 30, 2018.

Independent Public Accounting Firm:

Payne, Moore & Herrington, LLP
 P. O. Box 13200
 Alexandria, Louisiana 71315-3200

Auditee Contact Person:

Mr. David Crutchfield
 Director of Finance
 City of Alexandria, Louisiana
 (318) 449-5027

Audit Period:

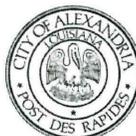
May 1, 2017 through April 30, 2018

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

Part II: Findings Relating to the Financial Statements Which are Required to be Reported Under Government Auditing Standards	
Finding 2018-001 Response	Donated Infrastructure The Finance Division will initiate a policy inquiring of the Engineering Department to learn of upcoming subdivision annexations and their potential value before the action comes before the City Council. The Engineering Department will clearly indicate on the Fact Sheet to the City Council that this action includes acceptance of donated assets. The City Council agendas will then be monitored by the Finance Division for annexation and/or donation actions.
Finding 2018-002 Response	PTI Program The City will contact the City Court and request their personnel keep a subsidiary ledger of the receivables due for PTI and LACE, and to compare activity in the ledger to deposits on a daily basis. The City will also request reporting to the City on a consistent basis so comparisons can be made between deposits and reported activity. The City will also inquire if further segregation of duties is possible with the existing level of personnel.
Finding 2018-003 Response	Theft Allegation – Municipal Transit Fund Fares The City will continue with the internal controls in this area that detected the theft in a timely manner.

Part III: Findings and Questioned Costs for Federal Awards	
None reported	David Crutchfield Director of Finance

Jacques M. Roy
 Mayor



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 Alexandria, LA 71309-0071
 Tel (318) 449-5027 · Fax (318) 449-5231
 email: david.crutchfield@cityofalex.com

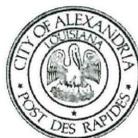
Management's Summary Schedule of Prior Audit Findings



**Management's Summary Schedule of Prior Audit Findings
Year ended April 30, 2018**

Part II: Findings Relating to the Financial Statements Which are Required to be Reported Under Government Auditing Standards	
Finding 2017-001	Appropriate Use of the Purchase Order System
Condition	Certain Zoo Department purchases did not comply with the City's purchasing policies and procedures.
Current status	Resolved.
Finding 2017-002	Theft Allegation – Employee Purchasing Cards
Condition	City control procedures detected an alleged misappropriation of approximately \$3,000 by the Director of the Community Services Department, due to personal purchases on the City of Alexandria's purchasing card assigned to him.
Current status	Resolved.
Finding 2017-003	Theft Allegation – Utility Services
Condition	City control procedures detected an alleged misappropriation of approximately \$5,000 of city utility services by an employee in the City's Utilities Billings and Collections Department.
Current status	Resolved.
Part III: Findings and Questioned Costs for Federal Awards	
None reported	

Jacques M. Roy
Mayor



David Crutchfield
Director of Finance
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City of Alexandria

Statewide Agreed-Upon Procedures Report

Alexandria, Louisiana

April 30, 2018



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Independent Accountant's Report on Applying Agreed-Upon Procedures

To the Honorable Mayor, City Council,
and the Louisiana Legislative Auditor

We have performed the procedures enumerated below, which were agreed to by the City of Alexandria (Entity) and the Louisiana Legislative Auditor (LLA) on the control and compliance (C/C) areas identified in the LLA's Statewide Agreed-Upon Procedures (SAUPs) for the fiscal period May 1, 2017 through April 30, 2018. The Entity's management is responsible for those C/C areas identified in the SAUPs.

This agreed-upon procedures engagement was conducted in accordance with attestation standards established by the American Institute of Certified Public Accountants and applicable standards of *Government Auditing Standards*. The sufficiency of these procedures is solely the responsibility of the specified users of this report. Consequently, we make no representation regarding the sufficiency of the procedures described below either for the purpose for which this report has been requested or for any other purpose.

The procedures and associated results are as follows:

Written Policies and Procedures

1. **Procedure:** Obtain and inspect the entity's written policies and procedures and observe that they address each of the following categories and subcategories (if applicable to public funds and the entity's operations):
 - a) **Budgeting**, including preparing, adopting, monitoring, and amending the budget.
 - b) **Purchasing**, including (1) how purchases are initiated; (2) how vendors are added to the vendor list; (3) the preparation and approval process of purchase requisitions and purchase orders; (4) controls to ensure compliance with the public bid law; and (5) documentation required to be maintained for all bids and price quotes.
 - c) **Disbursements**, including processing, reviewing, and approving.





