

**CITY OF ALEXANDRIA, LOUISIANA**

Financial Report

For the Year Ended April 30, 2019

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## INDEPENDENT AUDITOR'S REPORT

The Honorable Jeffrey W. Hall, Mayor  
and Members of the 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, 2019, and the related notes to the financial statements, which collectively comprise the City's basic financial statements as listed in the table of contents.

### Management's Responsibility for the Financial Statements

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

### Auditor's Responsibility

Our responsibility is to express opinions on these financial statements based on our audit. We did not audit the financial statements of the City of Alexandria Employees' Retirement System, pension trust fund which represent 70.13%, 84.14% and 25.16%, respectively, of the assets, net position and revenues of the aggregate remaining fund information. These financial statements were audited by other auditors whose report thereon has been furnished to us, and our opinion, insofar as it relates to the amounts included for the City of Alexandria Employees' Retirement System is based on the reports of other auditors. We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement.

An audit 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.

## **Opinions**

In our opinion, based on our audit and the report of the other auditor, 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, 2019, 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.

## **Change in Accounting Principle**

As described in Note 25 to the financial statements, in 2019, the City of Alexandria adopted new accounting guidance, GASB 75, *Accounting and Financial Reporting for Postemployment Benefits Other Than Pensions*. Our opinion is not modified with respect to this matter.

## **Other Matters**

### *Required Supplementary Information*

Accounting principles generally accepted in the United States of America require that the required supplementary information listed in the table of contents, 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 and the other auditors 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 financial statements. The other financial information listed in the table of contents is presented for purposes of additional analysis and is 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* 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.

The schedule of expenditures of federal awards is the responsibility of management and was derived from and relate directly to the underlying accounting and other records used to prepare the 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 financial statements or to the financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the schedule of expenditures of federal awards is fairly stated in all material respects in relation to the financial statements taken as a whole.

The other financial information section has 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 it.

**Other Reporting Required by *Government Auditing Standards***

In accordance with *Government Auditing Standards*, we have also issued our report dated October 29, 2019 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 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.

***Kolder, Slaven & Company, LLC***  
Certified Public Accountants

Alexandria, Louisiana  
October 29, 2019

**REQUIRED  
SUPPLEMENTARY INFORMATION**

## CITY OF ALEXANDRIA, LOUISIANA

### Management's Discussion and Analysis Year ended April 30, 2019

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, 2019. 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 \$291.2 million. Of this total, \$5.9 million in net position are unrestricted, and may be used to meet future obligations of the City's creditors.
- The City's net position decreased by nearly \$20.3 million during the 2019 Fiscal Year. This is the combined result of a decrease of around \$13.7 million in net position from governmental activities and by a decrease in net position from business activities of \$6.6 million. A substantial portion of this change is due to the City's adoption of GASB 75, requiring the City to alter its recognition of financial obligations relating to postemployment benefits for employees. In the City's case, those benefits primarily relate to health care. Greater detail on this issue can be found in Note 25 to the financial statements.
- Unrestricted net position decreased by \$26.3 million in Fiscal 2019. This is the result of a decrease of \$14.1 million from governmental activities and by a decrease of \$12.2 million from business type activities.
- Fund balance in the General Fund is \$23.5 million, which amounts to approximately 41% of the expenditures of the General Fund in Fiscal 2019.
- The City's long-term debt increased by \$23.1 million, due to increases in pension liability and in other post-employment benefit liability.

#### **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, 2019

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, 2019

**The City as Trustee**

***Reporting the City's Fiduciary Responsibilities***

The City is the trustee, or *fiduciary*, for its employees' pension plans. It is also responsible for other assets that, because of a trust arrangement, can be used only for the trust beneficiaries. All of the City's fiduciary activities are reported in separate Statements of Fiduciary Net Position and Changes in Fiduciary Net Position on pages 30 and 31. We exclude these activities from the City's other financial statements because the City cannot use these assets to finance its operations. The City is responsible for ensuring that the assets reported in these funds are used for their intended purposes.

**Government Wide Financial Analysis**

The following table reflects a condensed version of the Statement of Net Position displaying 2019 and 2018:

**City of Alexandria, LA  
Condensed Statement of Net Position (in millions)  
April 30, 2019 and April 30, 2018**

	<u>2019</u>	<u>2018</u>	<u>2019</u>	<u>2018</u>	<u>2019</u>	<u>2018</u>
	<u>Governmental</u>		<u>Business</u>		<u>Total</u>	
<b>Assets</b>						
Current & Other Assets	\$ 79.2	\$ 72.8	\$ 48.5	\$ 28.7	\$ 132.5	\$ 101.5
Restricted Assets	-	-	13.5	38.7	13.5	38.7
Capital Assets	179.3	181.9	239.2	239.1	418.5	421.0
<b>Total Assets</b>	<u>258.5</u>	<u>254.7</u>	<u>301.2</u>	<u>306.5</u>	<u>564.5</u>	<u>561.2</u>
<b>Deferred Outflow of Resources</b>	18.2	14.3	16.8	10.9	35.0	25.2
<b>Liabilities</b>						
Current Liabilities	12.0	10.8	17.6	10.5	29.6	21.3
Long-Term Liabilities	95.1	74.7	166.4	163.9	261.5	238.6
<b>Total Liabilities</b>	<u>107.1</u>	<u>85.5</u>	<u>184.0</u>	<u>174.4</u>	<u>291.1</u>	<u>259.9</u>
<b>Deferred Inflows of Resources</b>	8.1	8.3	4.3	6.6	12.4	14.9
<b>Net Position</b>						
Invested in Capital Assets (Net)	159.5	160.1	95.2	89.6	254.7	249.7
Restricted	29.1	28.1	1.6	1.6	30.7	29.7
Unrestricted	<u>(27.1)</u>	<u>(13.0)</u>	<u>32.9</u>	<u>45.1</u>	<u>5.8</u>	<u>32.1</u>
<b>Total Net Position</b>	<u>\$ 161.5</u>	<u>\$ 175.2</u>	<u>\$ 129.7</u>	<u>\$ 136.3</u>	<u>\$ 291.2</u>	<u>\$ 311.5</u>

As of April 30, 2019 the City's Net Position totals \$291.2 million, showing decrease of about 7% compared to the 2018 total of \$311.5 million. Roughly \$254.7 million, or 87%, of the City's total Net Position resides in the Invested in Capital Assets category. These are land, buildings, infrastructure, equipment and other items required for the City to furnish its goods and services to citizens on the governmental side of operations and customers on the business side of operations. These assets are not available for appropriation (spending), as they are not intended to be sold. Restricted Assets account for \$30.7 million, or 11%, 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 \$5.8 million, or 2%, 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, 2019

The following table is a condensed version of the Statement of Activities displaying 2019 and 2018:

**City of Alexandria, LA**  
**Condensed Statement of Activities (in millions)**  
**April 30, 2019 and April 30, 2018**

	<u>2019</u>	<u>2018</u>	<u>2019</u>	<u>2018</u>	<u>2019</u>	<u>2018</u>
	<u>Governmental</u>		<u>Business</u>		<u>Total</u>	
<b>Revenues</b>						
Program Revenues:						
Charges for Services, Fines, Fees	\$ 4.8	\$ 4.9	\$ 105.0	\$ 107.0	\$ 109.8	\$ 111.9
Grants & Contributions	5.4	16.4	1.0	5.0	6.4	21.4
General Revenues:						
Sales Taxes	47.2	46.2			47.2	46.2
Other Taxes	9.3	9.3	1.2	1.2	10.5	10.5
Other	2.8	1.7	.7	.5	3.5	2.2
<b>Total Revenues</b>	<u>69.5</u>	<u>78.5</u>	<u>107.9</u>	<u>113.7</u>	<u>177.4</u>	<u>192.2</u>
<b>Expenses</b>						
General government	20.9	18.5			20.9	18.5
Public safety	29.6	29.5			29.6	29.5
Public works	22.8	18.4			22.8	18.4
Community and economic development	.6	.8			.6	.8
Interest on long-term debt	.9	1.0	6.9	7.1	7.8	8.1
Electricity			57.8	57.2	57.8	57.2
Gas			11.6	12.0	11.6	12.0
Water			7.8	8.3	7.8	8.3
Wastewater			8.1	9.4	8.1	9.4
Transit			3.4	3.8	3.4	3.8
Sanitation			4.6	4.0	4.6	4.0
Zoological Park			3.1	2.7	3.1	2.7
Golf Course			1.0	1.0	1.0	1.0
<b>Total Expenses</b>	<u>74.8</u>	<u>68.2</u>	<u>104.3</u>	<u>105.5</u>	<u>179.1</u>	<u>173.7</u>
<b>Change in Net Position before Transfers</b>	-5.3	10.3	3.6	8.2	-1.7	18.5
<b>Transfers</b>	10.2	10.2	-10.2	-10.2	-	-
<b>Increase (Decrease) In Net Position</b>	<u>\$ 4.9</u>	<u>\$ 20.5</u>	<u>\$ -6.6</u>	<u>\$ -2.0</u>	<u>\$ -1.7</u>	<u>\$ 18.5</u>
<b>Net Position, Beginning of Year</b>	<u>156.5</u>	<u>154.7</u>	<u>136.3</u>	<u>138.3</u>	<u>292.8</u>	<u>293.0</u>
<b>Net Position, End of Year</b>	<u>\$ 161.4</u>	<u>\$ 175.2</u>	<u>\$ 129.7</u>	<u>\$ 136.3</u>	<u>\$ 291.1</u>	<u>\$ 311.5</u>

See independent auditor's report.

## CITY OF ALEXANDRIA, LOUISIANA

### Management's Discussion and Analysis Year ended April 30, 2019

The City's total revenues were \$177.4 million and total expenses were \$179.1 million for Fiscal 2019. This results in a decrease of net position before transfers of \$1.7 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 \$4.9 million in Fiscal 2019 compared to an increase of \$20.5 in Fiscal 2018. Examining the expenses for the 2 years, we see that they are up from \$68.2 million in 2018 to \$74.8 million in 2019, roughly a 9% difference. We see decreases of \$.2 million in Community and Economic Development and in Interest on Long Term Debt. These are more than offset by increases in General Government of \$2.4 million and Public Works of \$4.4 million. Revenues saw great change from the prior year reflecting a decrease of \$9.0 million. The majority of the decrease is found in Capital Grants & Contributions totaling roughly \$11.0 million stemming from the City's acceptance of developer infrastructure in the form of streets, sidewalks, and drainage improvements in the prior year. Sales Taxes are up \$1.0 million; while Other Revenue is up \$1.1 million.

Business-type Activities Net Position decreased \$6.6 million for Fiscal 2019, compared to a decrease in the prior year of \$2.0 million. Expenses are down \$1.2 million with modest decreases in most expenses such as Gas, Water, Wastewater, and Transit. Revenues are down \$5.8 million; with roughly \$3.9 million of the decrease reflected in Grants and Contributions as grants for Water, Wastewater, and Zoo are down from the prior year. Electric and Gas Fuel Cost Recovery revenues are also down \$1.5 million compared to the prior year. Minor differences in other Charges for Services make up the remainder.

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 2019 with an increase in Fund Balance of nearly \$1.2 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 2019 and 2018 is needed.

See independent auditor's report.

CITY OF ALEXANDRIA, LOUISIANA

Management's Discussion and Analysis  
Year ended April 30, 2019

Revenues and Transfers In increased by roughly \$.5 million. Revenues show the greatest changes in an increase Taxes of \$.8 million; partially offset by a decrease in Intergovernmental of \$.3 million.

Expenditures and Transfers Out increased \$.5 million when compared to the previous year. The greatest factor here was General Government increasing \$.7 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 \$1.2 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 \$1.8 million, or 2.8%. The major changes here are a net increase in Intergovernmental of \$.6 million; Other Revenue of \$.3 million; Taxes of \$.2 million and Use of Fund Balance of \$.4 million.

Budgeted Expenditures and Transfers Out were adjusted up during the year by \$1.8 million due to a variety of factors. Contract Labor was increased by \$.3 million; Overtime in the various departments was increased \$.7 million; Professional Fees increased by \$.8 million; Operating Capital increased \$.4 million and Vehicles Repairs was increased \$.3 million. These and other increases are partially offset by decreases in salary and fringe line items due to attrition of roughly \$1.5 million.

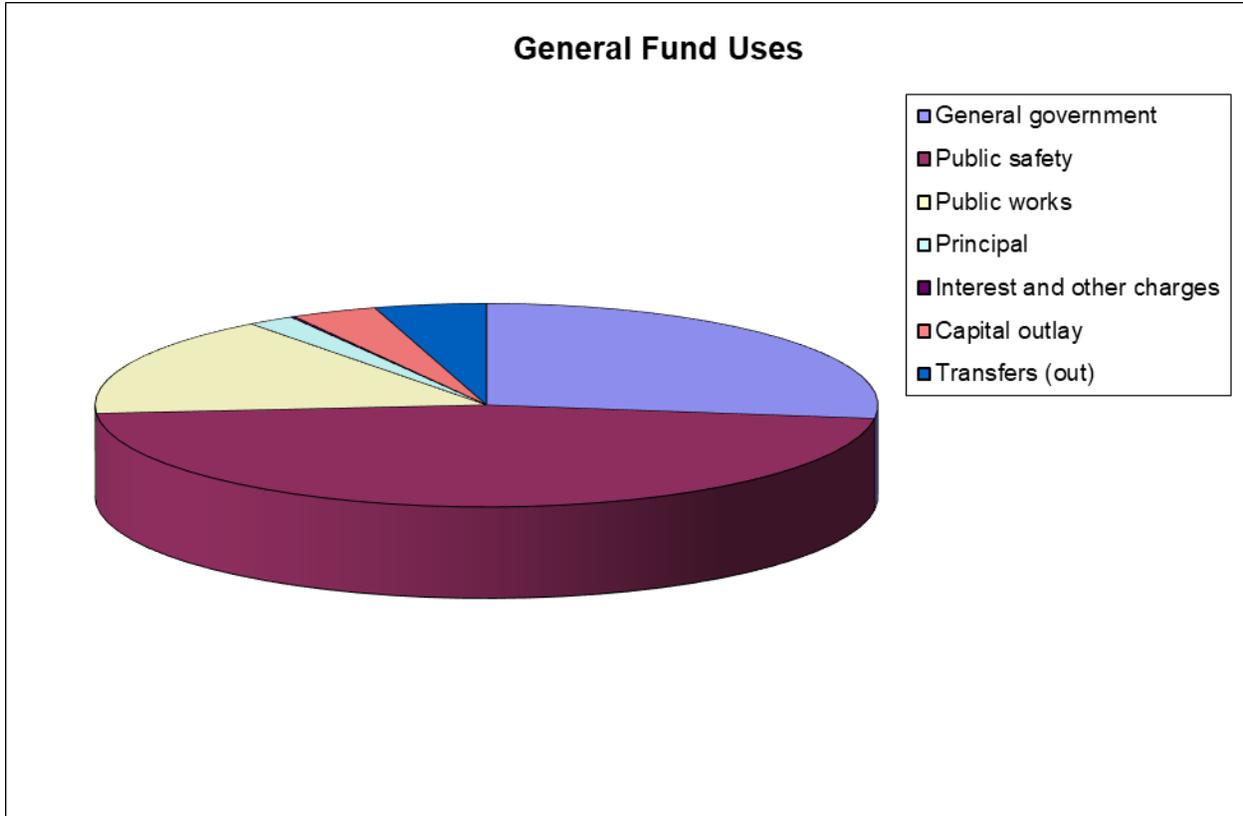
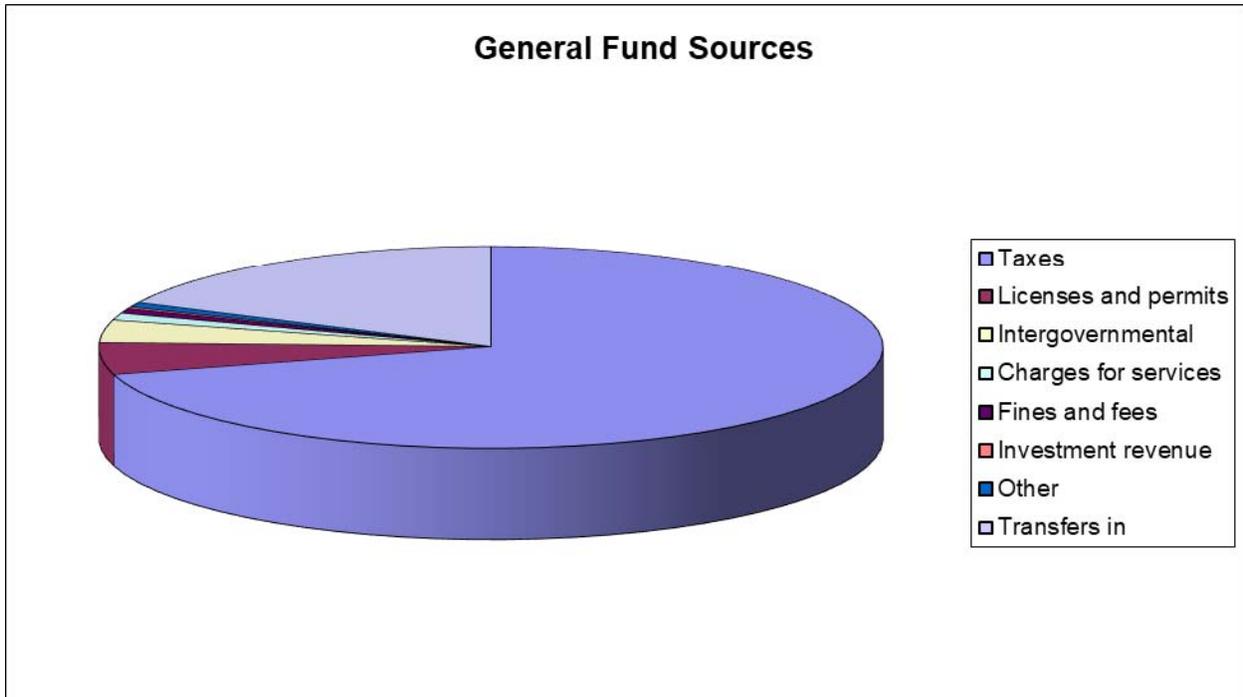
Fortunately, the City did not use the \$5.2 million in fund balance budgeted for Fiscal 2018 but, as previously noted, added to Fund Balance by over \$1.2 million. Actual Revenues and Transfers In exceeded the budget by roughly \$1.2 million, while actual Expenditures and Transfers Out were about \$5.2 million less than budgeted. There were various offsets in the revenues, but the greatest factors were increases in combined Sales Taxes of \$.5 million and Property Taxes of \$.2 million. The greatest factor in the expenditures coming in so much lower than budgeted is the previously mentioned 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 \$2.5 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 \$1.3 million in purchases were not made in Fiscal 2019 and will be made in the subsequent year. Favorable variances in discretionary spending; such as \$.4 million in Professional Fees; \$.2 million in Utilities; and \$.1 million in Vehicles Fuel and Oil 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, 2019

The following charts represent the actual sources and uses of General Fund monies for Fiscal 2019



See independent auditor's report.

CITY OF ALEXANDRIA, LOUISIANA

Management's Discussion and Analysis  
Year ended April 30, 2019

**General Capital Projects Fund**

Revenues and Other Financing Sources are up in this fund by roughly \$1.4 million, where increases in Taxes of roughly \$.2 million and Intergovernmental of \$1.2 million dominate the changes.