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To the Honorable Mayor, City Council,
and the Louisiana Legislative Auditor

- d) **Receipts/Collections**, including receiving, recording, and preparing deposits. Also, policies and procedures should include management's actions to determine the completeness of all collections for each type of revenue or agency fund additions (e.g. periodic confirmation with outside parties, reconciliation to utility billing after cutoff procedures, reconciliation of traffic ticket number sequences, agency fund forfeiture monies confirmation).
- e) **Payroll/Personnel**, including (1) payroll processing, and (2) reviewing and approving time and attendance records, including leave and overtime worked.
- f) **Contracting**, including (1) types of services requiring written contracts, (2) standard terms and conditions, (3) legal review, (4) approval process, and (5) monitoring process.
- g) **Credit Cards (and debit cards, fuel cards, P-Cards, if applicable)**, including (1) how cards are to be controlled, (2) allowable business uses, (3) documentation requirements, (4) required approvers of statements, and (5) monitoring card usage (e.g., determining the reasonableness of fuel card purchases).
- h) **Travel and expense reimbursement**, including (1) allowable expenses, (2) dollar thresholds by category of expense, (3) documentation requirements, and (4) required approvers.
- i) **Ethics**, including (1) the prohibitions as defined in Louisiana Revised Statute 42:1111-1121, (2) actions to be taken if an ethics violation takes place, (3) system to monitor possible ethics violations, and (4) requirement that all employees, including elected officials, annually attest through signature verification that they have read the entity's ethics policy.
- j) **Debt Service**, including (1) debt issuance approval, (2) continuing disclosure/EMMA reporting requirements, (3) debt reserve requirements, and (4) debt service requirements.

Results: Policies and procedures do not include management's actions to determine the completeness of all collections for each type of revenue or agency fund additions.

Management's Response: The majority of the City's receipts are either collected at the Customer Service Center (utilities, property taxes) or the Rapides Parish Sales Tax Office (sales taxes, occupational licenses). It is felt that sufficient procedures exist at these locations. The City will be adding procedures at remote sites that receipt funds in order to ensure completeness of collections. These would include the potential use of subsidiary ledgers, pre-numbered receipts, and surveillance cameras.



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To the Honorable Mayor, City Council,
and the Louisiana Legislative Auditor

Board or Finance Committee

2. **Procedure:** Obtain and inspect the board/finance committee minutes for the fiscal period, as well as the board's enabling legislation, charter, bylaws, or equivalent document in effect during the fiscal period, and:
- a) Observe that the board/finance committee met with a quorum at least monthly, or on a frequency in accordance with the board's enabling legislation, charter, bylaws, or other equivalent document.
 - b) For those entities reporting on the governmental accounting model, observe that the minutes referenced or included monthly budget-to-actual comparisons on the general fund and major special revenue funds, as well as monthly financial statements (or budget-to-actual comparisons, if budgeted) for major proprietary funds. *Alternately, for those entities reporting on the non-profit accounting model, observe that the minutes referenced or included financial activity relating to public funds if those public funds comprised more than 10% of the entity's collections during the fiscal period.*
 - c) For governmental entities, obtain the prior year audit report and observe the unrestricted fund balance in the general fund. If the general fund had a negative ending unrestricted fund balance in the prior year audit report, observe that the minutes for at least one meeting during the fiscal period referenced or included a formal plan to eliminate the negative unrestricted fund balance in the general fund.

Results: In our review of the board/finance committee minutes, we noted only three (3) out of the twelve (12) months where the minutes referenced monthly budget-to-actual comparisons.

Management's Response: Budget to Actual comparisons have been historically furnished to the City Council quarterly or upon their request.

Bank Reconciliations

3. **Procedure:** Obtain a listing of client bank accounts for the fiscal period from management and management's representation that the listing is complete. Ask management to identify the entity's main operating account. Select the entity's main operating account and randomly select 4 additional accounts (or all accounts if less than 5). Randomly select one month from the fiscal period, obtain and inspect the corresponding bank statement and reconciliation for selected each account, and observe that:



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To the Honorable Mayor, City Council,
and the Louisiana Legislative Auditor

- a) Bank reconciliations include evidence that they were prepared within 2 months of the related statement closing date (e.g., initialed and dated, electronically logged);
- b) Bank reconciliations include evidence that a member of management/board member who does not handle cash, post ledgers, or issue checks has reviewed each bank reconciliation (e.g., initialed and dated, electronically logged); and
- c) Management has documentation reflecting that it has researched reconciling items that have been outstanding for more than 12 months from the statement closing date, if applicable.

Results: No exceptions noted.

Collections

4. **Procedure:** Obtain a listing of deposit sites for the fiscal period where deposits for cash/checks/money orders (cash) are prepared and management's representation that the listing is complete. Randomly select 5 deposit sites (or all deposit sites if less than 5).

Results: No exceptions noted.

5. **Procedure:** For each deposit site selected, obtain a listing of collection locations and management's representation that the listing is complete. Randomly select one collection location for each deposit site (i.e. 5 collection locations for 5 deposit sites), obtain and inspect written policies and procedures relating to employee job duties (if no written policies or procedures, inquire of employees about their job duties) at each collection location, and observe that job duties are properly segregated at each collection location such that:

- a) Employees that are responsible for cash collections do not share cash drawers/registers.
- b) Each employee responsible for collecting cash is not responsible for preparing/making bank deposits, unless another employee/official is responsible for reconciling collection documentation (e.g. pre-numbered receipts) to the deposit.
- c) Each employee responsible for collecting cash is not responsible for posting collection entries to the general ledger or subsidiary ledgers, unless another employee/official is responsible for reconciling ledger postings to each other and to the deposit.



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To the Honorable Mayor, City Council,
and the Louisiana Legislative Auditor

- d) The employee(s) responsible for reconciling cash collections to the general ledger and/or subsidiary ledgers, by revenue source and/or agency fund additions are not responsible for collecting cash, unless another employee verifies the reconciliation.

Results: In our test of five (5) collection locations, we noted one (1) location in which employees shared cash drawers/registers.

Management's Response: Management feels the cost exceeds the benefit of purchasing additional cash registers due to the relatively small amount of collections at this site.

- 6. **Procedure:** Inquire of management that all employees who have access to cash are covered by a bond or insurance policy for theft.

Results: No exceptions noted.

- 7. Randomly select two deposit dates for each of the 5 bank accounts selected for procedure #3 under "Bank Reconciliations" above (select the next deposit date chronologically if no deposits were made on the dates randomly selected and randomly select a deposit if multiple deposits are made on the same day). *Alternately, the practitioner may use a source document other than bank statements when selecting the deposit dates for testing, such as a cash collection log, daily revenue report, receipt book, etc.* Obtain supporting documentation for each of the 10 deposits and:

- a) Observe that receipts are sequentially pre-numbered.
- b) Trace sequentially pre-numbered receipts, system reports, and other related collection documentation to the deposit slip.
- c) Trace the deposit slip total to the actual deposit per the bank statement.
- d) Observe that the deposit was made within one business day of receipt at the collection location (within one week if the depository is more than 10 miles from the collection location or the deposit is less than \$100).
- e) Trace the actual deposit per the bank statement to the general ledger.

Results: No exceptions noted.



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To the Honorable Mayor, City Council,
and the Louisiana Legislative Auditor

Non-Payroll Disbursements (excluding card purchases/payments, travel reimbursements, and petty cash purchases)

8. **Procedure:** Obtain a listing of locations that process payments for the fiscal period and management's representation that the listing is complete. Randomly select 5 locations (or all locations if less than 5).

Results: No exceptions noted.

9. **Procedure:** For each location selected under #8 above, obtain a listing of those employees involved with non-payroll purchasing and payment functions. Obtain written policies and procedures relating to employee job duties (if the agency has no written policies and procedures, inquire of employees about their job duties), and observe that job duties are properly segregated such that:

- a) At least two employees are involved in initiating a purchase request, approving a purchase, and placing an order/making the purchase.
- b) At least two employees are involved in processing and approving payments to vendors.
- c) The employee responsible for processing payments is prohibited from adding/modifying vendor files, unless another employee is responsible for periodically reviewing changes to vendor files.
- d) Either the employee/official responsible for signing checks mails the payment or gives the signed checks to an employee to mail who is not responsible for processing payments.

Results: In our test of three (3) locations that process payments, we noted the following:

- a) One (1) location in which at least two employees are not involved in initiating a purchase request, approving a purchase, and placing an order/making the purchase.
- b) One (1) location in which the employee responsible for processing payments also mail the payments.

Management's Response: Management will inquire of these 2 remote payment processing sites if there are personnel available that could function as the second person making a purchase and mailing payments.