Expenditures and Transfers Out for Fiscal 2019 are up \$2.1 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 2019, including MacArthur Drive at Jackson Improvements, Hudson Bridge at Chatlain Canal, MPO Street Panel Replacements, Amphitheatre Improvements, and Martin Park Pump Additions.

Overall Fund Balance decreased \$1.3 million for Fiscal 2019.

**Utilities System Fund**

The Utilities System Fund is the largest of the City's proprietary funds, dwarfing the Sanitation Fund, Municipal Transit Fund, Zoo Fund and Golf Course Fund. Revenues in the Utilities System are based primarily on the sales of electricity, water, natural gas, and wastewater service to customers. These revenues, Charges for Services, are down \$2.0 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. As previously noted, Electric and Gas fuel recovery accounts are down a combined \$1.5 million in Fiscal 2019 compared to the prior year, while other Charges for Services, primarily sales to customers, decreased roughly \$.5 million.

Expenses and Transfers Out are down \$2.1 million in Fiscal 2019 compared to the previous year. The biggest factor here is a decrease in the payment of customer rebates of \$5.7 million. This decrease is partially offset by the expense side of Fuel Cost increasing \$1.3 million; while employee costs increased \$2.2 million compared to the prior year. Other relatively minor net changes account for the remaining difference.

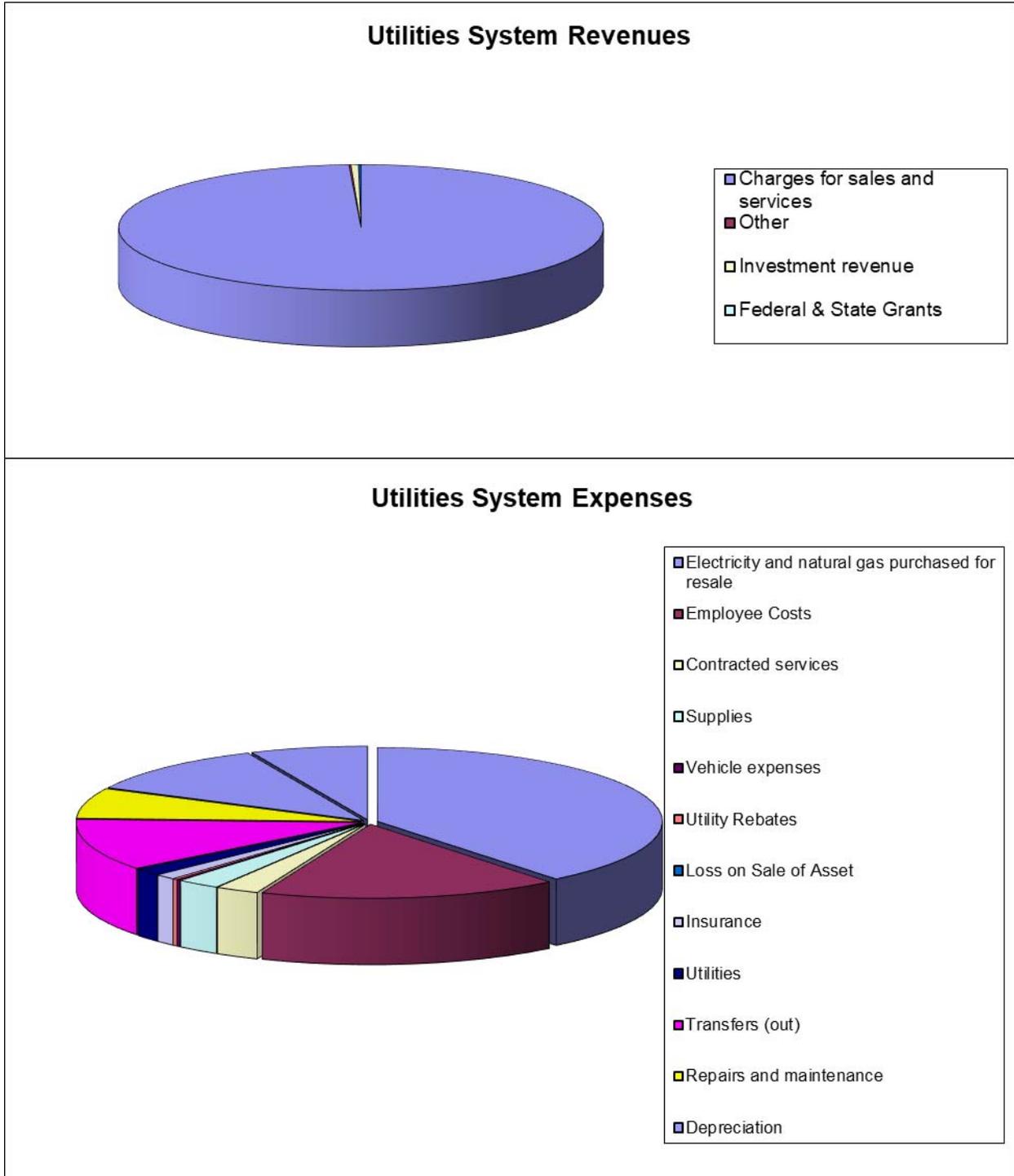
See independent auditor's report.

CITY OF ALEXANDRIA, LOUISIANA

Management's Discussion and Analysis  
Year ended April 30, 2019

The result of the above was a decrease in Net Position to the Utilities System Fund of roughly \$5.1 million for Fiscal 2019.

The following charts show the breakdown of Revenues and Expenses of the Utilities System Fund for Fiscal 2019:



See independent auditor's report.

CITY OF ALEXANDRIA, LOUISIANA

Management’s Discussion and Analysis  
Year ended April 30, 2019

**Capital Asset and Debt Administration**

**Capital Assets**

**Capital Assets (Net of Depreciation)**

	<u>Governmental</u>		<u>Business</u>	
	<u>2019</u>	<u>2018</u>	<u>2019</u>	<u>2018</u>
Land	\$ 14.6	\$ 14.3	\$ 3.5	\$ 3.5
Construction in Progress	18.1	18.9	13.1	9.3
Buildings	55.7	55.1	5.2	5.8
Furniture & Fixtures	3.9	4.3	-	-
Vehicles	4.8	4.5	4.6	5.4
Infrastructure	<u>82.2</u>	<u>84.8</u>	<u>212.8</u>	<u>215.1</u>
Net Capital Assets	\$ 179.3	\$ 181.9	\$ 239.2	\$ 239.1

In Governmental Activities, we see that Buildings increased \$.6 million and Vehicles increased \$.3 million. Infrastructure and Furniture and Fixtures decreased \$2.6 and \$.4 million respectively as depreciation exceeded new acquisitions. Construction in Progress decreased \$.8 million; the net result of the completion of Culpepper Road Drainage and work continuing on projects such as Hudson Road Bridge and Rapides Avenue RCB Drainage.

In Business Activities, Construction in Progress is up by \$3.8 million as work continues on projects such as Transformer Replacements at Willow Glen and Twin Bridges Substations, Replacement of Water Lines, Water Well Reclamation, Rosalino Water Tank Improvements, and the Enterprise/Acadian Gas Interconnection. Buildings and Vehicles are down \$.6 million and \$.8 million respectively as depreciation exceeded new additions. Infrastructure is down \$2.3 million due to the same cause.

***Governmental Funds***

The City had a net decrease of \$2.6 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 increase of \$.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.

For greater detail on capital assets, please see Note 9 to the financial statements.

**Debt Administration**

***Governmental Funds***

In the Governmental Funds, Bonded Long-Term debt decreased \$3.2 million; the result of scheduled payments of principal.

See independent auditor’s report.

CITY OF ALEXANDRIA, LOUISIANA

Management’s Discussion and Analysis  
Year ended April 30, 2019

**Enterprise Funds**

In the Enterprise Funds, Bonded Long-Term Debt decreased \$3.2 million; the result of scheduled payments of principal. For further information on debt, please see Note 10 to the financial statements.

**Bonded Long-Term Debt**

	<u>Governmental</u>		<u>Business</u>	
	<u>2019</u>	<u>2018</u>	<u>2019</u>	<u>2018</u>
Sales Tax Revenue Bonds	\$ 19.8	\$ 21.8	\$ -	\$ -
Limited Tax Bonds	3.7	4.9	-	-
Utility Revenue Bonds	-	-	<u>147.4</u>	<u>150.6</u>
Total Outstanding Debt	\$ 23.5	\$ 26.7	\$ 147.4	\$ 150.6

**Future Outlook**

Although it can be stated that the City stacks up very well financially compared to its peers, causes for concern still abound. As noted earlier, the restatement of beginning net assets in compliance with GASB 75 gives a catastrophic appearance to the financial statements. Some would question the relevance and validity of the estimations underlying the adjustment, but those adjustments are required to report in accordance to generally accepted accounting principles. As is the case with most governments, infrastructure demands both on the governmental side in the form of roads and bridges and on the business side in the form of water tanks and electric substations weigh heavily on the City’s limited financial resources. As is often the case with most entities, the City has far more uses for funds than it has resources of funds. It should be noted that while the General Fund added to its fund balance as a result of the current year, the Utilities System Fund posted a loss over twice the size of its loss for the previous year. The General Fund’s greatest source of revenue is Sales Taxes (64%), and they have not recently shown significant growth. 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 fully 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. The sale of utilities is fairly consistent, but there is no trend of growth. Overall, expectations of what the City will provide continue to rise while the ability to provide remains flat at best. This situation will demand constant examination by the City’s management in order to avert financial disasters that have occurred in other jurisdictions.

See independent auditor’s report.

CITY OF ALEXANDRIA, LOUISIANA

Management's Discussion and Analysis  
Year ended April 30, 2019

**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.

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David L. Crutchfield, CPA  
Director of Finance  
City of Alexandria, Louisiana

**BASIC FINANCIAL STATEMENTS**

**GOVERNMENT-WIDE  
FINANCIAL STATEMENTS (GWFS)**

CITY OF ALEXANDRIA, LOUISIANA

Statement of Net Position  
April 30, 2019

	Governmental Activities	Business-Type Activities	Total
<b>ASSETS</b>			
Cash and interest-bearing deposits	\$ 66,111,461	\$ 31,884,555	\$ 97,996,016
Certificates of deposit	2,072,382	2,750,000	4,822,382
Receivables, net	8,959,661	10,340,998	19,300,659
Due from other governmental agencies	477,763	216,951	694,714
Internal balances	966,987	(966,987)	-
Prepaid expense	244,180	-	244,180
Inventories	309,381	4,314,705	4,624,086
Restricted assets:			
Cash and interest-bearing deposits	-	13,544,112	13,544,112
Capital assets			
Non-depreciable:			
Land and land improvements	14,586,292	3,489,049	18,075,341
Construction and infrastructure in progress	18,157,312	13,075,120	31,232,432
Depreciable, net	<u>146,524,330</u>	<u>222,618,788</u>	<u>369,143,118</u>
Total assets	<u>258,409,749</u>	<u>301,267,291</u>	<u>559,677,040</u>
<b>DEFERRED OUTFLOWS OF RESOURCES</b>			
Unamortized bond refunding charges	-	260,919	260,919
Deferred outflows of resources - pensions	17,988,659	16,530,036	34,518,695
Deferred outflows of resources - OPEB related	<u>243,882</u>	<u>-</u>	<u>243,882</u>
Total deferred outflows of resources	<u>18,232,541</u>	<u>16,790,955</u>	<u>35,023,496</u>
<b>LIABILITIES</b>			
Accounts payable	2,643,501	4,115,086	6,758,587
Salaries payable	1,714,466	943,412	2,657,878
Accrued interest payable	220,820	3,260,556	3,481,376
Customer guaranteed deposits	-	5,484,544	5,484,544
Long-term liabilities:			
Due within one year	7,438,819	3,783,411	11,222,230
Due in more than one year	26,746,241	145,588,442	172,334,683
Net pension liability	48,709,207	20,826,341	69,535,548
Other post employee benefits payable	<u>19,652,678</u>	<u>-</u>	<u>19,652,678</u>
Total liabilities	<u>107,125,732</u>	<u>184,001,792</u>	<u>291,127,524</u>
<b>DEFERRED INFLOWS OF RESOURCES</b>			
Deferred inflows of resources - pensions	7,481,777	4,353,692	11,835,469
Deferred inflows of resources - OPEB related	<u>579,886</u>	<u>-</u>	<u>579,886</u>
Total deferred inflows	<u>8,061,663</u>	<u>4,353,692</u>	<u>12,415,355</u>
<b>NET POSITION</b>			
Net investment in capital assets	159,457,934	95,234,509	254,692,443
Restricted for:			
Debt service	2,410,394	589,701	3,000,095
Capital projects	26,653,067	-	26,653,067
Capital additions and contingencies	-	1,000,000	1,000,000
Unrestricted	<u>(27,066,500)</u>	<u>32,878,552</u>	<u>5,812,052</u>
Total net position	<u>\$ 161,454,895</u>	<u>\$ 129,702,762</u>	<u>\$ 291,157,657</u>

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

CITY OF ALEXANDRIA, LOUISIANA

Statement of Activities  
For the Year Ended April 30, 2019

Activities	Expenses	Program Revenues			Net (Expense) Revenues and Changes in Net Position		
		Fees, Fines, and Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions	Primary Government		
					Governmental Activities	Business-Type Activities	Total
Governmental activities:							
General government	\$ 20,939,699	\$ 4,272,771	\$ 5,598	\$ -	\$ (16,661,330)	\$ -	\$ (16,661,330)
Public safety	29,545,942	438,197	1,778,260	-	(27,329,485)	-	(27,329,485)
Public works	22,839,279	60,190	-	2,671,402	(20,107,687)	-	(20,107,687)
Economic development	560,423	26,681	944,849	-	411,107	-	411,107
Interest on long-term debt	865,685	-	-	-	(865,685)	-	(865,685)
Total governmental activities	74,751,028	4,797,839	2,728,707	2,671,402	(64,553,080)	-	(64,553,080)
Business-type activities:							
Electricity	57,790,375	73,373,936	-	-	-	15,583,561	15,583,561
Natural Gas	11,577,564	10,833,604	-	-	-	(743,960)	(743,960)
Water	7,815,115	7,681,901	-	-	-	(133,214)	(133,214)
Waste Water	8,110,784	6,518,218	-	-	-	(1,592,566)	(1,592,566)
Municipal Transit	3,358,038	450,751	958,595	19,089	-	(1,929,603)	(1,929,603)
Sanitation	4,623,665	4,990,296	-	-	-	366,631	366,631
Zoological Park	3,093,512	507,923	-	46,614	-	(2,538,975)	(2,538,975)
Golf Course	998,312	621,671	-	40,714	-	(335,927)	(335,927)
Interest on long-term debt	6,943,290	-	-	-	-	(6,943,290)	(6,943,290)
Total business-type activities	104,310,655	104,978,300	958,595	106,417	-	1,732,657	1,732,657
Total activities	\$ 179,061,683	\$ 109,776,139	\$ 3,687,302	\$ 2,777,819	(64,553,080)	1,732,657	(62,820,423)
General revenues:							
Taxes -							
Property taxes, levied for general purposes					8,737,463	1,219,945	9,957,408
Sales and use taxes, levied for general purposes					47,187,138	-	47,187,138
Hotel occupancy taxes					548,025	-	548,025
Franchise taxes					598,449	-	598,449
Grants and contributions not restricted to specific programs					68,973	-	68,973
Interest and investment earnings					601,251	558,214	1,159,465
Miscellaneous					462,687	137,766	600,453
Nonemployer pension contribution					1,134,196	-	1,134,196
Gain/(loss) on disposal of capital assets					(3,757)	(53,614)	(57,371)
Transfers					10,158,889	(10,158,889)	-
Total general revenues and transfers					69,493,314	(8,296,578)	61,196,736
Change in net position					4,940,234	(6,563,921)	(1,623,687)
Net position - beginning, as restated					156,514,661	136,266,683	292,781,344
Net position - ending					\$ 161,454,895	\$ 129,702,762	\$ 291,157,657

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

**FUND FINANCIAL STATEMENTS (FFS)**

CITY OF ALEXANDRIA, LOUISIANA

Balance Sheet  
Governmental Funds  
April 30, 2019

	General Fund	General Capital Projects Fund	Other Governmental Funds	Totals
<b>ASSETS</b>				
Cash and interest-bearing deposits	\$ 17,845,091	\$ 14,822,066	\$ 16,396,122	\$ 49,063,279
Certificates of deposit	-	-	2,072,382	2,072,382
Receivables, net	7,200,742	874,397	884,522	8,959,661
Due from other funds	1,120,644	-	314,561	1,435,205
Due from other governmental agencies	11,196	433,438	33,129	477,763
Inventories	<u>309,381</u>	<u>-</u>	<u>-</u>	<u>309,381</u>
Total assets	<u>\$ 26,487,054</u>	<u>\$ 16,129,901</u>	<u>\$ 19,700,716</u>	<u>\$ 62,317,671</u>
<b>LIABILITIES, DEFERRED INFLOWS OF RESOURCES AND FUND BALANCES</b>				
Liabilities:				
Accounts payable	\$ 918,561	\$ 1,313,234	\$ 345,983	\$ 2,577,778
Salaries payable	1,714,466	-	-	1,714,466
Due to other funds	<u>314,200</u>	<u>-</u>	<u>154,018</u>	<u>468,218</u>
Total liabilities	<u>2,947,227</u>	<u>1,313,234</u>	<u>500,001</u>	<u>4,760,462</u>
Deferred Inflows of Resources:				
Unavailable revenues	<u>-</u>	<u>-</u>	<u>370,175</u>	<u>370,175</u>
Fund balances:				
Nonspendable	309,381	-	-	309,381
Restricted -				
Debt service	-	-	2,631,214	2,631,214
Capital projects	-	13,716,667	12,936,400	26,653,067
Committed				
Capital projects	-	1,100,000	-	1,100,000
Economic development	-	-	2,266,791	2,266,791
Assigned	-	-	996,135	996,135
Unassigned	<u>23,230,446</u>	<u>-</u>	<u>-</u>	<u>23,230,446</u>
Total fund balances	<u>23,539,827</u>	<u>14,816,667</u>	<u>18,830,540</u>	<u>57,187,034</u>
Total liabilities and fund balances	<u>\$ 26,487,054</u>	<u>\$ 16,129,901</u>	<u>\$ 19,700,716</u>	<u>\$ 62,317,671</u>

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

CITY OF ALEXANDRIA, LOUISIANA

Reconciliation of the Governmental Funds Balance Sheet  
to the Statement of Net Position  
For the Year Ended April 30, 2019

Total fund balances for governmental funds		\$ 57,187,034
Capital assets, net		179,267,934
Long-term liabilities:		
Bonds payable	\$ (23,525,000)	
Compensated absences	(3,521,584)	
Accrued interest payable	<u>(220,820)</u>	(27,267,404)
Pensions:		
Net pension liability	(48,709,207)	
Deferred inflows of resources	(7,481,777)	
Deferred outflows of resources	<u>17,988,659</u>	(38,202,325)
Unearned revenue		370,175
Net position of the Internal Service Funds		<u>(9,900,519)</u>
Total net position of governmental activities		<u>\$ 161,454,895</u>

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

CITY OF ALEXANDRIA, LOUISIANA

Statement of Revenues, Expenditures, and Changes in Fund Balances-  
Governmental Funds  
For the Year Ended April 30, 2019

	General Fund	General Capital Projects Fund	Other Governmental Funds	Totals
Revenues:				
Taxes:				
Property taxes	\$ 3,668,709	\$ -	\$ 5,068,754	\$ 8,737,463
Sales taxes	39,424,085	5,000,001	2,763,052	47,187,138
Franchise	598,449	-	-	598,449
Hotel occupancy taxes	-	-	548,025	548,025
Licenses and permits	3,139,204	-	-	3,139,204
Intergovernmental	2,223,722	2,671,402	573,958	5,469,082
Charges for services	707,939	-	509,247	1,217,186
Fines and fees	473,143	-	-	473,143
Investment income	177,572	169,592	156,444	503,608
Miscellaneous	462,687	-	-	462,687
Total revenues	<u>50,875,510</u>	<u>7,840,995</u>	<u>9,619,480</u>	<u>68,335,985</u>
Expenditures:				
Current -				
General government	16,476,762	66,395	559,958	17,103,115
Public safety	28,266,317	-	-	28,266,317
Public works	9,741,087	-	-	9,741,087
Community development	-	-	575,230	575,230
Capital outlay	2,163,681	8,833,317	2,655,217	13,652,215
Debt service -				
Principal retirement	1,185,000	-	1,985,000	3,170,000
Interest and fiscal charges	95,641	-	802,275	897,916
Total expenditures	<u>57,928,488</u>	<u>8,899,712</u>	<u>6,577,680</u>	<u>73,405,880</u>
Excess (deficiency) of revenues over expenditures	<u>(7,052,978)</u>	<u>(1,058,717)</u>	<u>3,041,800</u>	<u>(5,069,895)</u>
Other financing sources (uses):				
Proceeds from the sale of fixed assets	18,410	-	-	18,410
Transfers in	11,032,000	173,700	3,552	11,209,252
Transfers out	(2,804,987)	(417,301)	(308,700)	(3,530,988)
Total other financing sources (uses)	<u>8,245,423</u>	<u>(243,601)</u>	<u>(305,148)</u>	<u>7,696,674</u>
Net changes in fund balances	1,192,445	(1,302,318)	2,736,652	2,626,779
Fund balances, beginning	<u>22,347,382</u>	<u>16,118,985</u>	<u>16,093,888</u>	<u>54,560,255</u>
Fund balances, ending	<u>\$ 23,539,827</u>	<u>\$ 14,816,667</u>	<u>\$ 18,830,540</u>	<u>\$ 57,187,034</u>

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

CITY OF 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, 2019

Total net changes in fund balances per Statement of Revenues, Expenditures and Changes in Fund Balances		\$ 2,626,779
Capital assets:		
Capital outlay, meeting the City's capitalization policy	\$ 6,413,328	
Depreciation expense	<u>(9,063,536)</u>	(2,650,208)
Transactions involving capital assets:		
Loss on disposal		(22,167)
Long-term debt:		
Principal payments	3,170,000	
Compensated absences	34,020	
Interest expense	<u>32,231</u>	3,236,251
Net revenue (expense) of the Internal Service Fund		3,231,961
Unavailable revenue		(31,694)
Effect of the change in net pension liability, deferred outflows/inflows of resources:		
Increase in pension expense	(2,584,884)	
Nonemployer pension contribution revenue recognized	<u>1,134,196</u>	<u>(1,450,688)</u>
Total changes in net position per Statement of Activities		<u>\$ 4,940,234</u>

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

CITY OF ALEXANDRIA, LOUISIANA

Statement of Net Position  
 Proprietary Funds  
 April 30, 2019

	Business-Type Activities			Governmental
	Utilities	Other	Total	Internal
	System	Enterprise	Enterprise	Service
		Fund	Funds	Fund
<b>ASSETS</b>				
Current assets:				
Cash and interest-bearing deposits	\$ 24,734,401	\$ 7,150,154	\$ 31,884,555	\$ 17,048,182
Certificates of deposit	2,750,000	-	2,750,000	-
Receivables, net	10,147,994	193,004	10,340,998	-
Due from other governmental agencies	-	216,951	216,951	-
Due from other funds	36	35,316	35,352	-
Inventories	4,314,705	-	4,314,705	-
Prepaid expense	-	-	-	244,180
Total current assets	<u>41,947,136</u>	<u>7,595,425</u>	<u>49,542,561</u>	<u>17,292,362</u>
Restricted assets:				
Cash and interest bearing deposits	13,544,112	-	13,544,112	-
Noncurrent assets:				
Capital assets				
Land and land improvements	2,398,084	1,090,965	3,489,049	-
Construction and infrastructure in progress	12,921,832	153,288	13,075,120	-
Property, plant and equipment, net	<u>209,380,342</u>	<u>13,238,446</u>	<u>222,618,788</u>	<u>-</u>
Total noncurrent assets	<u>238,244,370</u>	<u>14,482,699</u>	<u>252,727,069</u>	<u>-</u>
Total assets	<u>280,191,506</u>	<u>22,078,124</u>	<u>302,269,630</u>	<u>17,292,362</u>
<b>DEFERRED OUTFLOWS OF RESOURCES</b>				
Unamortized bond refunding charges	260,919	-	260,919	-
Deferred outflows of resources - pensions	12,530,834	3,999,202	16,530,036	-
Deferred outflows of resources - OPEB	-	-	-	243,882
Total deferred outflows of resources	<u>12,791,753</u>	<u>3,999,202</u>	<u>16,790,955</u>	<u>243,882</u>

(continued)

CITY OF ALEXANDRIA, LOUISIANA

Statement of Net Position  
 Proprietary Funds (continued)  
 April 30, 2019

	Business-Type Activities			Governmental
	Utilities System	Other Enterprise Fund	Total Enterprise Funds	Internal
				Service Fund
<b>LIABILITIES</b>				
Current liabilities:				
Accounts payable	\$ 3,886,033	\$ 211,566	\$ 4,097,599	\$ 65,723
Salaries payable	752,695	190,717	943,412	-
Due to other funds	762,677	239,662	1,002,339	-
Due to other governments	17,487	-	17,487	-
Compensated absences	223,712	65,699	289,411	-
Claims payable	-	-	-	3,625,375
Bonds payable	784,000	-	784,000	-
Payable from restricted assets -				
Accrued interest	3,260,556	-	3,260,556	-
Bonds payable	2,710,000	-	2,710,000	-
Total current liabilities	<u>12,397,160</u>	<u>707,644</u>	<u>13,104,804</u>	<u>3,691,098</u>
Noncurrent liabilities:				
Compensated absences	1,267,703	372,291	1,639,994	-
Customer guaranteed deposits	5,484,544	-	5,484,544	-
Claims payable	-	-	-	3,513,101
OPEB obligation payable	-	-	-	19,652,678
Bonds payable	143,948,448	-	143,948,448	-
Net pension liability	15,787,710	5,038,631	20,826,341	-
Total noncurrent liabilities	<u>166,488,405</u>	<u>5,410,922</u>	<u>171,899,327</u>	<u>23,165,779</u>
Total liabilities	<u>178,885,565</u>	<u>6,118,566</u>	<u>185,004,131</u>	<u>26,856,877</u>
<b>DEFERRED INFLOWS OF RESOURCES</b>				
Deferred inflows of resources - pensions	3,300,379	1,053,313	4,353,692	-
Deferred inflows of resources - OPEB	-	-	-	579,886
Total deferred inflows of resources	<u>3,300,379</u>	<u>1,053,313</u>	<u>4,353,692</u>	<u>579,886</u>
<b>NET POSITION</b>				
Net investment in capital assets	80,751,810	14,482,699	95,234,509	-
Restricted for debt service	589,701	-	589,701	-
Restricted for capital additions and contingencies	1,000,000	-	1,000,000	-
Unrestricted	28,455,804	4,422,748	32,878,552	(9,900,519)
Total net position	<u>\$ 110,797,315</u>	<u>\$ 18,905,447</u>	<u>\$ 129,702,762</u>	<u>\$ (9,900,519)</u>

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

CITY OF ALEXANDRIA, LOUISIANA

Statement of Revenues, Expenses, and Changes in Fund Net Position  
 Proprietary Funds  
 For the Year Ended April 30, 2019

	Business-Type Activities			Governmental Activities
	Utility Fund	Other Enterprise Fund	Total Enterprise Funds	Internal Service Fund
Operating revenues:				
Charges for services	\$ 98,407,659	\$ 6,558,641	\$ 104,966,300	\$ 14,440,802
Other	128,732	9,034	137,766	226,075
Total operating revenues	<u>98,536,391</u>	<u>6,567,675</u>	<u>105,104,066</u>	<u>14,666,877</u>
Operating expenses:				
Salaries and wages	10,499,476	3,057,829	13,557,305	-
Payroll taxes	136,843	45,624	182,467	-
Retirement	4,941,542	1,613,018	6,554,560	-
Group insurance	2,100,327	531,468	2,631,795	-
General insurance	-	-	-	1,097,132
Claims	1,219,000	336,000	1,555,000	11,513,411
Telephone and utilities	1,699,467	669,659	2,369,126	3
Professional services	2,581,738	739,087	3,320,825	1,138,932
Equipment and tools	770,613	106,154	876,767	-
Depreciation	11,498,035	1,634,088	13,132,123	-
Gas and oil	239,846	165,663	405,509	-
Repairs and maintenance	6,892,757	860,698	7,753,455	-
Supplies	1,743,792	465,253	2,209,045	-
Miscellaneous	206	136,329	136,535	-
Disposal costs	-	1,439,913	1,439,913	-
Vehicles	-	391,913	391,913	-
Electricity and Natural Gas Purchases	40,904,054	-	40,904,054	-
Utility Rebates	279,598	-	279,598	-
Total operating expenses	<u>85,507,294</u>	<u>12,192,696</u>	<u>97,699,990</u>	<u>13,749,478</u>
Operating income (loss)	<u>13,029,097</u>	<u>(5,625,021)</u>	<u>7,404,076</u>	<u>917,399</u>
Nonoperating revenues (expenses):				
Property taxes	-	1,219,945	1,219,945	-
Interest income	488,434	69,780	558,214	178,562
Operating grants and contributions	-	958,595	958,595	-
Interest expense and other fiscal charges	(6,943,290)	-	(6,943,290)	-
Gain/(loss) on sale of assets	(38,259)	(15,355)	(53,614)	-
Total nonoperating revenues (expenses)	<u>(6,493,115)</u>	<u>2,232,965</u>	<u>(4,260,150)</u>	<u>178,562</u>
Income (loss) before capital contributions and transfers	6,535,982	(3,392,056)	3,143,926	1,095,961
Capital contributions	-	106,417	106,417	-
Transfers in	174,000	4,293,169	4,467,169	2,136,000
Transfers out	(11,760,433)	(2,521,000)	(14,281,433)	-
Change in net position	(5,050,451)	(1,513,470)	(6,563,921)	3,231,961
Net position, beginning, as restated	<u>115,847,766</u>	<u>20,418,917</u>	<u>136,266,683</u>	<u>(13,132,480)</u>
Net position, ending	<u>\$ 110,797,315</u>	<u>\$ 18,905,447</u>	<u>\$ 129,702,762</u>	<u>\$ (9,900,519)</u>

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

CITY OF ALEXANDRIA, LOUISIANA

Statement of Cash Flows  
 Proprietary Funds  
 For the Year Ended April 30, 2019

	Business-Type Activities			Governmental
	Utility Fund	Other Enterprise Funds	Total Enterprise Fund	Internal
				Service Fund
Cash flows from operating activities:				
Receipts from customers	\$ 100,383,862	\$ 6,613,549	\$ 106,997,411	\$ -
Receipts from insured	-	-	-	2,941,130
Receipts from interfund services provided	-	-	-	11,499,672
Payments to suppliers	(58,765,932)	(5,235,061)	(64,000,993)	(2,221,398)
Payments for claims and loss time	-	-	-	(13,074,935)
Payments to employees	(12,527,271)	(4,177,492)	(16,704,763)	-
Other receipts	128,732	9,034	137,766	226,075
Net cash provided (used) by operating activities	<u>29,219,391</u>	<u>(2,789,970)</u>	<u>26,429,421</u>	<u>(629,456)</u>
Cash flows from noncapital financing activities:				
Proceeds from taxes levied	-	1,219,945	1,219,945	-
Operating grants	-	815,091	815,091	-
Cash received from other funds	700,077	581,219	1,281,296	-
Transfers from other funds	174,000	4,293,169	4,467,169	2,136,000
Transfers to other funds	<u>(11,760,433)</u>	<u>(2,521,000)</u>	<u>(14,281,433)</u>	<u>-</u>
Net cash provided (used) by noncapital financing activities	<u>(10,886,356)</u>	<u>4,388,424</u>	<u>(6,497,932)</u>	<u>2,136,000</u>
Cash flows from capital and related financing activities:				
Proceeds from long term debt	106,388	-	106,388	-
Principal paid on long term debt	(3,299,000)	-	(3,299,000)	-
Interest and fiscal charges paid on long term debt	(6,767,603)	-	(6,767,603)	-
Net proceeds of meter deposits	63,964	-	63,964	-
Grants and other contributions	-	70,885	70,885	-
Proceeds from sale of assets	20,102	9,654	29,756	-
Acquisition of property, plant and equipment	<u>(12,845,234)</u>	<u>(425,305)</u>	<u>(13,270,539)</u>	<u>-</u>
Net cash used by capital and related financing activities	<u>(22,721,383)</u>	<u>(344,766)</u>	<u>(23,066,149)</u>	<u>-</u>
Cash flows from investing activities:				
Purchase of interest-bearing deposits with maturity in excess of ninety days	(2,750,000)	-	(2,750,000)	-
Proceeds of interest-bearing deposits with maturity in excess of ninety days	3,000,000	-	3,000,000	-
Interest on deposits	488,434	69,780	558,214	178,562
Net cash provided by investing activities	<u>738,434</u>	<u>69,780</u>	<u>808,214</u>	<u>178,562</u>
Net increase (decrease) in cash and cash equivalents	(3,649,914)	1,323,468	(2,326,446)	1,685,106
Cash and cash equivalents, beginning of year	<u>41,928,427</u>	<u>5,826,686</u>	<u>47,755,113</u>	<u>15,363,076</u>
Cash and cash equivalents, end of year	<u>\$ 38,278,513</u>	<u>\$ 7,150,154</u>	<u>\$ 45,428,667</u>	<u>\$ 17,048,182</u>

(continued)

CITY OF ALEXANDRIA, LOUISIANA

Statement of Cash Flows (Continued)  
 Proprietary Funds  
 For the Year Ended April 30, 2019

	Business-Type Activities			Governmental
	Utility Fund	Other Enterprise Funds	Total Enterprise Funds	Internal Service Fund
Reconciliation of operating loss to net cash provided (used) by operating activities:				
Operating income (loss)	\$ 13,029,097	\$ (5,625,021)	\$ 7,404,076	\$ 917,399
Adjustments to reconcile operating income (loss) to net cash provided (used) by operating activities:				
Depreciation	11,498,035	1,634,088	13,132,123	-
Provision for net pension liability, net	2,771,551	965,521	3,737,072	-
Provision for OPEB related activity, net	-	-	-	(628,381)
(Increase) decrease current assets:				
Accounts receivable	1,976,203	54,908	2,031,111	-
Inventories	(544,083)	-	(544,083)	-
Prepaid expenses	-	-	-	(131,000)
Increase (decrease) current liabilities:				
Accounts payable	217,053	75,608	292,661	14,669
Salaries payable	366,717	88,386	455,103	-
Due from other governmental agencies	(7,504)	-	(7,504)	-
Compensated absences	(87,678)	16,540	(71,138)	-
Claims payable	-	-	-	(802,143)
Net cash provided (used) by operating activities	<u>\$ 29,219,391</u>	<u>\$ (2,789,970)</u>	<u>\$ 26,429,421</u>	<u>\$ (629,456)</u>
Reconciliation of cash and cash equivalents per statement of cash flows to the balance sheet:				
Cash and cash equivalents, beginning of period -				
Cash and interest-bearing deposits - unrestricted	\$ 28,516,782	\$ 5,826,686	\$ 34,343,468	\$ 15,363,076
Cash and interest-bearing deposits - restricted	<u>13,411,645</u>	<u>-</u>	<u>13,411,645</u>	<u>-</u>
Total cash and cash equivalents	<u>41,928,427</u>	<u>5,826,686</u>	<u>47,755,113</u>	<u>15,363,076</u>
Cash and cash equivalents, end of period -				
Cash and interest-bearing deposits - unrestricted	24,734,401	7,150,154	31,884,555	17,048,182
Cash and interest-bearing deposits - restricted	<u>13,544,112</u>	<u>-</u>	<u>13,544,112</u>	<u>-</u>
Total cash and cash equivalents	<u>38,278,513</u>	<u>7,150,154</u>	<u>45,428,667</u>	<u>17,048,182</u>
Net increase (decrease)	<u>\$ (3,649,914)</u>	<u>\$ 1,323,468</u>	<u>\$ (2,326,446)</u>	<u>\$ 1,685,106</u>

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

CITY OF ALEXANDRIA, LOUISIANA

Statement of Fiduciary Net Position  
 Fiduciary Funds  
 For the Year Ended April 30, 2019

	Pension Trust Funds		Totals
	City of Alexandria Employees' Retirement System (12/31/2018)	City of Alexandria Firemen's Pension and Relief Fund (4/30/2019)	
ASSETS			
Cash and interest-bearing deposits	\$ 5,598,135	\$ 106,155	\$ 5,704,290
Accrued interest and dividends receivable	<u>733,573</u>	<u>-</u>	<u>733,573</u>
Investments, at fair value			
Corporate bonds	55,561,856	-	55,561,856
Corporate stocks	86,300,804	-	86,300,804
U.S. Government agency notes	245,472	-	245,472
GNMA notes	<u>342</u>	<u>-</u>	<u>342</u>
Total investments	<u>142,108,474</u>	<u>-</u>	<u>142,108,474</u>
Capital assets			
Furnitures, fixtures and equipment, net	<u>228</u>	<u>-</u>	<u>228</u>
Total assets	<u>148,440,410</u>	<u>106,155</u>	<u>148,546,565</u>
LIABILITIES			
Liabilities:			
Payroll taxes withheld	<u>780</u>	<u>-</u>	<u>780</u>
NET POSITION			
Restricted	<u>\$ 148,439,630</u>	<u>\$ 106,155</u>	<u>\$ 148,545,785</u>

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

CITY OF ALEXANDRIA, LOUISIANA

Statement of Changes in Fiduciary Net Position  
Governmental Funds  
For the Year Ended

	Pension Trust Funds		Totals
	City of Alexandria Employees' Retirement System (12/31/2018)	City of Alexandria Firemen's Pension and Relief Fund (4/30/2019)	
<b>Additions:</b>			
<b>Contributions</b>			
Employer	\$ 4,609,374	\$ -	\$ 4,609,374
Plan Members	<u>1,890,978</u>	<u>-</u>	<u>1,890,978</u>
Total contributions	<u>6,500,352</u>	<u>-</u>	<u>6,500,352</u>
<b>Investment earnings</b>			
Net appreciation (depreciation) in fair value of investments	(14,567,112)	-	(14,567,112)
Interest	2,419,549	1,179	2,420,728
Dividends	<u>2,264,856</u>	<u>-</u>	<u>2,264,856</u>
Total investment earnings	<u>(9,882,707)</u>	<u>1,179</u>	<u>(9,881,528)</u>
Total additions	<u>(3,382,355)</u>	<u>1,179</u>	<u>(3,381,176)</u>
<b>Deductions:</b>			
Benefit payments, excluding DROP benefits	9,213,255	18,392	9,231,647
DROP benefits	641,896	-	641,896
Employee refunds	300,012	-	300,012
Transfers to other systems	83,881	-	83,881
Administrative expenses	<u>163,269</u>	<u>-</u>	<u>163,269</u>
Total deductions	<u>10,402,313</u>	<u>18,392</u>	<u>10,420,705</u>
Net Increase (Decrease)	(13,784,668)	(17,213)	(13,801,881)
Net Position Restricted for Pensions, beginning of year	<u>162,224,298</u>	<u>123,368</u>	<u>162,347,666</u>
Net Position Restricted for Pensions, end of year	<u>\$ 148,439,630</u>	<u>\$ 106,155</u>	<u>\$148,545,785</u>

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

## CITY OF ALEXANDRIA, LOUISIANA

### Notes to Basic Financial Statements

#### (1) Summary of Significant Accounting Policies

The accompanying financial statements of the City of Alexandria (City) have been prepared in conformity with generally accepted accounting principles (GAAP) as applied to governmental units. GAAP includes all relevant Governmental Accounting Standards Board (GASB) pronouncements. The accounting and reporting framework and the more significant accounting policies are discussed in subsequent subsections of this note.