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To the Honorable Mayor, City Council,
and the Louisiana Legislative Auditor

- 10. Procedure:** For each location selected under #8 above, obtain the entity's non-payroll disbursement transaction population (excluding cards and travel reimbursements) and obtain management's representation that the population is complete. Randomly select 5 disbursements for each location, obtain supporting documentation for each transaction and:
- Observe that the disbursement matched the related original invoice/billing statement.
 - Observe that the disbursement documentation included evidence (e.g., initial/date, electronic logging) of segregation of duties tested under #9, as applicable.

Results: In our test of fifteen (15) non-payroll disbursements, we noted five (5) disbursements in which the documentation did not include evidence of segregation of duties tested under procedure #9.

Management's Response: Procedures will be altered to include segregation of duties where such segregation is practical and without excessive cost.

Credit Cards/Debit Cards/Fuel Cards/P-Cards

- 11. Procedure:** Obtain from management a listing of all active credit cards, bank debit cards, fuel cards, and P-cards (cards) for the fiscal period, including the card numbers and the names of the persons who maintained possession of the cards. Obtain management's representation that the listing is complete.

Results: No exceptions noted.

- 12. Procedure:** Using the listing prepared by management, randomly select 5 cards (or all cards if less than 5) that were used during the fiscal period. Randomly select one monthly statement or combined statement for each card (for a debit card, randomly select one monthly bank statement), obtain supporting documentation, and:

- Observe that there is evidence that the monthly statement or combined statement and supporting documentation (e.g., original receipts for credit/debit card purchases, exception reports for excessive fuel card usage) was reviewed and approved, in writing, by someone other than the authorized card holder. [Note: Requiring such approval may constrain the legal authority of certain public officials (e.g., mayor of a Lawrason Act municipality); these instances should not be reported.]

- Observe that finance charges and late fees were not assessed on the selected statements.

Results: No exceptions noted.



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To the Honorable Mayor, City Council,
and the Louisiana Legislative Auditor

13. Procedure: Using the monthly statements or combined statements selected under #12 above, excluding fuel cards, randomly select 10 transactions (or all transactions if less than 10) from each statement, and obtain supporting documentation for the transactions (i.e. each card should have 10 transactions subject to testing). For each transaction, observe that it is supported by (1) an original itemized receipt that identifies precisely what was purchased, (2) written documentation of the business/public purpose, and (3) documentation of the individuals participating in meals (for meal charges only).

Results: We noted ten (10) instances in which the supporting documents for the transactions did not contain written documentation of the business/public purpose.

Management's Response: All 10 transactions resulted from 1 travel instance involving 1 individual. The business purpose was readily evident by the documentation provided even though the purpose was not written on the individual receipts.

Travel and Travel-Related Expense Reimbursements (excluding card transactions)

14. Procedure: Obtain from management a listing of all travel and travel-related expense reimbursements during the fiscal period and management's representation that the listing or general ledger is complete. Randomly select 5 reimbursements, obtain the related expense reimbursement forms/prepaid expense documentation of each selected reimbursement, as well as the supporting documentation. For each of the 5 reimbursements selected:

- a) If reimbursed using a per diem, agree the reimbursement rate to those rates established either by the State of Louisiana or the U.S. General Services Administration (www.gsa.gov).
- b) If reimbursed using actual costs, observe that the reimbursement is supported by an original itemized receipt that identifies precisely what was purchased.
- c) Observe that each reimbursement is supported by documentation of the business/public purpose (for meal charges, observe that the documentation includes the names of those individuals participating) and other documentation required by written policy (procedure #1h).
- d) Observe that each reimbursement was reviewed and approved, in writing, by someone other than the person receiving reimbursement.

Results: No exceptions noted.



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Contracts

15. Procedure: Obtain from management a listing of all agreements/contracts for professional services, materials and supplies, leases, and construction activities that were initiated or renewed during the fiscal period. *Alternately, the practitioner may use an equivalent selection source, such as an active vendor list.* Obtain management's representation that the listing is complete. Randomly select 5 contracts (or all contracts if less than 5) from the listing, excluding the practitioner's contract, and:

- a) Observe that the contract was bid in accordance with the Louisiana Public Bid Law (e.g., solicited quotes or bids, advertised), if required by law.
- b) Observe that the contract was approved by the governing body/board, if required by policy or law (e.g. Lawrason Act, Home Rule Charter).
- c) If the contract was amended (e.g. change order), observe that the original contract terms provided for such an amendment.
- d) Randomly select one payment from the fiscal period for each of the 5 contracts, obtain the supporting invoice, agree the invoice to the contract terms, and observe that the invoice and related payment agreed to the terms and conditions of the contract.