##### A. Financial Reporting Entity

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 City Council is comprised of seven members (two members are elected at large, and one member is elected from each of the five districts of the City for terms of four years). The City provides the following services to the residents of the City as authorized by its charter: police and fire protection, street and drainage systems, utility services including electricity, gas, water, wastewater, and waste disposal, parks and recreation, planning and zoning, and economic development programs.

A financial reporting entity consists of (a) the primary government, (b) organizations for which the primary government is financially accountable, and (c) other organizations for which the primary government is not accountable, but for which the nature and significance of their relationship with the primary government are such that exclusion would cause the reporting entity's financial statements to be misleading or incomplete. GASB Statement No. 14, as amended by GASB Statement No. 61, establishes criteria for determining which entities should be considered a component unit and, as such, part of the reporting entity for financial reporting purposes. The basic criteria are as follows:

1. A potential component unit must have separate corporate powers that distinguish it as being legally separate from the primary government. These include the right to incur its own debt, levy its own taxes and charges, expropriate property in its own name, sue and be sued in its own name without recourse to a State or local government, and the right to buy, sell, lease, and mortgage property in its own name.
2. The primary government must be financially accountable for a potential component unit. Financial accountability may exist as a result of the primary government appointing a voting majority of the potential component unit's governing body; their ability to impose their will on the potential component unit by significantly influencing the programs, projects, activities, or level of services performed or provided by the potential component unit; or the existence of a financial benefit or burden. In addition, financial accountability may also exist as a result of a potential component unit being fiscally dependent on the primary government.

## CITY OF ALEXANDRIA, LOUISIANA

### Notes to Basic Financial Statements

In some instances, the potential component unit should be included in the reporting entity (even when the criteria above are not met), if exclusion would render the reporting entity's financial statements incomplete or misleading.

Based on the above criteria, the City has no component units.

#### B. Basis of Presentation

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

The statement of net position and statement of activities display information about the City of Alexandria, the primary government, as a whole. They include all funds of the reporting entity, except fiduciary funds. The statements distinguish between governmental and business-type activities. Governmental activities generally are financed through taxes, intergovernmental revenues, and other nonexchange revenues. Business-type activities are financed in whole or in part by fees charged to external parties for goods or services. The City's internal service funds are a governmental activity. Internal service fund activity is eliminated to avoid "doubling up" revenues and expenses.

The statement of activities presents a comparison between direct expenses and program revenues for the business-type activities of the City and for each function of the City's governmental activities. Direct expenses are those that are specifically associated with a program or function and, therefore, are clearly identifiable to a particular function. Program revenues include (a) fees, fines, and charges paid by the recipients of goods or services offered by the programs, and (b) grants and contributions that are restricted to meeting the operational or capital requirements of a particular program. Revenues that are not classified as program revenues, including all taxes, are presented as general revenues.

##### Fund Financial Statements

The accounts of the City are organized and operated on the basis of funds. A fund is an independent fiscal and accounting entity with a separate set of self-balancing accounts. Fund accounting segregates funds according to their intended purpose and is used to aid management in demonstrating compliance with finance-related legal and contractual provisions. The minimum number of funds is maintained consistent with legal and managerial requirements. Fund financial statements report detailed information about the City.

The various funds of the City are classified into two categories: governmental and proprietary. The emphasis on fund financial statements is on major governmental and enterprise funds, each displayed in a separate column. A fund is considered major if it is the primary operating fund of the City, is determined major at management's discretion, or meets the following criteria:

- a. Total assets and deferred outflows of resources, liabilities and deferred inflows of resources, revenues, or expenditures/expenses of that individual governmental or enterprise fund are at least 10 percent of the corresponding total for all funds of that category or type; and

## CITY OF ALEXANDRIA, LOUISIANA

### Notes to Basic Financial Statements

- b. Total assets and deferred outflows, liabilities and deferred inflows of resources, revenues, or expenditures/expenses of the individual governmental or enterprise fund are at least 5 percent of the corresponding total for all governmental and enterprise funds combined.

The major funds of the City are described below:

#### Governmental Funds –

##### General Fund

The General Fund is the general operating fund of the City. It is used to account 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.

#### Enterprise Fund –

##### Utility Systems Fund

The Utility Systems fund is used to account for operations (a) that are financed and operated in a manner similar to private business enterprises - where the intent of the governing body is that the costs (expenses, including depreciation) of providing goods or services to the general public on a continuing basis be financed or recovered primarily through user charges; or (b) where the governing body has decided that periodic determination of revenues earned, expenses incurred, and/or net income is appropriate for capital maintenance, public policy, management control, accountability, or other purposes. The City records revenues and expenditures from the sales of electricity, natural gas, water and sewer services in this fund.

In addition to the major funds described above, the City reports the following:

Internal service funds are used to account for the financing of goods or services provided by one department or agency to other departments or agencies of the governmental unit, or to other governmental units, on a cost-reimbursement basis. The City's internal service funds are the Risk Management Fund, Employee Benefits Insurance Fund and the Unemployment Benefits Fund. The City's internal service funds are presented in the proprietary fund financial statements. Because the principal users of the internal services are the City's governmental activities, the financial statements of the internal service funds are consolidated into the governmental column when presented in the government-wide financial statements. To the extent possible, the cost of these services is reported in the appropriate functional activity. These proprietary funds are reported with the governmental activities in the government-wide statements.

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

## CITY OF ALEXANDRIA, LOUISIANA

### Notes to Basic Financial Statements

the City of Alexandria Employees' Retirement System Fund and the City of Alexandria Firemen's Pension and Relief Fund 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.

#### C. Measurement Focus/Basis of Accounting

Measurement focus is a term used to describe "which" transactions are recorded within the various financial statements. Basis of accounting refers to "when" transactions are recorded regardless of the measurement focus applied.

##### Measurement Focus

On the government-wide statement of net position and the statement of activities, both governmental and business-type activities are presented using the economic resources measurement focus as defined in item b. below.

In the fund financial statements, the "current financial resources" measurement focus or the "economic resources" measurement focus is used as appropriate:

- a. All governmental funds utilize a "current financial resources" measurement focus. Only current financial assets and liabilities are generally included on their balance sheets. Their operating statements present sources and uses of available spendable financial resources during a given period. These funds use fund balance as their measure of available spendable financial resources at the end of the period.
- b. The proprietary fund utilizes an "economic resources" measurement focus. The accounting objectives of this measurement focus are the determination of operating income, changes in net position (or cost recovery), financial position, and cash flows. All assets and liabilities (whether current or noncurrent) associated with their activities are reported. Proprietary fund equity is classified as net position.

##### Basis of Accounting

In the government-wide statement of net position and statement of activities, both governmental and business-type activities are presented using the accrual basis of accounting. Under the accrual basis of accounting, revenues are recognized when earned and expenses are recorded when the liability is incurred, or economic asset used. Revenues, expenses, gains, losses, assets, and liabilities resulting from exchange and exchange-like transactions are recognized when the exchange takes place.

Governmental fund financial statements are reported using the current financial resources measurement focus and the modified accrual basis of accounting. Revenues are recognized as soon as they are both measurable and available. Revenues are considered to be available when they are collectible within the current period or soon enough thereafter to pay liabilities of the current period. For this purpose, the government considers revenues to be available if they are collected within 60 days of the end of the current fiscal period. Expenditures (including capital outlay) generally are recorded when a liability is incurred, as

CITY OF ALEXANDRIA, LOUISIANA

Notes to Basic Financial Statements

under accrual accounting. However, debt service expenditures are recorded only when payment is due.

The proprietary fund utilizes the accrual basis of accounting. Under the accrual basis of accounting, revenues are recognized when earned and expenses are recorded when the liability is incurred, or economic asset used.

Program revenues

Program revenues included in the Statement of Activities are derived directly from the program itself or from parties outside the City's taxpayers or citizens, as a whole; program revenues reduce the cost of the function to be financed from the City's general revenues.

Allocation of indirect expenses

The City reports all direct expenses by function in the Statement of Activities. Direct expenses are those that are clearly identifiable with a function. Indirect expenses of other functions are not allocated to those functions but are reported separately in the Statement of Activities. Depreciation expense is specifically identified by function and is included in the direct expense of each function. Interest on general long-term debt is considered an indirect expense and is reported separately on the Statement of Activities.

D. Assets, Deferred Outflows, Liabilities, Deferred Inflows and Equity

Cash and interest-bearing deposits

For purposes of the statement of net position, cash and interest-bearing deposits include all demand accounts and savings accounts deposits of the City.

Certificates of deposits with maturities in excess of six months are presented in the financials as a separate line item.

For the purpose of the proprietary fund statement of cash flows, "cash and cash equivalents" include all demand and savings accounts, and certificates of deposit or short-term investments with an original maturity of three months or less when purchased.

Investments

Under state law, the City may deposit funds with a fiscal agent organized under the laws of the State of Louisiana, the laws of any other state in the union, or the laws of the United States. The City may invest in United States bonds, treasury notes and bills, government backed agency securities, or certificates and time deposits of state banks organized under Louisiana Law and national banks having principal offices in Louisiana. Investments are reported at fair market value.

CITY OF ALEXANDRIA, LOUISIANA

Notes to Basic Financial Statements

Interfund receivables and payables

During the course of operations, numerous transactions occur between individual funds that may result in amounts owed between funds. Those related to goods and services type transactions are classified as “due to and from other funds.” Short-term interfund loans are reported as “interfund receivables and payables.” Long-term interfund loans (noncurrent portion) are reported as “advances from and to other funds.” Interfund receivables and payables between funds within governmental activities are eliminated in the statement of net position.

Receivables

In the government-wide statements, receivables consist of all revenues earned at year-end and not yet received. Major receivable balances for the governmental activities include ad valorem, net of an allowance for doubtful accounts and sales and use taxes. Major receivables of the Business-type activities include customer’s utility service receivables as well as estimated unbilled services at April 30, 2019. In addition, the City records other receivables for loans and intergovernmental grants. Receivables are shown net of an allowance for doubtful accounts and are based on management estimate of their collectability.

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.

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.

Capital Assets

Capital assets, which include property, plant, equipment, and infrastructure assets, are reported in the applicable governmental or business-type activities columns in the government-wide or financial statements. Capital assets are capitalized at historical cost or estimated cost if historical is not available. Donated assets are recorded as capital assets at their estimated fair market value at the date of donation. The City maintains minimum capitalization thresholds as follows:

Land	All costs
Buildings and building improvements	\$100,000
Machinery and equipment	\$5,000
Furniture and Fixtures	\$5,000
Vehicles	\$5,000
Infrastructure	\$250,000

CITY OF ALEXANDRIA, LOUISIANA

Notes to Basic Financial Statements

The costs of normal maintenance and repairs that do not add to the value of the asset or materially extend assets lives are not capitalized. These assets have been valued at estimated historical cost.

Depreciation of all exhaustible capital assets is recorded as an allocated expense in the statement of activities, with accumulated depreciation reflected in the statement of net assets. Depreciation is provided over the assets' estimated useful lives using the straight-line method of depreciation. The range of estimated useful lives by type of asset is as follows:

Buildings and building improvements	10-40 years
Furniture and Fixtures	3-10 years
Plant, equipment and infrastructure	3-50 years
Vehicles	3-10 years

In the fund financial statements, capital assets used in governmental fund operations are accounted for as capital outlay expenditures of the governmental fund upon acquisition. Capital assets used in proprietary fund operations are accounted for the same as in the government-wide statements.

Restricted Assets

Restricted assets include cash and interest-bearing deposits of the proprietary fund that are legally restricted as to their use. The restricted assets are related to revenue bond accounts and customer deposits.

Unearned Revenues

Unearned revenues arise when resources are received before the City has a legal claim to them, as when grant monies are received prior to the incurrence of qualifying expenditures. In subsequent periods, when the City has a legal claim to the resources, the liability for unearned revenue is removed from the balance sheet and the revenue is recognized.

Long-term debt

The accounting treatment of long-term debt depends on whether the assets are used in governmental fund operations or proprietary fund operations and whether they are reported in the government-wide or fund financial statements.

All long-term debt to be repaid from governmental and business-type resources is reported as liabilities in the government-wide statements. The long-term debt consists primarily of the revenue bonds payable and state revolving loan funds.

All long-term debt to be repaid from governmental resources is reported as liabilities in the government-wide statements.

Long-term debt for governmental funds is not reported as liabilities in the fund financial statements. The debt proceeds are reported as other financing sources and payment

## CITY OF ALEXANDRIA, LOUISIANA

### Notes to Basic Financial Statements

of principal and interest reported as expenditures. For fund financial reporting, issuance costs, even if withheld from the actual net proceeds received, are reported as debt service expenditures. The accounting for proprietary fund long-term debt is the same in the fund statements as it is in the government-wide statements.

#### Compensated Absences

Employees of the City can earn vacation pay in varying amounts ranging from eighty (80) hours a year to a maximum of two-hundred and sixty-four (264) hours a year, depending upon length of service and type of employee. At the end of each year, annual leave may be carried forward provided the amount carried forward does not exceed five hundred and twenty-eight (528) hours. Unused vacation is paid to an employee upon retirement or resignation at hourly rates being earned at separation.

Sick leave is accumulated at the rate of eight hours per month, and any unused sick leave may be carried forward without limitation. Upon resignation, termination or retirement, employees are paid out 1/3 of their accumulated sick leave.

In the government-wide and proprietary fund financial statements, the Government accrues accumulated unpaid vacation and sick leave and associated related costs when earned (or estimated to be earned) by the employee. The current portion is the amount estimated to be used/paid in the following year. The remainder is reported as non-current.

#### Deferred Outflows of Resources and Deferred 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 or fund balance that applies to a future period and thus, will not be recognized as an outflow of resources (expenses/expenditure) until then.

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 or fund balance that applies to a future period and so will not be recognized as an inflow of resources (revenue) until that time.

#### Equity Classifications

In the government-wide statements, equity is classified as net position and displayed in three components:

Net investment in capital assets – Consists of capital assets including restricted capital assets, net of accumulated depreciation and reduced by the outstanding balances of any bonds, mortgages, notes, or other borrowing that are attributable to the acquisition, construction, or improvement of those assets.

Restricted net position – Consists of restricted assets reduced by liabilities and deferred inflows of resources related to those assets. Constraints may

## CITY OF ALEXANDRIA, LOUISIANA

### Notes to Basic Financial Statements

be placed on the use, either by (1) external groups, such as creditors, grantors, contributors, or laws or regulations of other governments; or (2) law through constitutional provisions or enabling legislation.

Unrestricted net position – Net amount of the assets, deferred outflows of resources, liabilities, and deferred inflows of resources that are not included in either of the other two categories of net position.

Proprietary fund equity is classified the same as in the government-wide statements.

In the fund statements, governmental fund equity is classified as fund balance.

*Nonspendable* – amounts that cannot be spent either because they are in nonspendable form or because they are legally or contractually required to be maintained intact.

*Restricted* – amounts that can be spent only for specific purposes because of constitutional provisions or enabling legislation or because of constraints that are externally imposed by creditors, grantors, contributors, or the laws or regulations of other governments.

*Committed* – amounts that can be used only for specific purposes determined by a formal action of the council members. The Council is the highest level of decision-making authority for the City. Commitments may be established, modified, or rescinded only through ordinances or resolutions approved by council members.

*Assigned* – amounts that do not meet the criteria to be classified as restricted or committed but that are intended to be used for specific purposes. Under the City's adopted policy, only council members or the City's finance committee may assign amounts for specific purposes.

*Unassigned* – all other spendable amounts.

When an expenditure is incurred for purposes for which both restricted and unrestricted fund balance is available, the City considers restricted funds to have been spent first. When an expenditure is incurred for which committed, assigned, or unassigned fund balances are available, the City considers amounts to have been spent first out of committed funds, then assigned funds, and finally unassigned funds, as needed, unless Council members or the finance committee has provided otherwise in its commitment or assignment actions.

### Revenues, Expenditures, and Expenses

#### Operating Revenues and Expenses

Operating revenues and expenses for proprietary funds are those that result from providing services and producing and delivering goods and/or services. It also includes all revenue and expenses not related to capital and related financing, noncapital financing, or investing activities.

CITY OF ALEXANDRIA, LOUISIANA

Notes to Basic Financial Statements

Expenditures/Expenses

In the government-wide financial statements, expenses are classified by function for both governmental and business-type activities.

In the fund financial statements, expenditures are classified as follows:

Governmental Funds - By Character  
Proprietary Fund - By Operating and Nonoperating

In the fund financial statements, governmental funds report expenditures of financial resources. Proprietary funds report expenses relating to use of economic resources.

Interfund Transfers

Permanent reallocations of resources between funds of the reporting entity are classified as interfund transfers. For the purposes of the statement of activities, all interfund transfers between individual governmental funds have been eliminated.

E. Revenue Restrictions

The City has various restrictions placed over certain revenue sources from state or local requirements. The primary restricted revenue sources include restrictions related to sales tax Note 3, ad valorem taxes for the repayment of debt Note 10, and Utilities System revenue Note 11.

F. Capitalization of Interest Expenses

It is the policy of the City of Alexandria to capitalize material amounts of interest resulting from borrowings in the course of the construction of capital assets. At April 30, 2019, there was no capitalized interest expense.

G. Use of Estimates

The preparation of financial statements in conformity with generally accepted accounting principles requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenues and expenditures during the reporting period. Actual results could differ from those estimates.

H. Pensions

The net pension liability, deferred outflows of resources, and deferred inflows of resources related to pensions, and pension expense, (described in more detail in Note 13), has been determined using the flow of economic resources measurement focus and full accrual basis of accounting. Non-employer contributions are recognized as revenues in the government-wide and proprietary fund financial statements. In the governmental fund financial statements contributions are recognized as expenditures when due.

CITY OF ALEXANDRIA, LOUISIANA

Notes to Basic Financial Statements

I. Postemployment Benefits Other than Pensions (OPEB)

The net OPEB liability, deferred outflows of resources, and deferred inflows of resources related to OPEB, and OPEB expense, (described in more detail in Note 15), has been determined using the flow of economic resources measurement focus and full accrual basis of accounting. In the governmental fund financial statements contributions are recognized as expenditures when due.

(2) Ad Valorem Taxes

Ad valorem taxes attach as an enforceable lien on property as of January 1 of each year. Taxes are levied by the City in October and are actually billed to taxpayers in November. Billed taxes become delinquent on January 1 of the following year. The City bills and collects its own property taxes using the assessed values determined by the tax assessor of Rapides Parish. Property tax revenues are recognized when levied to the extent that they result in current receivables.

For the year ended April 30, 2019, taxes of 24.54 mills were levied on property with assessed valuations of \$9,896,564 and were dedicated as follows:

Street and Drainage	11.51 mills
General purpose	6.98 mills
Zoo, capital projects and general corporate purposes	<u>6.05</u> mills
Total	<u>24.54</u> mills

(3) Dedication of Proceeds and Flow of Funds - Sales and Use Tax

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

- One-half is to be used for maintenance and operating expenses of the City.
- The other one-half is to be used in the following order of priority:
  - 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 1/16th of the interest falling due on the next interest payment date and 11/12th of the principal falling due on the next principal payment date of all sales tax bond issues outstanding.
  - 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).

CITY OF ALEXANDRIA, LOUISIANA

Notes to Basic Financial Statements

Proceeds of the 2005 one-half percent (.50 %) 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:

- No less than one-third of the tax collected is dedicated to fire, police, and General Fund classified employees' salaries.
- Replace General Fund revenues lost from federal and state government funding cuts from previous years.
- 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.

(4) Cash and Interest-Bearing Deposits

Custodial credit risk for deposits is the risk that in the event of the failure of a depository financial institution, the City's deposits may not be recovered or will not be able to recover the collateral securities that are in the possession of an outside party. These deposits are stated at cost, which approximates market. The City does not have a policy for custodial credit risks; however, under state law, these deposits (or the resulting bank balances) must be secured by federal deposit insurance or the pledge of securities owned by the pledging financial institution. The market value of the pledged securities plus the federal deposit insurance must at all times equal the amount on deposit with the financial institution. These securities are held in the name of the pledging financial institution in a holding or custodial bank that is mutually acceptable to both parties. The City does not have a policy for custodial credit risk. Deposit balances (bank balances) at April 30, 2019, are secured as follows:

Bank balances	<u>\$ 111,178,987</u>
Federal deposit insurance	\$ 1,000,000
Uninsured and collateral held by pledging bank not in the City's name	<u>110,178,987</u>
Total	<u>\$ 111,178,987</u>

CITY OF ALEXANDRIA, LOUISIANA

Notes to Basic Financial Statements

(5) Investments

The City of Alexandria Employees' Retirement System (COAERS) carrying amounts and approximate market values of investments are reported as of December 31, 2018 and summarized below:

Investment Type	Fair Value	Investment Maturities (In Years)			
		Less than 1	1 -- 5	6 -- 10	More than 10
Corporate bonds	\$ 55,561,856	\$ -	\$ -	\$ 1,961,070	\$ 53,600,786
GNMA notes	342	1	341	-	-
U.S. Government agency notes	245,472	-	-	-	245,472
Total interest-bearing	55,807,670	\$ 1	\$ 341	\$ 1,961,070	\$ 53,846,258
Common stocks	85,970,858				
Preferred stocks	329,946				
	<u>\$ 142,108,474</u>				

Interest rate risk is the risk that changes in market interest rates will adversely affect the fair value of an investment. Generally, the longer the maturity of an investment the greater the sensitivity of its value to changes in market interest rates. The System does not have a formal investment policy that limits investment maturities as a means of managing its exposure to fair value losses arising from increasing interest rates. Interest rates for the interest-bearing investments are as follows:

<u>Investment-Type</u>	<u>Interest Rates</u>
Corporate bonds	2.95 - 8.75%
GNMA notes	9.00 - 10.50%
U.S. government agency notes	3.57%

The custodial credit risk for investments is the risk that, in the event of the failure of the counterparty (e.g., broker-dealer) to a transaction, the System will not be able to recover the value of its investment or collateral securities that are in the possession of another party. All of System's investments are held by the System or its agent in the System's name.

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

Notes to Basic Financial Statements

<u>Moody's Investor Service Credit Ratings</u>	<u>Fair Value</u>
A or better	\$ 49,032,422
Baa	6,529,434
Less than Baa	-
	<u>\$ 55,561,856</u>

The System 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. The System has recurring fair value measurements of \$142,108,474 as of December 31, 2018, which are categorized as level 1 inputs.

(6) Receivables

Receivables at April 30, 2019 consist of the following:

	<u>Governmental Activities</u>	<u>Business-Type Activities</u>	<u>Total</u>
Receivables			
Taxes - sales	\$ 8,212,662	\$ -	\$ 8,212,662
Taxes - ad valorem	2,065,294	-	2,065,294
Taxes - occupational	85,810	-	85,810
Taxes - hotel motel	31,841	-	31,841
Accounts:			
Uncollected cycle billings	-	7,810,620	7,810,620
Estimated unbilled services	-	3,367,665	3,367,665
Interest	10,017	2,557	12,574
Other	<u>640,238</u>	<u>423,827</u>	<u>1,064,065</u>
Gross receivables	<u>11,045,862</u>	<u>11,604,669</u>	<u>22,650,531</u>
Allowance for uncollectibles	<u>2,086,201</u>	<u>1,263,671</u>	<u>3,349,872</u>
Net receivables	<u>\$ 8,959,661</u>	<u>\$ 10,340,998</u>	<u>\$ 19,300,659</u>

Receivables of \$2,065,294 related to ad valorem taxes consists of taxes uncollected for current and previous years, including accumulated costs for penalties, interest, grass cuttings, etc. Management has determined that these amounts will be uncollectible and has established an allowance for doubtful accounts of \$2,065,294. An additional allowance of \$20,907 is related to other receivables.

An allowance of doubtful accounts of \$1,263,671 has been established for the receivables related to Utility services incurred by customers of the City. This amount represents managements estimate of the amount uncollectible at year end April 30, 2019.

CITY OF ALEXANDRIA, LOUISIANA

Notes to Basic Financial Statements

(7) Due from Other Governmental Agencies

Due from other governmental agencies are as follows:

	Governmental Activities	Business-Type Activities	Totals
Federal grants	\$ 35,018	\$ 200,053	\$ 235,071
State grants	200,689	16,898	217,587
Local grants	<u>242,056</u>	<u>-</u>	<u>242,056</u>
Total	<u>\$ 477,763</u>	<u>\$ 216,951</u>	<u>\$ 694,714</u>

(8) Restricted Assets

Business-type activities:

Revenue bond current debt service	\$ 5,970,556
Customer's deposits	5,484,544
MISO deposits	499,311
Revenue bonds future debt service	64,048
Revenue bonds future debt service	525,653
Revenue bonds capital additions and contingencies	<u>1,000,000</u>
Total business-type activities	<u>\$ 13,544,112</u>

CITY OF ALEXANDRIA, LOUISIANA

Notes to Basic Financial Statements

(9) Capital Assets

Capital asset activity was as follows:

	Beginning Balance	Additions	Deletions	Ending Balance
Governmental activities:				
Capital assets not being depreciated:				
Land and land improvements	\$ 14,261,292	\$ 325,000	\$ -	\$ 14,586,292
Construction and infrastructure progress	18,866,473	3,445,995	4,155,156	18,157,312
Total capital assets not being depreciated	<u>33,127,765</u>	<u>3,770,995</u>	<u>4,155,156</u>	<u>32,743,604</u>
Capital assets being depreciated:				
Buildings and improvements	104,186,520	3,332,979	-	107,519,499
Furniture and fixtures	774,446	161,118	-	935,564
Equipment	15,984,942	819,905	450,257	16,354,590
Vehicles	15,328,834	1,272,885	247,413	16,354,306
Infrastructure	<u>143,800,462</u>	<u>1,210,602</u>	<u>-</u>	<u>145,011,064</u>
Total capital assets being depreciated	<u>280,075,204</u>	<u>6,797,489</u>	<u>697,670</u>	<u>286,175,023</u>
Less accumulated depreciation				
Buildings and improvements	49,074,018	2,784,082	-	51,858,100
Furniture and fixtures	771,064	3,288	-	774,352
Equipment	11,685,167	1,365,494	428,090	12,622,571
Vehicles	10,808,648	1,007,768	247,413	11,569,003
Infrastructure	<u>58,923,763</u>	<u>3,902,904</u>	<u>-</u>	<u>62,826,667</u>
Total accumulated depreciation	<u>131,262,660</u>	<u>9,063,536</u>	<u>675,503</u>	<u>139,650,693</u>
Total capital assets being depreciated, net	<u>148,812,544</u>	<u>(2,266,047)</u>	<u>22,167</u>	<u>146,524,330</u>
Governmental activities, capital assets, net	<u>\$ 181,940,309</u>	<u>\$ 1,504,948</u>	<u>\$ 4,177,323</u>	<u>\$ 179,267,934</u>

Depreciation expense was charged to governmental activities as follows:

General government	\$ 1,704,939
Public safety	867,734
Public works	<u>6,490,863</u>
Total depreciation expense	<u>\$ 9,063,536</u>

CITY OF ALEXANDRIA, LOUISIANA

Notes to Basic Financial Statements

Capital asset activity for business-type activities was as follows:

	Beginning Balance	Additions	Deletions	Ending Balance
Business-type activities:				
Capital assets not being depreciated:				
Land and land improvements	\$ 3,489,049	\$ -	\$ -	\$ 3,489,049
Construction and infrastructure progress	<u>9,319,531</u>	<u>5,825,393</u>	<u>2,069,804</u>	<u>13,075,120</u>
Total capital assets not being depreciated	<u>12,808,580</u>	<u>5,825,393</u>	<u>2,069,804</u>	<u>16,564,169</u>
Capital assets being depreciated:				
Plant and infrastructure	382,455,152	8,773,573	693,331	390,535,394
Buildings and improvements	11,134,425	-	-	11,134,425
Vehicles and buses	16,528,968	575,305	685,578	16,418,695
Furniture, fixtures and equipment	<u>1,184,825</u>	<u>191,178</u>	<u>121,399</u>	<u>1,254,604</u>
Total capital assets being depreciated	<u>411,303,370</u>	<u>9,540,056</u>	<u>1,500,308</u>	<u>419,343,118</u>
Less accumulated depreciation				
Plant and infrastructure	167,738,653	11,081,327	670,935	178,149,045
Buildings and improvements	5,288,600	622,506	-	5,911,106
Vehicles and buses	11,100,237	1,363,060	624,513	11,838,784
Furniture, fixtures and equipment	<u>881,564</u>	<u>65,230</u>	<u>121,399</u>	<u>825,395</u>
Total accumulated depreciation	<u>185,009,054</u>	<u>13,132,123</u>	<u>1,416,847</u>	<u>196,724,330</u>
Total capital assets being depreciated, net	<u>226,294,316</u>	<u>(3,592,067)</u>	<u>83,461</u>	<u>222,618,788</u>
Business-type activities, capital assets, net	<u>\$ 239,102,896</u>	<u>\$ 2,233,326</u>	<u>\$ 2,153,265</u>	<u>\$ 239,182,957</u>

Depreciation expense was charged to the business-type activities as follows.

Electricity	\$ 7,005,793
Natural gas	1,364,559
Water	1,276,415
Wastewater	1,851,268
Municipal bus line	542,416
Sanitation	239,710
Municipal zoo	617,646
Municipal golf course	<u>234,316</u>
Total depreciation expense	<u>\$ 13,132,123</u>

CITY OF ALEXANDRIA, LOUISIANA

Notes to Basic Financial Statements

A summary of significant construction projects for the Utilities System Enterprise Fund is presented below:

	Project Authorization	Expended to Date	Commitment
Electric	\$ 23,908,487	\$ 4,766,560	\$ 3,690,322
Water	10,584,966	6,556,054	2,466,681
Gas	6,827,901	5,319,956	953,555
Wastewater	6,583,239	2,415,653	843,357
General and administrative	993,433	263,020	103,727
Totals	<u>\$ 48,898,026</u>	<u>\$ 19,321,243</u>	<u>\$ 8,057,642</u>

(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.

Governmental activities long-term liabilities are comprised of the following:

	Issue Date	Maturity Dates	Interest Rates	Balance Outstanding
Governmental Activities				
Sales tax revenue bonds				
Series 2014- Refunding	5/28/2014	8/1/2023	2.00 - 4.50%	\$ 4,210,000
Series 2015- Refunding	2/1/2016	2/1/2028	2.00 - 5.00%	15,600,000
Limited tax bonds				
Series 2012 (Taxable) - Refunding	6/1/2012	6/1/2022	1.46 - 2.52%	<u>3,715,000</u>
Total governmental activities bonds outstanding				<u>\$ 23,525,000</u>

CITY OF ALEXANDRIA, LOUISIANA

Notes to Basic Financial Statements

Changes to Governmental long-term liabilities are as follows:

	Beginning Balance	Additions	Reductions	Ending Balance	Due Within One Year
Governmental activities:					
Sales tax revenue bonds	\$21,795,000	\$ -	\$ 1,985,000	\$19,810,000	\$2,065,000
Limited tax revenue bonds	4,900,000	-	1,185,000	3,715,000	1,210,000
Compensated absences, net	3,555,604	-	34,020	3,521,584	538,444
Claims payable	<u>7,940,619</u>	<u>9,591,104</u>	<u>10,535,235</u>	<u>6,996,488</u>	<u>3,456,375</u>
Total governmental activities long term liabilities	<u>\$ 38,191,223</u>	<u>\$ 9,591,104</u>	<u>\$ 13,739,255</u>	<u>\$ 34,043,072</u>	<u>\$ 7,269,819</u>

The annual debt service requirements to maturity of all bonds outstanding follows:

Year Ending April 30,	Governmental Activities		
	Principal Payments	Interest Payments	Total
2020	\$ 3,275,000	\$ 809,032	\$ 4,084,032
2021	3,380,000	725,000	4,105,000
2022	3,485,000	618,852	4,103,852
2023	2,330,000	502,001	2,832,001
2024	2,445,000	403,238	2,848,238
2025-2029	<u>8,610,000</u>	<u>819,900</u>	<u>9,429,900</u>
Totals	<u>\$ 23,525,000</u>	<u>\$ 3,878,023</u>	<u>\$ 27,403,023</u>

Business-type activities long-term liabilities are comprised of the following:

	Issue Date	Maturity Dates	Interest Rates	Balance Outstanding
Business-Type activities				
Utilities System revenue bonds series				
2013A refunding 2004A	10/1/2013	10/1/2024	4.00-5.00%	\$ 5,840,000
2013B refunding 2004B	10/2/2013	10/1/2024	2.33-4.53%	8,390,000
2013A capital improvements	5/1/2014	5/1/2043	4.00-5.00%	96,150,000
2014 capital improvements	5/1/2014	5/1/2043	2.00-5.00%	27,030,000
State Revolving loan funds series				
2010 capital improvements	1/22/2010	5/1/2030	3.45%	2,092,000
2011 capital improvements	5/1/2011	5/2/2030	3.45%	4,902,845
2012 capital improvements	5/1/2012	5/3/2032	0.95%	<u>3,037,603</u>
Total debt outstanding				147,442,448
Unamortized bond refunding charges				<u>260,919</u>
Total business-type activities bonds outstanding				<u>\$ 147,703,367</u>

CITY OF ALEXANDRIA, LOUISIANA

Notes to Basic Financial Statements

Changes in Business-Type long-term liabilities are as follows:

	Beginning Balance	Additions	Reductions	Ending Balance	Due Within One Year
Business-type activities:					
Utility revenue bonds	\$ 140,030,000	\$ -	\$2,620,000	\$ 137,410,000	\$2,710,000
State revolving loans	10,605,060	106,388	679,000	10,032,448	784,000
Compensated absences, net	<u>2,000,543</u>	<u>-</u>	<u>71,138</u>	<u>1,929,405</u>	<u>289,411</u>
Total long-term liabilities	<u>152,635,603</u>	<u>106,388</u>	<u>3,370,138</u>	<u>149,371,853</u>	<u>3,783,411</u>
Customer deposits, net	5,420,580	63,964	-	5,484,544	-
Unamortized bond refunding charges	<u>395,376</u>	<u>-</u>	<u>134,457</u>	<u>260,919</u>	<u>-</u>
Total business-type activities	<u>\$ 158,451,559</u>	<u>\$ 170,352</u>	<u>\$ 3,504,595</u>	<u>\$ 155,117,316</u>	<u>\$ 3,783,411</u>

The annual debt service requirements of the utility revenue bond outstanding follows:

Year Ending April 30,	Business-Type Activities Utility Revenue Bonds		
	Principal Payments	Interest Payments	Total
2020	\$ 2,710,000	\$ 6,515,412	\$ 9,225,412
2021	2,815,000	6,420,731	9,235,731
2022	2,935,000	6,307,998	9,242,998
2023	3,065,000	6,180,387	9,245,387
2024	3,210,000	6,042,938	9,252,938
2025-2029	18,380,000	22,873,732	41,253,732
2030-2034	24,500,000	22,873,732	47,373,732
2035-2039	34,970,000	15,621,385	50,591,385
2040-2044	<u>44,825,000</u>	<u>5,770,755</u>	<u>50,595,755</u>
Totals	<u>\$ 137,410,000</u>	<u>\$ 98,607,070</u>	<u>\$ 236,017,070</u>

State Revolving Loans

The City has three State Revolving Loans under DHH – Capitalization Grants for Drinking Water State Revolving Funds and DEQ – Capitalization Grants for Clean Water State Revolving Funds programs. Additional information is presented below on each of those loans.

The 2010 Capital improvements state revolving loan was financed through DHH for a maximum loan balance of \$3,390,000. The City has fully drawn down this loan.

CITY OF ALEXANDRIA, LOUISIANA

Notes to Basic Financial Statements

The 2011 Capital improvements state revolving loan was financed through DHH for a maximum loan balance of \$7,610,000. At April 30, 2019 the City has drawn down \$6,323,902 leaving \$1,286,098 left to be drawn down.

The 2012 Capital improvements state revolving loan was financed through DEQ for a maximum loan balance of \$4,550,000. At April 30, 2019 the City has drawn down \$4,535,603 leaving \$14,397 left to be drawn down.

The estimated annual debt service requirements of the state revolving loans are as follows:

Year Ending April 30,	Business-Type Activities State Revolving Loan Funds		
	Principal Payments	Interest Payments	Total
2020	\$ 784,000	\$ 217,358	\$ 1,001,358
2021	799,000	199,721	998,721
2022	817,000	181,677	998,677
2023	849,000	163,166	1,012,166
2024	846,000	143,762	989,762
2025-2029	4,495,000	420,347	4,915,347
2030-2034	1,442,448	24,333	1,466,781
	<u>\$ 10,032,448</u>	<u>\$ 1,350,364</u>	<u>\$ 11,382,812</u>

(11) 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 there from as the same shall become due and payable in each year; all reserves or sinking funds or other payments required for such year by the Bond Ordinance; and all other obligations or indebtedness payable out of the revenues of the Utilities System for such year. 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:

## CITY OF ALEXANDRIA, LOUISIANA

### Notes to Basic Financial Statements

- The payment of all reasonable expenses of administration, operation, and maintenance of the Utilities System.
- 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 11/12th 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.
- 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, 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 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 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

## CITY OF ALEXANDRIA, LOUISIANA

### Notes to Basic Financial Statements

revenues of the Utilities System for the preceding month, provided that such sum is available after provision is made for the payments required under the paragraphs above. Such payments into the Capital Additions and Contingencies Fund shall continue until such time as there has been accumulated in said Fund the sum of one million dollars (\$1,000,000), whereupon such payments may cease and need be resumed thereafter only if the total amount of money on deposit in said fund is reduced below the sum of one million dollars (\$1,000,000), in which event such payments shall be resumed and continue until said maximum of one million dollars (\$1,000,000) is again accumulated. In addition to caring for extensions, additions, improvements, renewals, and replacements necessary to properly operate the Utilities System, the money in the Capital Additions and Contingencies Fund shall also be used to pay the principal of and the interest on the bonds, including any additional *pari passu* bonds issued hereafter in the manner provided by the bond ordinance, for the payment of which there is not sufficient money in the Sinking Fund and Reserve Fund described 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.