Results: No exceptions noted.

Payroll and Personnel

16. Procedure: Obtain a listing of employees/elected officials employed during the fiscal period and management's representation that the listing is complete. Randomly select 5 employees/officials, obtain related paid salaries and personnel files, and agree paid salaries to authorized salaries/pay rates in the personnel files.

Results: No exceptions noted.

17. Procedure: Randomly select one pay period during the fiscal period. For the 5 employees/officials selected under #16 above, obtain attendance records and leave documentation for the pay period, and:



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- a) Observe that all selected employees/officials documented their daily attendance and leave (e.g., vacation, sick, compensatory). (Note: Generally, an elected official is not eligible to earn leave and does not document his/her attendance and leave. However, if the elected official is earning leave according to policy and/or contract, the official should document his/her daily attendance and leave.)
- b) Observe that supervisors approved the attendance and leave of the selected employees/officials.
- c) Observe that any leave accrued or taken during the pay period is reflected in the entity's cumulative leave records.

Results: No exceptions noted.

18. **Procedure:** Obtain a listing of those employees/officials that received termination payments during the fiscal period and management's representation that the list is complete. Randomly select two employees/officials, obtain related documentation of the hours and pay rates used in management's termination payment calculations, agree the hours to the employee/officials' cumulative leave records, and agree the pay rates to the employee/officials' authorized pay rates in the employee/officials' personnel files.

Results: No exceptions noted.

19. **Procedure:** Obtain management's representation that employer and employee portions of payroll taxes, retirement contributions, health insurance premiums, and workers' compensation premiums have been paid, and associated forms have been filed, by required deadlines.

Results: No exceptions noted.

Ethics

20. **Procedure:** Using the 5 randomly selected employees/officials from procedure #16 under "Payroll and Personnel" above obtain ethics documentation from management, and:
 - a. Observe that the documentation demonstrates each employee/official completed one hour of ethics training during the fiscal period.
 - b. Observe that the documentation demonstrates each employee/official attested through signature verification that he or she has read the entity's ethics policy during the fiscal period.



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Results: The City of Alexandria does not require all employees/officials to attest through signature verification that he or she has read the entity's ethics policy during the fiscal period.

Management's Response: Signature verification will be obtained for each employee attesting the have read the City's Ethics Policy within the fiscal period.

Debt Service

21. Procedure: Obtain a listing of bonds/notes issued during the fiscal period and management's representation that the listing is complete. Select all bonds/notes on the listing, obtain supporting documentation, and observe that State Bond Commission approval was obtained for each bond/note issued.

Results: Not applicable – no bonds/notes were issued during the fiscal period.

22. Procedure: Obtain a listing of bonds/notes outstanding at the end of the fiscal period and management's representation that the listing is complete. Randomly select one bond/note, inspect debt covenants, obtain supporting documentation for the reserve balance and payments, and agree actual reserve balances and payments to those required by debt covenants.

Results: No exceptions noted.

Other

23. Procedure: Obtain a listing of misappropriations of public funds and assets during the fiscal period and management's representation that the listing is complete. Select all misappropriations on the listing, obtain supporting documentation, and observe that the entity reported the misappropriation(s) to the legislative auditor and the district attorney of the parish in which the entity is domiciled.

Results: No exceptions noted.

24. Procedure: Observe that the entity has posted on its premises and website, the notice required by R.S. 24:523.1 concerning the reporting of misappropriation, fraud, waste, or abuse of public funds.

Results: No exceptions noted.

We were not engaged to and did not conduct an examination or review, the objective of which would be the expression of an opinion or conclusion, respectively, on those C/C areas identified in the SAUPs. Accordingly, we do not express such an opinion or conclusion. Had we performed additional procedures, other matters might have come to our attention that would have been reported to you.



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The purpose of this report is solely to describe the scope of testing performed on those C/C areas identified in the SAUPs, and the result of that testing, and not to provide an opinion on control or compliance. Accordingly, this report is not suitable for any other purpose. Under Louisiana Revised Statute 24:513, this report is distributed by the LLA as a public document.

Payne, Moore & Herrington, LLP

Payne, Moore & Herrington, LLP
Alexandria, Louisiana

October 23, 2018