CITY OF ALEXANDRIA, LOUISIANA

Notes to Basic Financial Statements

(12) 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 Rademacher 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.

(13) Employee Retirement

The City contributes to two statewide cost-sharing, multiple-employer, defined benefit public employee retirement systems and two single-employer defined benefit pension plans. The employer pension schedules for the plans are prepared using the accrual basis of accounting. Employer contributions, for which the employer allocations are based are recognized in the period in which the employee is compensated for services performed. For purposes of measuring the net pension liability/asset, deferred outflows of resources and deferred inflows of resources related to pensions, and pension expense, information about the fiduciary net position of the plans and additions to/deductions from the plan's fiduciary net position have been determined on the same basis as they are reported by the plan. For this purpose, benefit payments (including refunds of employee contributions) are recognized when due and payable in accordance with the benefit terms. Investments are reported at fair value. Details concerning these plans follow:

A. Municipal Police Employees' Retirement System of Louisiana

Plan Description: The Municipal Police Employees' Retirement System (the System) is the administrator of a cost-sharing multiple-employer plan. Membership in the System is mandatory for any full-time police officer employed by a municipality of the State of Louisiana and 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. The System 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 the System in accordance with benefit terms and any additional legal agreements to provide benefits that are in force at the measurement date.

The Municipal Police Employees' Retirement System of Louisiana issues a stand-alone report on their financial statements. Access to the audit report can be found on the System's website: [www.lampers.org](http://www.lampers.org) or on the Louisiana Legislative Auditor's website, [www.lla.state.la.us](http://www.lla.state.la.us).

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### Notes to Basic Financial Statements

Benefit provisions are authorized within Act 189 of 1973 and amended by LRS 11:2211-11:2233. 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.

**Membership Prior to January 1, 2013:** 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 20 years of creditable service and is age 50 or has 12 years 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.

**Membership Commencing January 1, 2013:** Member eligibility for regular retirement, early retirement, disability and survivor benefits are 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 a 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 the deceased member had less than ten years of service, the beneficiary will receive a refund of employee contributions only.

## CITY OF ALEXANDRIA, LOUISIANA

### Notes to Basic Financial Statements

**Cost of Living Adjustments:** The Board of Trustees 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.

**Deferred Retirement Option Plan:** 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.

**Initial Benefit Option Plan:** 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.

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

CITY OF ALEXANDRIA, LOUISIANA

Notes to Basic Financial Statements

For the year ended April 30, 2019, total contributions due for employers and employees were 40.75%. The employer and employee contribution rates for all members hired prior to January 1, 2013 and Hazardous Duty members hired after January 1, 2013 were 30.75% and 10%, respectively. The employer and employee contribution rates for all Non-Hazardous Duty members hired after January 1, 2013 was 30.75% and 8%, respectively. The employer and employee contribution rates for all members whose earnable compensation is less than or equal to the poverty guidelines issued by the United States Department of Health and Human Services were 33.25% and 7.5%, respectively.

Non-employer contributions: The System also receives insurance premium tax monies as additional employer contributions. The tax is considered support from a non-contributing entity and appropriated by the legislature each year based on an actuarial study. Non-employer contributions of \$516,869 is recognized as revenue during the year ended April 30, 2019 and excluded from pension expense.

Pension Liabilities, Pension Expense, and Deferred Outflows of Resources and Deferred Inflows of Resources Related to Pensions: At April 30, 2019, the City reported a liability of \$22,143,224 for its proportionate share of the net pension liability. The net pension liability was measured as of June 30, 2018 and the total pension liability used to calculate the net pension liability was determined by an actuarial valuation as of that date. The City's proportion of the net pension liability 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, 2018, the City's proportion was 2.619241%, which was a decrease of 0.091855% from its proportion measured as of June 30, 2017.

For the year ended April 30, 2019, the City recognized pension expense of \$2,222,394. At April 30, 2019, the City reported deferred outflows of resources and deferred inflows of resources related to the System from the following sources:

	<u>Governmental Activities</u>	
	<u>Deferred Outflows of Resources</u>	<u>Deferred Inflows of Resources</u>
Difference between expected and actual experience	\$ 99,822	\$ 1,131,564
Change of assumptions	1,447,046	-
Change in proportion and differences between the employer's contributions and the employer's proportionate share of contributions	-	1,683,872
Net differences between projected and actual earnings on plan investments	1,061,497	-
Contributions subsequent to the measurement date	<u>2,084,430</u>	<u>-</u>
Total	<u>\$ 4,692,795</u>	<u>\$ 2,815,436</u>

CITY OF ALEXANDRIA, LOUISIANA

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Deferred outflows of resources of \$2,084,430 related to the System resulting from the City’s contributions subsequent to the measurement date will be recognized as a reduction of the net pension liability in the subsequent fiscal period. Other amounts reported as deferred outflows of resources and deferred inflows of resources related to pensions will be recognized in pension expense (benefit) as follows:

Year Ended <u>April 30</u>	
2020	\$ 398,398
2021	136,395
2022	(780,428)
2023	<u>38,564</u>
	<u>\$ (207,071)</u>

Contributions – Proportionate Share - Differences between contributions remitted to the System and the employer’s proportionate share are recognized in pension expense (benefit) using the straight-line amortization method over a closed period equal to the average of the expected remaining service lives of all employees that are provided with a pension through the pension plan.

Actuarial Methods and Assumptions: The net pension liability was measured as the portion of the present value of projected benefit payments to be provided through the pension plan to current active and inactive employees that is attributed to those employees’ past periods of service, less the amount of the pension plan’s fiduciary net position.

A summary of the actuarial methods and assumptions used in determining MPERS total pension liability as of June 30, 2018 are as follows:

Valuation Date	June 30, 2018
Actuarial Cost Method	Entry Age Normal Cost
Investment Rate of Return	7.2%, net of investment income
Projected Salary Increases	Vary from 9.75% in the first 2 years of Service, 4.75% years 3-23, and 4.25% after 23 years
Inflation Rate	2.60%
Expected Remaining Service Lives	4 years
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.

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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 mortality rate assumption used was based upon an experience study performed by the prior actuary on plan data for the period July 1, 2009 through June 30, 2014 and review of similar law enforcement mortality. 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 System's liabilities. Annuity values calculated based on this mortality were compared to those produced by using a setback of standard tables. The result of the procedure indicated that the tables used would produce liability values approximating the appropriate generational mortality tables.

The best estimates of the arithmetic nominal rates of return for each major asset class included in the System's target allocation as of June 30, 2018 are summarized in the following table:

Asset Class	Target Asset Allocation	Long-Term Expected Portfolio Rate of Return
Equity	52%	3.58%
Fixed income	22%	0.46%
Alternative	20%	1.07%
Other	<u>6%</u>	<u>0.17%</u>
Totals	<u>100%</u>	5.28%
Inflation		<u>2.75%</u>
Expected Arithmetic Nominal Return		<u>8.03%</u>

Discount Rate: The discount rate used to measure net pension liability was 7.20%, which is a decrease of .125% from the previous year. 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 PRSAC taking into consideration the recommendation of the System's actuary. Based on those assumptions, the System's

CITY OF ALEXANDRIA, LOUISIANA

Notes to Basic Financial Statements

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 the Discount Rate: The following presents net pension liability of the participating employer calculated using the discount rate of 7.20%, as well as what the employer’s net pension liability would be if it were calculated using a discount rate that is one percentage point lower, or one percentage point higher than the current rate.

	1% Decrease 6.20%	Current Discount Rate 7.20%	1% Increase 8.20%
Net Pension Liability	<u>\$ 31,117,358</u>	<u>\$ 22,143,224</u>	<u>\$ 14,614,269</u>

B. Firefighters Retirement System of Louisiana

Plan description: The Firefighters’ Retirement System (the System) 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) who earn more than \$375 per month and are employed by any municipality, parish, or fire protection district of the State of Louisiana in addition to employees of the Firefighters’ Retirement System. 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.

Firefighters’ Retirement System issues a stand-alone report on its financial statements. Access to the audit report can be found on the System’s website [www.lafirefightersret.com](http://www.lafirefightersret.com) or on the Office of Louisiana Legislative Auditor’s official website [www.lla.state.la.us](http://www.lla.state.la.us).

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 informational 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 reasons 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.

CITY OF ALEXANDRIA, LOUISIANA

Notes to Basic Financial Statements

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 there from may become a member of 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.

Retirement Benefits: Employees with 20 or more years of service who have attained age 50, or employees who have 12 years of service who have attained age 55, or 25 years of service at any age are entitled to annual pension benefits equal to 3.333% of their average final compensation based on the 36 consecutive months of highest pay multiplied by their total years of service, not to exceed 100%. Employees may elect to receive their pension benefits in the form of a joint and survivor annuity.

If employees terminate before rendering 12 years of service, they forfeit the right to receive the portion of their accumulated plan benefits attributable to their employer's contributions.

Benefits are payable over the employees' lives in the form of a monthly annuity. An employee may elect an unreduced benefit or any of seven options at retirement.

See R.S. 11:2256(A) for additional details on retirement benefits.

Disability Benefits: A member who acquires a disability, and who files for disability benefits while in service, and who upon medical examination and certification as provided for in Title 11, is found to have a total disability solely as the result of injuries sustained in the performance of his official duties, or for any cause, provided the member has at least five years of creditable service and provided that the disability was incurred while the member was an active contributing member in active service, shall be entitled to disability benefits under the provisions of R.S. 11:2258(B).

Death Benefits: Benefits shall be payable to the surviving eligible spouse or designated beneficiary of a deceased member as specified in R.S. 11:2256(B) & (C).

Deferred Retirement Option Plan Benefits: After completing 20 years of creditable service and attaining the age of 50 years, 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 member's 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 roll over 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

## CITY OF ALEXANDRIA, LOUISIANA

### Notes to Basic Financial Statements

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 withdrawals 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.

**Cost of Living Adjustments (COLAs):** Under the provisions of R.S. 11:246 and 11:2260(A)(7), the board of trustees is authorized to grant retired members and widows of members who have retired an annual cost of living increase of up to 3% of their current benefit, and all retired members and widows who are 65 years of age and older a 2% increase in their original benefit. In order for the board to grant either of these increases, the System must meet certain criteria detailed in the statute related to funding status and interest earnings (R.S. 11:243). In lieu of these COLAs, pursuant to R.S. 11:241, the board may also grant an increase in the form of "X x (A+B)," where "X" is any amount up to \$1 per month, and "A" is equal to the number of years of credited service accrued at retirement or at death of the member of retiree, and "B" is equal to the number of years since retirement or since death of the member or retiree to June 30th of the initial year of such increase.

**Employer and Employee Contributions:** According to State statute, employer contributions are actuarially determined each year. For the year ended June 30, 2018, employer and employee contribution rates for members above the poverty line were 26.50% and 10.0%, respectively. The employer and employee contribution rates for those members below the poverty line were 28.50% and 8.0%, respectively.

**Non-employer Contributions:** The System also receives insurance premium tax monies as additional employer contributions. The tax is considered support from a non-contributing entity and appropriated by the legislature each year based on an actuarial study. Non-employer contributions of \$617,327 is recognized as revenue during the year ended April 30, 2019 and excluded from pension expense.

**Pension Liabilities, Pension Expense, and Deferred Outflows of Resources and Deferred Inflows of Resources Related to Pensions:** At April 30, 2019, the City reported a liability of \$13,681,571 for its proportionate share of the net pension liability. The net pension liability was measured as of June 30, 2018 and the total pension liability used to calculate the net pension liability was determined by an actuarial valuation as of that date. The City's proportion of the net pension liability 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, 2018, the City's proportionate share was 2.378544%, which was a decrease of .0015% from its proportionate share measured as of June 30, 2018.

CITY OF ALEXANDRIA, LOUISIANA

Notes to Basic Financial Statements

For the year ended April 30, 2019, the City recognized pension expense of \$2,085,767.

At April 30, 2019, the City reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

	<u>Governmental Activities</u>	
	<u>Deferred Outflows of Resources</u>	<u>Deferred Inflows of Resources</u>
Difference between expected and actual experience	\$ -	\$ 1,041,320
Change of assumptions	954,426	2,168
Change in proportion and differences between the employer's contributions and the employer's proportionate share of contributions	-	949,409
Net differences between projected and actual earnings on plan investments	889,642	-
Contributions subsequent to the measurement date	<u>1,309,762</u>	<u>-</u>
Total	<u>\$ 3,153,830</u>	<u>\$ 1,992,897</u>

Deferred outflows of resources of \$1,309,762 related to pensions resulting from the City's contributions subsequent to the measurement date will be recognized as a reduction of the net pension liability in the subsequent fiscal year. Other amounts reported as deferred outflows of resources and deferred inflows of resources related to pensions will be recognized in pension expense as follows:

<u>Year Ended April 30</u>	
2020	\$ 512,746
2021	(7,624)
2022	(525,713)
2023	(78,183)
2024	(54,669)
2025	<u>4,614</u>
	<u>\$ (148,829)</u>

Actuarial Assumptions: The net pension liability was measured as the portion of the present value of projected benefit payments to be provided through the pension plan to current active and inactive employees that is attributed to those employees' past periods of service, less the amount of the System's fiduciary net position.

CITY OF ALEXANDRIA, LOUISIANA

Notes to Basic Financial Statements

The actuarial assumptions used in the June 30, 2018 valuation were based on the assumptions used in the June 30, 2018 actuarial funding valuation and were based on results of an actuarial experience study for the period July 1, 2009 through 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 of the System as of June 30, 2018 are as follows:

Valuation Date	June 30, 2018
Actuarial Cost Method	Entry Age Normal Cost
Investment Rate of Return	7.30% per annum
Salary Increases	Vary from 15.0% in the first two years of service to 4.75% with 25 or more years
Inflation Rate	2.70% per annum
Expected Remaining Service Lives	7 years
Cost of Living Adjustments	Only those previously granted

The mortality rate assumption used was set 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 System'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 five years for males and set back three years for females was selected for disabled annuitants. Setbacks in these tables were used to approximate mortality improvement.

The estimated long-term expected rate of return on pension plan investments was determined using a building-block method in which best-estimates ranges of expected future real rates of return (expected returns, net of pension plan investment expense and inflation) are developed for each major asset class. These ranges are combined to produce the long-term expected rate of return by weighting the expected future real rates of return by the target asset allocation percentage and by adding expected inflation, 2.75%. The resulting long-term expected arithmetic nominal rate of return was 8.09% as of June 30, 2018. Best estimates of real rates of return for each major asset class included in FRS' target asset allocation as of June 30, 2018 are summarized in the following table:

CITY OF ALEXANDRIA, LOUISIANA

Notes to Basic Financial Statements

Asset Class	Long-Term Target Asset Allocation	Long-term Expected Real Rate of Return
Fixed income	26%	1.76%
Equity		
U.S. Equity	22%	6.14%
Non-U.S. Equity	22%	7.46%
Global	10%	6.74%
Alternatives		
Real Estate	6%	4.38%
Private Equity	4%	8.73%
Global Tactical Asset Allocation	5%	4.31%
Risk Parity	5%	4.89%
Totals	<u>100%</u>	

The discount rate used to measure the total pension liability was 7.30%, which is a decrease of .1% from prior year. 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 PRSAC 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 the Discount Rate: The following presents the net pension liability of the City, calculated using the discount rate of 7.30%, as well as what the City’s net pension liability would be if it were calculated using a discount rate that is one percentage point lower, or one percentage point higher than the current rate.

	1% Decrease	Current Discount Rate	1% Increase
	<u>6.30%</u>	<u>7.30%</u>	<u>8.30%</u>
Net Pension Liability	\$ 19,964,646	\$ 13,681,571	\$ 8,401,625

C. City of Alexandria Employees’ Retirement System (COAERS)

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

CITY OF ALEXANDRIA, LOUISIANA

Notes to Basic Financial Statements

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:

- The Mayor of the City;
- The Director of Finance of the City;
- The Director of Civil Service and Personnel of the City;
- Two municipal employees, who are members of the System and who are selected by plurality vote of the members of the System;
- 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.

At December 31, 2018, pension plan membership consisted of:

Inactive plan members and beneficiaries currently receiving benefits	366
Inactive plan members entitled to but not yet receiving benefits	167
Active plan members	<u>508</u>
Total	1,041

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.

## CITY OF ALEXANDRIA, LOUISIANA

### Notes to Basic Financial Statements

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.

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

## CITY OF ALEXANDRIA, LOUISIANA

### Notes to Basic Financial Statements

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 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, 2018 were 21.87%. 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 2018.

**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

CITY OF ALEXANDRIA, LOUISIANA

Notes to Basic Financial Statements

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

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, 2018 and were based on December 31, 2018 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	2.40%

## CITY OF ALEXANDRIA, LOUISIANA

### Notes to Basic Financial Statements

**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, 2018 was 4 years.

**Discount rate:** The discount rate used to measure the total pension liability was 6.50%, which is unchanged from the prior year. 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.

**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.

CITY OF ALEXANDRIA, LOUISIANA

Notes to Basic Financial Statements

At April 30, 2019, the City reported a liability of \$33,590,873 for the Net Pension Liability (NPL) as follows:

Governmental Activities	<u>\$ 12,764,532</u>
Business-type Activities	
Utilities System Enterprise Fund	15,787,710
Other Enterprise Funds	<u>5,038,631</u>
Total Enterprise Funds	<u>20,826,341</u>
Total net pension liability	<u><u>\$ 33,590,873</u></u>

The NPL was measured as of December 31, 2018, and the total pension liability used to calculate the NPL was determined by an actuarial valuation as of that date.

Total pension liability	\$ 182,030,503
Plan fiduciary net position	<u>148,439,630</u>
Net pension liability	<u><u>\$ 33,590,873</u></u>

Plan fiduciary net position as a percentage of total pension liability 81.55%

For the year ended April 30, 2019, the City recognized a pension expense of \$5,999,394 as follows:

Governmental Activities	<u>\$ 2,262,722</u>
Business-type Activities	
Utilities System Enterprise Fund	2,771,151
Other Enterprise Funds	<u>965,521</u>
Total Enterprise Funds	<u>3,736,672</u>
Total pension expense	<u><u>\$ 5,999,394</u></u>

CITY OF ALEXANDRIA, LOUISIANA

Notes to Basic Financial Statements

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

	Governmental Activities		Business-type Activities	
	Deferred Outflows	Deferred Inflows	Deferred Outflows	Deferred Inflows
Difference between expected and actual experience	\$ 216,637	\$ 750,642	\$ 353,462	\$ 1,224,732
Change of assumptions	1,995,481	-	3,255,784	-
Net differences between projected and actual earnings on plan investments	7,333,884	1,917,750	11,965,811	3,128,960
Contributions subsequent to the measurement date	585,311	-	954,978	-
Total	<u>\$ 10,131,312</u>	<u>\$ 2,668,392</u>	<u>\$ 16,530,036</u>	<u>\$ 4,353,692</u>

The \$585,311 and \$954,978 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 subsequent fiscal period. 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:

Year Ended	
April 30	
2020	\$ 7,525,778
2021	3,794,046
2022	2,718,658
2023	4,060,493
	<u>\$ 18,098,975</u>

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% Decrease 5.50%	Current Discount Rate 6.50%	1% Increase 7.50%
Net Pension Liability	<u>\$ 53,789,610</u>	<u>\$ 33,590,873</u>	<u>\$ 16,487,740</u>

CITY OF ALEXANDRIA, LOUISIANA

Notes to Basic Financial Statements

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

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:

- The Mayor of the City;
- The Director of Finance of the City;
- 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.

As of April 30, 2019, 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. There were no significant changes to the plan benefits, provisions, assumptions or demographics, as a result and due to the immateriality, an actuarial valuation was not planned as of April 30, 2019.

## CITY OF ALEXANDRIA, LOUISIANA

### Notes to Basic Financial Statements

**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. No amounts were transferred to the plan at April 30, 2019. Benefits and contribution provisions are established by state law and may be amended only by the Louisiana Legislature.

**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 actuarial assumptions utilized were based on 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 rate for 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 to five years, beginning with the current period. The Expected Remaining Services Lives as of April 30, 2019 was 4 years.

At April 30, 2019, the City reported a liability of \$118,701 for the Net Pension Liability (NPL). 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.

CITY OF ALEXANDRIA, LOUISIANA

Notes to Basic Financial Statements

Total pension liability	\$ 224,856
Plan fiduciary net position	<u>106,155</u>
Net pension liability	<u>\$ 118,701</u>

Plan fiduciary net position as a percentage of total pension liability 47.21%

For the year ended April 30, 2019, the City recognized a pension expense of \$18,392.

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

	<u>Governmental Activities</u>	
	<u>Deferred Outflows of Resources</u>	<u>Deferred Inflows of Resources</u>
Difference between expected and actual experience	\$ 8,735	\$ 5,052
Change of assumptions	<u>1,987</u>	<u>-</u>
Total	<u>\$ 10,722</u>	<u>\$ 5,052</u>

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:

Year Ended	
<u>April 30</u>	
2020	\$ 7,932
2021	(2,394)
2022	<u>132</u>
	<u>\$ 5,670</u>

Sensitivity to Changes in Discount Rate

The following presents the Net Pension Liability using the discount rate of 3.90%, as well as what the Net Position 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.

	1% Decrease <u>2.90%</u>	Current Discount Rate <u>3.90%</u>	1% Increase <u>4.90%</u>
Net Pension Liability	<u>\$ 143,838</u>	<u>\$ 118,701</u>	<u>\$ 99,337</u>

CITY OF ALEXANDRIA, LOUISIANA

Notes to Basic Financial Statements

(14) 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 at 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, 2019, the rate was set at 12.48%. Employees are permitted to make contributions to the pension plan, up to applicable Internal Revenue Code limits. The plan has two options which are administered by MassMutual and Nationwide Retirement Solutions. As of April 30, 2019, the plan assets totaled \$4,364,464 with MassMutual and \$5,641,329 with Nationwide. Employee contributions totaled \$445,566, and the City recognized pension expense of \$194,981 for the year ending April 30, 2019. All employer and employee contributions and earnings are immediately vested.

(15) Post-employment Benefits

Plan description – The City of Alexandria (the City) provides certain continuing health care and life insurance benefits for its retired employees. The City of Alexandria's OPEB Plan (the OPEB Plan) is a single employer defined benefit OPEB plan administered by the City. The authority to establish and/or amend the obligation of the employer, employees and retirees' rests with the City. No assets are accumulated in a trust that meets the criteria in Governmental Accounting Standards Board (GASB) Codification Section P52 *Postemployment Benefits Other Than Pensions—Reporting For Benefits Not Provided Through Trusts That Meet Specified Criteria—Defined Benefit*.

Benefits Provided – 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.

CITY OF ALEXANDRIA, LOUISIANA

Notes to Basic Financial Statements

Employees covered by benefit terms – At April 30, 2019, the following employees were covered by the benefit terms:

Inactive plan members and beneficiaries currently receiving benefits	99
Inactive plan members entitled to but not yet receiving benefits	-
Active plan members	<u>681</u>
Total	780

Total OPEB Liability

The City’s total OPEB liability of \$19,652,678 was measured as of April 30, 2019 and was determined by an actuarial valuation as of that date.

Actuarial Assumptions and other inputs – The total OPEB liability in the April 30, 2019 actuarial valuation was determined using the following actuarial assumptions and other inputs, applied to all periods included in the measurement, unless otherwise specified:

Inflation	2.5%
Salary increases	4.0%, including inflation 3.97% annually (Beginning of Year to Determine ADC) 3.79%, annually (As of End of Year Measurement Date)
Healthcare cost trend rates	Flat 5.5% annually

The discount rate was based on the average of the Bond Buyers' 20 Year General Obligation municipal bond index on the applicable measurement dates. The RP-2000 combined healthy without projection. The actuarial assumptions used in the April 30, 2019 valuation were based on the results of ongoing evaluations of the assumptions from May 1, 2009 to April 30, 2019.

Changes in the Total OPEB Liability

Balance at April 30, 2018	<u>\$ 20,617,063</u>
Changes for the year:	
Service cost	176,741
Interest	787,441
Differences between expected and actual experience	(628,210)
Changes in assumptions	264,206
Benefit payments and net transfers	<u>(1,564,563)</u>
Net changes	<u>(964,385)</u>
Balance at April 30, 2019	<u>\$ 19,652,678</u>

Sensitivity of the total OPEB liability to changes in the discount rate – The following presents the total OPEB liability of the City, as well as what the City’s total OPEB liability would be if it were calculated using a discount rate that is 1-percentage-point lower (2.79%) or 1-percentage-point higher (4.79%) than the current discount rate:

CITY OF ALEXANDRIA, LOUISIANA

Notes to Basic Financial Statements

	1% Decrease 2.79%	Current Discount Rate 3.79%	1% Increase 4.79%
Total OPEB liability	<u>\$ 21,127,891</u>	<u>\$ 19,652,678</u>	<u>\$ 18,323,783</u>

Sensitivity of the total OPEB liability to changes in the healthcare cost trend rates – The following presents the total OPEB liability of the City, as well as what the City’s total OPEB liability would be if it were calculated using healthcare cost trend rates that are 1-percentage-point lower (4.5%) or 1-percentage-point higher (6.5%) than the current healthcare trend rates:

	1% Decrease 4.50%	Current Trend Rate 5.50%	1% Increase 6.50%
Total OPEB liability	<u>\$ 18,308,715</u>	<u>\$ 19,652,678</u>	<u>\$ 21,136,538</u>

OPEB Expense and Deferred Outflows of Resources and Deferred Inflows of Resources Related to OPEB

For the year ended April 30, 2019, the City recognized OPEB expense of \$936,182. At April 30, 2019, the City reported deferred outflows of resources and deferred inflows of resources related to OPEB from the following sources:

	Governmental Activities	
	Deferred Outflows of Resources	Deferred Inflows of Resources
Difference between expected and actual experience	\$ -	\$ 579,886
Change of assumptions	243,882	-
Total	<u>\$ 243,882</u>	<u>\$ 579,886</u>

Amounts reported as deferred outflows of resources and deferred inflows of resources related to OPEB will be recognized in OPEB expense as follows:

Year Ended	
<u>April 30</u>	
2020	\$ (28,000)
2021	(28,000)
2022	(28,000)
2023	(28,000)
2024	(28,000)
2025-2029	(168,000)
2030	(28,004)
	<u>\$ (336,004)</u>

CITY OF ALEXANDRIA, LOUISIANA

Notes to Basic Financial Statements

(16) Commitments and Contingencies

Litigation

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, 2019, 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.

Grant Audits

The City receives federal and state grants for specific purposes that are subject to review and audit by federal and state agencies. Such audits could result in a request for reimbursement by these agencies for expenditures disallowed under the terms and conditions of the appropriate agency. In the opinion of City management, such disallowances, if any, will not be significant to the City's financial statements.

(17) Leases

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 City of Alexandria entered into a new lease agreement for equipment with Yamaha Motor Finance Corporation, U.S.A., starting April 15, 2016 for the sum of \$4,781 payable on the 15th day of each month for 48 consecutive months. The lease term will end on March 15, 2020.

CITY OF ALEXANDRIA, LOUISIANA

Notes to Basic Financial Statements

Annual lease payments total \$200,585 for the current fiscal year.

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

2020	\$ 186,156
2021	9,365
2022	9,365
2023	9,365
2024	9,365
2025-2029	46,825
2030-2031	18,730
	<u>\$ 289,171</u>

(18) Compensation, Benefits, and Other Payments to Mayor

A detail of compensation, benefits, and other payments paid to Jacques Roy (Mayor 5/1/2018 – 12/2/2018) and Mayor Jeffrey W. Hall (12/3/2018 – 4/30/2019) for the year ended April 30, 2019 are as follows:

<u>Purpose</u>	<u>Jacques Roy</u>	<u>Jeffrey W. Hall</u>
Salary	\$ 76,294	\$ 47,424
Benefits-medicare	1,246	792
Benefits-life insurance	20	7
Benefits-health insurance	13,169	4,974
Benefits-retirement/457 plan	9,525	5,921
Car allowance	4,742	2,964
Travel	56	137
Registration fees	1,250	575
Conference travel	3,003	474
Special meals	354	132
	<u>\$ 109,659</u>	<u>\$ 63,400</u>

CITY OF ALEXANDRIA, LOUISIANA

Notes to Basic Financial Statements

(19) Compensation of City Officials

A detail of compensation paid to the Councilmen for the year ended April 30, 2019 follows:

Council Members:

Charles L. Fowler, Jr.	\$ 25,200
Joseph Fuller	25,200
Jules R. Green	25,200
Roosevelt L. Johnson	15,605
Edward Larvadain, III	22,195
Gerber Porter	9,692
Harry B. Silver	25,200
James A. Villard	25,200
Ronald Dejoie	2,423
	<u>\$ 175,915</u>

(20) Risk Management

A. Risk Management Fund

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, 2019. 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

CITY OF ALEXANDRIA, LOUISIANA

Notes to Basic Financial Statements

All funds of the City participate in the program and make payments to the Risk Management Fund based upon actuarial estimates of the amounts needed to pay prior and current year claims. The claims liability of \$6,662,101 as of April 30, 2019 is based on the requirements of GASB Statement No. 10, which requires that a liability for claims be reported if information prior to the issuance of the financial statements indicates that it is probable that a liability has been incurred at the date of the financial statements and the amount of the loss can be reasonably estimated. The City has elected to record the liability on the discounted basis. Changes in the City's claims liability amount were as follows for the fiscal years ending April 30:

	<u>2019</u>	<u>2018</u>
Unpaid claims, beginning	\$7,230,113	\$7,849,064
Claims incurred	2,818,045	2,691,053
Claims payments	<u>(3,386,057)</u>	<u>(3,310,004)</u>
Unpaid claims, ending	<u>\$6,662,101</u>	<u>\$7,230,113</u>

B. Employment Benefits Fund

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 \$476,375 reported in the Fund at April 30, 2019, 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 City's claims liability amount were as follows for the fiscal years ending April 30:

	<u>2019</u>	<u>2018</u>
Unpaid claims, beginning	\$ 710,506	\$ 554,848
Claims incurred	7,625,047	7,976,951
Claims payments	<u>(7,859,178)</u>	<u>(7,821,293)</u>
Unpaid claims, ending	<u>\$ 476,375</u>	<u>\$ 710,506</u>

CITY OF ALEXANDRIA, LOUISIANA

Notes to Basic Financial Statements

C. Unemployment Benefits Fund

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 years ended April 30, 2019 and 2018, claim payments of \$6,657 and \$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, 2019 and 2018, are considered immaterial and are not included in this report.

(21) Interfund Receivables/Payables and Interfund Transfers

A. A summary of interfund receivables and payables at April 30, 2019 follows:

	<u>Interfund Receivables</u>	<u>Interfund Payables</u>
General fund	\$ 1,120,644	\$ 314,200
Other governmental funds	314,561	154,018
Utilities system enterprise fund	36	762,677
Other business-type funds	<u>35,316</u>	<u>239,662</u>
Total	<u>\$ 1,470,557</u>	<u>\$ 1,470,557</u>

The amounts due from the General Fund to various other funds are for reimbursements owed for expenditures paid for those funds.

B. Interfund transfers consisted of the following at April 30, 2019:

	<u>Transfers In</u>	<u>Transfers Out</u>
General fund	\$11,032,000	\$ 2,804,987
General capital projects fund	173,700	417,301
Other governmental funds	3,552	308,700
Internal service funds	2,136,000	-
Utilities system enterprise fund	174,000	11,760,433
Other business-type funds	<u>4,293,169</u>	<u>2,521,000</u>
Total	<u>\$17,812,421</u>	<u>\$ 17,812,421</u>

Transfers are used to (a) move revenues from the fund that statute or budget requires to collect them to the fund that statute or budget requires to expend them and to (b) use unrestricted revenues collected to finance various programs accounted for in other funds in accordance with budgetary authorizations.

CITY OF ALEXANDRIA, LOUISIANA

Notes to Basic Financial Statements

(22) On-Behalf Payments

The City has recognized \$1,468,914 as intergovernmental revenue and expenditures in the General Fund for on-behalf salary payments paid directly to certain employees meeting statutory requirements. Of the total payments, \$810,732 was paid to police and \$658,182 to firemen.

(23) Deficit Fund Balance

The Internal Service Funds of the City had a deficit fund balance at April 30, 2019 of \$9,900,519. The deficit will be financed through future transfers to the funds for services provided.

(24) New Accounting Pronouncements

In June 2017, the Governmental Accounting Standards Board (GASB) issued Statement No. 87, Leases. The statement increases the usefulness of governments' financial statements by requiring recognition of certain lease assets and liabilities for leases that previously were classified as operating leases and recognized as inflows of resources or outflows of resources based on the payment provisions of the contract. It establishes a single model for lease accounting based on the foundational principle that leases are financings of the right to use an underlying asset. The provisions of GASB Statement No. 87 are effective for fiscal years beginning after December 15, 2019. The effect of implementation on the City's financial statements has not yet been determined.

In January 2017, the Governmental Accounting Standards Board (GASB) issued Statement No. 84, Fiduciary Activities. The objective of this statement is to improve guidance regarding the identification of fiduciary activities for accounting and financial reporting purposes and how these activities should be reported. The requirements of this Statement will enhance consistency and comparability by (1) establishing specific criteria for identifying activities that should be reported as fiduciary activities and (2) clarifying whether and how business-type activities should report their fiduciary activities. Greater consistency and comparability enhance the value provided by the information reported in financial statements for assessing government accountability and stewardship. The provisions of GASB Statement No. 84 are effective for fiscal years beginning after December 15, 2018. The effect of implementation on the City's financial statements has not yet been determined.

CITY OF ALEXANDRIA, LOUISIANA

Notes to Basic Financial Statements

(25) Beginning Net Position Adjustment

During the fiscal year ended April 30, 2019, the City adopted Governmental Accounting Standards Board (GASB) Statement No.75, Accounting and Financial Reporting for Postemployment Benefits Other Than Pensions. This Statement establishes standards for recognizing and measuring liabilities, deferred outflows of resources, deferred inflows of resources, and expense/expenditures. This resulted in a restatement of previously reported net position, as follows:

	<u>Governmental Activities</u>	<u>Internal Service Fund</u>
May 1, 2018 net position, as reported	\$ 175,239,769	\$ 5,592,628
Prior period adjustment:		
Change in accounting principle:		
Net effect of recording total OPEB liability	<u>(18,725,108)</u>	<u>(18,725,108)</u>
May 1, 2018 net position, as restated	<u>\$ 156,514,661</u>	<u>\$ (13,132,480)</u>

**REQUIRED  
SUPPLEMENTARY INFORMATION**

CITY OF ALEXANDRIA, LOUISIANA  
General Fund

Budgetary Comparison Schedule  
For the Year Ended April 30, 2019

	Budget		Actual	Variance with Final Budget Positive (Negative)
	Original	Final		(Negative)
Revenues:				
Taxes				
Property taxes	\$ 3,605,000	\$ 3,605,000	\$ 3,668,709	\$ 63,709
Sales taxes	38,202,000	38,550,000	39,424,085	874,085
Franchise	650,000	625,000	598,449	(26,551)
Licenses and permits	2,890,000	3,040,000	3,139,204	99,204
Intergovernmental				
Federal	-	401,883	152,063	(249,820)
State	1,777,000	1,857,052	2,071,659	214,607
Charges for services	631,000	627,000	707,939	80,939
Fines and fees	419,000	364,000	473,143	109,143
Investment income	-	80,000	177,572	97,572
Miscellaneous	90,000	423,465	462,687	39,222
Total revenues	<u>48,264,000</u>	<u>49,573,400</u>	<u>50,875,510</u>	<u>1,302,110</u>
Expenditures:				
Current -				
General government	10,041,294	17,978,292	16,476,762	1,501,530
Public safety	30,355,704	29,974,777	28,266,317	1,708,460
Public works	11,758,885	10,413,255	9,741,087	672,168
Capital outlay	4,136,676	3,445,958	2,163,681	1,282,277
Debt service -				
Principal retirement	1,185,000	1,185,000	1,185,000	-
Interest and fiscal charges	95,641	95,641	95,641	-
Total expenditures	<u>57,573,200</u>	<u>63,092,923</u>	<u>57,928,488</u>	<u>5,164,435</u>
Deficiency of revenues over expenditures	<u>(9,309,200)</u>	<u>(13,519,523)</u>	<u>(7,052,978)</u>	<u>6,466,545</u>
Other financing sources (uses):				
Proceeds from sale of fixed assets	-	90,000	18,410	(71,590)
Transfers in	11,095,000	11,032,000	11,032,000	-
Transfers out	<u>(6,550,139)</u>	<u>(2,801,435)</u>	<u>(2,804,987)</u>	<u>(3,552)</u>
Total other financing sources (uses)	<u>4,544,861</u>	<u>8,320,565</u>	<u>8,245,423</u>	<u>(75,142)</u>
Net change in fund balance	(4,764,339)	(5,198,958)	1,192,445	6,391,403
Fund balance, beginning	<u>22,347,382</u>	<u>22,347,382</u>	<u>22,347,382</u>	<u>-</u>
Fund balance, ending	<u>\$ 17,583,043</u>	<u>\$ 17,148,424</u>	<u>\$ 23,539,827</u>	<u>\$ 6,391,403</u>

CITY OF ALEXANDRIA, LOUISIANA

Schedule of Changes in Total OPEB and Related Ratios  
For the Year Ended April 30, 2019

Total OPEB Liability	
Service cost	\$ 176,741
Interest	787,441
Changes of benefit terms	-
Differences between expected and actual experience	(628,210)
Changes of assumptions	264,206
Benefit payments	<u>(1,564,563)</u>
Net change in total OPEB liability	(964,385)
Total OPEB liability - beginning	<u>20,617,063</u>
* Total OPEB liability - ending	<u>\$ 19,652,678</u>
Covered-employee payroll	\$ 28,089,176
Net OPEB liability as a percentage of covered-employee payroll	69.97%

\* Equal to Net OPEB Liability.

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

CITY OF ALEXANDRIA, LOUISIANA

Schedule of Employer's Share of Net Pension Liability  
 MPERS and FRFS  
 For the Year Ended April 30, 2019

<u>Year ended April 30,</u>	<u>Employer Proportion of the Net Pension Liability</u>	<u>Employer Proportionate Share of the Net Pension Liability</u>	<u>Employer's Covered Payroll</u>	<u>Employer's Proportionate Share of the Net Pension Liability as a Percentage of its Covered Payroll</u>	<u>Plan Fiduciary Net Position as a Percentage of the Total Pension Liability</u>
<b>Municipal Police Employees' Retirement System (MPERS) *</b>					
2016	3.089654%	\$ 24,204,210	\$ 8,265,621	292.83%	70.73%
2017	2.939849%	\$ 27,554,668	\$ 8,235,224	334.60%	66.04%
2018	2.711096%	\$ 23,669,015	\$ 8,074,047	293.15%	70.08%
2019	2.619241%	\$ 22,143,224	\$ 7,728,825	286.50%	71.89%
<b>Firefighters Retirement System (FRS) *</b>					
2016	2.595836%	\$ 14,010,018	\$ 5,524,733	253.59%	72.45%
2017	2.503373%	\$ 16,374,323	\$ 5,653,225	289.65%	68.16%
2018	2.380044%	\$ 13,642,053	\$ 5,562,330	245.26%	73.55%
2019	2.378544%	\$ 13,681,571	\$ 5,676,908	241.00%	74.76%

\* The amounts presented have a measurement date of the previous year ending June 30.

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

CITY OF ALEXANDRIA, LOUISIANA

Schedule of Changes in Net Pension Liability and Related Ratios

COAERS

For the Year Ended April 30, 2019

	*	2019	2018	2017	2016
Total Pension Liability					
Service costs	\$	3,444,992	\$ 3,218,971	\$ 2,975,969	\$ 3,263,636
Interest		11,358,256	11,521,228	11,376,092	11,165,902
Changes of benefit terms		369,833	-	-	1,249,682
Difference between expected and actual experience		760,132	(3,522,240)	(857,021)	(1,157,889)
Changes of Assumptions		-	8,726,019	3,553,024	3,124,571
Benefit payments		(9,855,151)	(9,240,582)	(9,042,968)	(9,004,033)
Refunds of member contributions		(300,012)	(596,958)	(352,340)	(353,939)
Other		(83,881)	47,822	(42,820)	146,848
Net Change in Total Pension Liability		5,694,169	10,154,260	7,609,936	8,434,778
Total Pension Liability - Beginning		<u>176,336,334</u>	<u>166,182,074</u>	<u>158,572,138</u>	<u>150,137,360</u>
Total Pension Liability -Ending (a)		<u>\$ 182,030,503</u>	<u>\$ 176,336,334</u>	<u>\$ 166,182,074</u>	<u>\$ 158,572,138</u>
Plan Fiduciary Net Position					
Contributions - Member	\$	1,890,978	\$ 1,873,690	\$ 1,830,452	\$ 1,790,965
Contributions - Employer		4,609,374	4,734,943	4,580,596	4,858,476
Contributions - Nonemployer contributing Employer Entities		-	-	-	-
Net investment income		(9,882,707)	17,882,012	11,143,790	(4,378,349)
Benefit payments		(9,855,151)	(9,240,582)	(9,042,968)	(9,004,033)
Refunds of member contributions		(300,012)	(596,958)	(352,340)	(353,939)
Administrative expenses		(163,269)	(155,590)	(149,330)	(150,777)
Other		(83,881)	47,822	(42,820)	146,848
Net Change in Plan Fiduciary Net Position		(13,784,668)	14,545,337	7,967,380	(7,090,809)
Plan Fiduciary Net Position - Beginning		<u>162,224,298</u>	<u>147,678,961</u>	<u>139,711,581</u>	<u>146,802,390</u>
Plan Fiduciary Net Position - Ending (b)		<u>\$ 148,439,630</u>	<u>\$ 162,224,298</u>	<u>\$ 147,678,961</u>	<u>\$ 139,711,581</u>
Net Pension Liability (Asset) - Ending (a) - (b)	\$	33,590,873	\$ 14,112,036	\$ 18,503,113	\$ 18,860,557
Plan Fiduciary Net Position as a Percentage of the Total Pension Liability		81.55%	92.00%	88.87%	88.11%
Covered-employee payroll	\$	20,368,422	\$ 19,894,718	\$ 19,384,664	\$ 18,643,423
Net Pension Liability (Asset) as a percentage of covered employee payroll		164.92%	70.93%	95.45%	101.16%

\* The amounts presented have a measurement date of the previous year ending December 31.

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

CITY OF ALEXANDRIA, LOUISIANA

Schedule of Changes in Net Pension Liability and Related Ratios

FPARF

For the Year Ended April 30, 2019

	April 30, 2019	April 30, 2018	April 30, 2017	April 30, 2016
Total Pension Liability				
Service costs	\$ -	\$ -	\$ -	\$ -
Interest	-	9,269	8,713	8,367
Changes of benefit terms	-	-	-	-
Difference between expected and actual experience	-	525	(10,106)	33,370
Changes of Assumptions	-	-	-	7,951
Benefit payments	(18,392)	(18,392)	(18,392)	(18,392)
Refunds of member contributions	-	-	-	-
Other	-	-	-	-
Net Change in Total Pension Liability	(18,392)	(8,598)	(19,785)	31,296
Total Pension Liability - Beginning	<u>243,248</u>	<u>251,846</u>	<u>271,631</u>	<u>240,335</u>
Total Pension Liability - Ending (a)	<u>\$ 224,856</u>	<u>\$ 243,248</u>	<u>\$ 251,846</u>	<u>\$ 271,631</u>
Plan Fiduciary Net Position				
Contributions - Member	\$ -	\$ 22,000	\$ 22,000	\$ 22,000
Contributions - Employer	-	-	-	-
Contributions - Nonemployer contributing Employer Entities				
Net investment income	1,179	200	141	125
Benefit payments	(18,392)	(18,392)	(18,392)	(18,392)
Refunds of member contributions	-	-	-	-
Administrative expenses	-	-	-	-
Other	-	-	-	-
Net Change in Plan Fiduciary Net Position	(17,213)	3,808	3,749	3,733
Plan Fiduciary Net Position - Beginning	<u>123,368</u>	<u>119,560</u>	<u>115,811</u>	<u>112,078</u>
Plan Fiduciary Net Position - Ending (b)	<u>\$ 106,155</u>	<u>\$ 123,368</u>	<u>\$ 119,560</u>	<u>\$ 115,811</u>
Net Pension Liability (Asset) - Ending (a) - (b)	\$ 118,701	\$ 119,880	\$ 132,286	\$ 155,820
Plan Fiduciary Net Position as a Percentage of the Total Pension Liability	47.21%	50.72%	47.47%	42.64%
Covered-employee payroll	\$ -	\$ -	\$ -	\$ -
Net Pension Liability (Asset) as a percentage of covered employee payroll	N/A	N/A	N/A	N/A
Measurement date	April 30, 2018	April 30, 2018	April 30, 2017	April 30, 2016

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

CITY OF ALEXANDRIA, LOUISIANA

Schedule of Employer Contributions

For the Year Ended April 30, 2019

Year ended April 30,	Contractually Required Contribution	Contributions in Relation to Contractual Required Contribution	Contribution Deficiency (Excess)	Employer's Covered Payroll	Contributions as a % of Covered Payroll
<b>Municipal Police Employees' Retirement System (MPERS)</b>					
2016	\$ 2,603,348	\$ 2,603,348	\$ -	\$ 8,265,621	31.50%
2017	\$ 2,429,224	\$ 2,429,224	\$ -	\$ 8,116,308	29.93%
2018	\$ 2,571,395	\$ 2,571,395	\$ -	\$ 7,782,119	33.04%
2019	\$ 2,446,584	\$ 2,446,584	\$ -	\$ 7,641,089	32.02%
<b>Firefighter's Retirement System (FRS)</b>					
2016	\$ 1,615,984	\$ 1,615,984	\$ -	\$ 5,524,733	29.25%
2017	\$ 1,540,512	\$ 1,540,512	\$ -	\$ 5,570,846	27.65%
2018	\$ 1,406,404	\$ 1,406,404	\$ -	\$ 5,638,318	24.94%
2019	\$ 1,539,275	\$ 1,539,275	\$ -	\$ 5,808,586	26.50%
<b>City of Alexandria Employees' Retirement System (COAERS)</b>					
2016	\$ 4,843,760	\$ 4,843,760	\$ -	\$ 19,610,365	24.70%
2017	\$ 4,517,698	\$ 4,517,698	\$ -	\$ 19,557,386	23.10%
2018	\$ 4,847,332	\$ 4,847,332	\$ -	\$ 20,060,745	24.16%
2019	\$ 4,472,320	\$ 4,472,320	\$ -	\$ 20,449,894	21.87%
<b>City of Alexandria Firemen's Pension and Relief Fund (FPARF)</b>					
2016	\$ 22,000	\$ 18,267	\$ (3,733)	\$ -	N/A
2017	\$ 22,000	\$ 18,251	\$ (3,749)	\$ -	N/A
2018	\$ 22,000	\$ 18,192	\$ (3,808)	\$ -	N/A
2019	\$ -	\$ 17,213	\$ 17,213	\$ -	N/A

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

CITY OF ALEXANDRIA, LOUISIANA

Schedule of Investment Returns  
COAERS  
For the Year Ended April 30, 2019

	*	<u>2019</u>	<u>2018</u>	<u>2017</u>	<u>2016</u>
Annual money-weighted rate of return net of investment expense		-6.2%	12.2%	8.1%	-3.0%

\* The amounts presented have a measurement date of the previous year ending December 31.

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

CITY OF ALEXANDRIA, LOUISIANA

Notes to the Required Supplementary Information

(1) Budgets and Budgetary Accounting

The City follows these procedures in establishing the budgetary data reflected in the financial statements.

- (a) The preparation of budget begins in December of the current fiscal year when Budget Preparation Manuals are distributed to City departments. These are due back to the Budget Office the following January for review and compilation. In February, the Administrative Review process is completed. The proposed budget for the next fiscal year is submitted to the City Council for review by March 15 in compliance with the City's Home Rule Charter.
- (b) A summary of the proposed budget is published, and the public notified that the proposed budget is available for public inspection. At the same time, a public hearing is called.
- (c) A public hearing is held on the proposed budget at least ten days after publication of the call for the hearing.
- (d) After the holding of the public hearing and completion of all action necessary to finalize and implement the budget, the budget is adopted through passage of a resolution prior to the commencement of the fiscal year for which the budget is being adopted.
- (e) Budgetary amendments involving the transfer of funds from one department, program or function to another or involving increases in expenditures resulting from revenues exceeding amounts estimated require the approval of the Council.
- (f) All budgetary appropriations lapse at the end of each fiscal year.
- (g) Budgets for all funds are adopted on a basis consistent with generally accepted accounting principles (GAAP). Budgeted amounts are as originally adopted or as finally amended by the Council.

CITY OF ALEXANDRIA, LOUISIANA

Notes to the Required Supplementary Information

(2) Retirement System Plans

A. Changes in Benefit Terms

There were no changes of benefit terms.

B. Changes of Assumptions

Year ended April 30,	Discount Rate	Investment Rate of Return	Inflation Rate	Expected Remaining Service Lives	Projected Salary Increase
<b>*Municipal Police Employees' Retirement System</b>					
2016	7.500%	7.500%	2.875%	4	4.25% - 9.75%
2017	7.500%	7.500%	2.875%	4	4.25% - 9.75%
2018	7.325%	7.325%	2.700%	4	4.25% - 9.75%
2019	7.200%	7.200%	2.600%	4	4.25% - 9.75%
<b>*Firefighters Retirement System of Louisiana</b>					
2016	7.50%	7.50%	2.8750%	7	4.75% - 15.00%
2017	7.50%	7.50%	2.8750%	7	4.75% - 15.00%
2018	7.40%	7.40%	2.7500%	7	4.75% - 15.00%
2019	7.30%	7.30%	2.7000%	7	4.75% - 15.00%
<b>**City of Alexandria Employees' Retirement System</b>					
2016	7.25%	7.25%	2.75%	4	4.75%
2017	7.00%	7.00%	2.75%	4	4.75%
2018	6.50%	6.50%	2.50%	4	4.50%
2019	6.50%	6.50%	2.40%	4	4.50%
<b>City of Alexandria Firemen's Pension and Relief Fund (FPARF)</b>					
2016	3.32%	3.32%	N/A	4	N/A
2017	3.82%	3.82%	N/A	4	N/A
2018	3.90%	3.90%	N/A	4	N/A
2019	3.90%	3.90%	N/A	4	N/A

*\*The amounts presented have a measurement date of the previous June 30.*

*\*\*The amounts presented have a measurement date of previous December 31.*

(3) Other Post Employment Benefits

Changes of assumptions – No changes of assumptions and other inputs noted.

**OTHER  
FINANCIAL INFORMATION**

CITY OF ALEXANDRIA, LOUISIANA  
Utilities System Enterprise Fund  
Unaudited Summary of Utility Service Customers  
April 30, 2019

<u>Type of Service</u>	<u>Number of Customers</u>
Electricity	24,449
Water	21,889
Gas	15,732
Wastewater	17,488

CITY OF ALEXANDRIA, LOUISIANA

Unaudited Listing of Insurance in Force  
April 30, 2019

Property

Insurer: XL Insurance America, Inc

Expiration date: May 6, 2019

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, 2019

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, 2019

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 of alleged violations of U.S. or state constitutions or any law affording protection for civil rights

(continued)

CITY OF ALEXANDRIA, LOUISIANA

Unaudited Listing of Insurance in Force (continued)

April 30, 2019

Employee Benefits Liability

Insurer: Ace American Insurance Company

Expiration date: May 6, 2019

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, 2019

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, 2019

Coverage: Tax Collector

Policy limits of liability: \$10,000

Public Employees Honesty Bond

Insurer: Fidelity and Deposit Company of Maryland

Expiration date: September 1, 2019

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

**INTERNAL CONTROL,  
COMPLIANCE  
AND  
OTHER MATTERS**

# KOLDER, SLAVEN & COMPANY, LLC

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## INDEPENDENT AUDITOR'S REPORT ON INTERNAL CONTROL OVER FINANCIAL REPORTING AND ON COMPLIANCE AND OTHER MATTERS BASED ON AN AUDIT OF FINANCIAL STATEMENTS PERFORMED IN ACCORDANCE WITH *GOVERNMENT AUDITING STANDARDS*

The Honorable Jeffrey W. Hall, Mayor  
and Members of the City Council  
City of Alexandria, Louisiana

We have audited, 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, 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, as of and for the year ended April 30, 2019, and the related notes to the financial statements, which collectively comprise the City's basic financial statements and have issued our report thereon dated October 29, 2019.

### Internal Control Over Financial Reporting

In planning and performing our audit of the financial statements, we considered the City of Alexandria, Louisiana'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 of Alexandria, Louisiana'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 were not identified. Given these limitations, during our audit we did not identify any deficiencies in internal control that we consider to be material weaknesses. We did identify a certain deficiency in internal control, described in the accompanying schedule of current and prior year audit findings as item 2019-001, which we consider to be a significant deficiency.

### **Compliance and Other Matters**

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

### **City of Alexandria's Response to Finding**

The City of Alexandria, Louisiana's response to the findings identified in our audit is described in the accompanying schedule of current and prior year audit findings. 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. However, under Louisiana Revised Statute 24:513, this report is distributed by the Legislative Auditor as a public document.

***Kolder, Slaven & Company, LLC***  
Certified Public Accountants

Alexandria, Louisiana  
October 29, 2019

# KOLDER, SLAVEN & COMPANY, LLC

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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

The Honorable Jeffrey W. Hall, Mayor  
and Members of the City Council  
City of Alexandria, Louisiana

### Report on Compliance for Each Major Federal Program

We have audited the City of Alexandria'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, 2019. The City's major federal programs are identified in the summary of auditor's results section of the accompanying schedule of findings and questioned costs.

### *Management's Responsibility*

Management is responsible for compliance with the 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.

### ***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, 2019.

### **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 our 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'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 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 the 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.

### **Purpose of this Report**

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. However, under Louisiana Revised Statute 24:513, this report is distributed by the Legislative Auditor as a public document.

***Kolder, Slaven & Company, LLC***  
Certified Public Accountants

Alexandria, Louisiana  
October 29, 2019

CITY OF ALEXANDRIA, LOUISIANA

Schedule of Expenditures of Federal Awards  
For the Year Ended April 30, 2019

Federal Grantor/Pass-Through Grantor/Program Name	CFDA Number	Pass-through Identifying No.	Expenditures
U.S. Department of Housing and Urban Development			
Office of Community Planning and Development			
Community Development Block Grants/Entitlement			
Grants - CDBG - Entitlement Grants Cluster	14.218		\$ 418,449
Home Investment Partnerships Program	14.239		<u>155,509</u>
Total U.S. Department of Housing and Urban Development			<u>573,958</u>
U. S. Department of Justice			
Passed through Louisiana Commission on Law Enforcement and the Administration of Criminal Justice			
Crime Victim Assistance	16.575	2016-VA-GX-0074	<u>77,480</u>
Edward Byrne Memorial Justice Assistance Grant Program	16.738	2019-DC-1-4452	17,799
Edward Byrne Memorial Justice Assistance Grant Program	16.738	2018-DE-01-3976	1,818
Edward Byrne Memorial Justice Assistance Grant Program	16.738	2017-DJ-BX-0603	43,954
Edward Byrne Memorial Justice Assistance Grant Program	16.738	2017-MU-BX-0088	<u>972</u>
Subtotal CFDA No. 16.738			<u>64,543</u>
Total U.S. Department of Justice			<u>142,023</u>
United State Environmental Protection Agency:			
Passed through the State of Louisiana-Louisiana Department of Health and Hospitals			
Capitalization Grants for Clean Water State Revolving Funds - Clean Water State Revolving Funds Cluster	66.468	1079001-02	<u>61,646</u>
United States Department of Homeland Security -			
Passed-through the Rapides Parish Police Jury			
Homeland Security Grant Program	97.067	EMW-2015-SS00075-501	<u>3,097</u>
United States Department of Transportation			
Federal Transit - Formula Grants (Urbanized Area Formula Grants) - Federal Transit Cluster	20.507		<u>795,688</u>

(continued)

CITY OF ALEXANDRIA, LOUISIANA

Schedule of Expenditures of Federal Awards (continued)  
For the Year Ended April 30, 2019

Federal Grantor/Pass-Through Grantor/Program Name	CFDA Number	Pass-through Identifying No.	Expenditures
Federal Highway Administration (FHWA)			
Passed through State of Louisiana Department of Transportation			
Highway Planning and Construction - Highway Planning and Construction Cluster	20.205	H.004823.6	43,118
Highway Planning and Construction - Highway Planning and Construction Cluster	20.205	H.011754.6	1,637,235
Highway Planning and Construction - Highway Planning and Construction Cluster	20.205	H.009852.6	<u>235,610</u>
Total Federal Highway Administration (FHWA) CFDA No. 20.205			<u>1,915,963</u>
National Highway Traffic Safety Administration			
Passed through the State of Louisiana Department of Transportation			
State and Community Highway Safety	20.600	PT-2018-30-11	12,935
State and Community Highway Safety	20.600	PT-2019-30-11	<u>3,518</u>
Total National Highway Traffic Safety CFDA No. 20.600			<u>16,453</u>
Total United States Department of Transportation			<u>2,728,104</u>
Total Expenditures of Federal Awards			<u>\$ 3,508,828</u>
CDBG - Entitlement Grants Cluster	\$ 418,449		
Highway Planning and Construction Cluster	\$ 1,915,963		
Federal Transit Cluster	\$ 795,688		
Clean Water State Revolving Loans Cluster	\$ 61,646		

The accompanying notes are an intergral part of this schedule.

CITY OF ALEXANDRIA, LOUISIANA

Notes to Schedule of Expenditures of Federal Awards  
Year Ended April 30, 2019

(1) General

The accompanying 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, 2019. 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 assets, or cash flows of the City.

(2) Basis of Accounting

The accompanying Schedule of Expenditures of Federal Awards is presented using the modified accrual basis of accounting, which is described in Note 1 to the City's basic financial statements for the year ended April 30, 2019.

(3) Indirect Cost Rate

The City has elected not to use the 10 percent de minimis indirect cost rate allowed under the Uniform Guidance.

(4) Loans outstanding

The City had debt balance outstanding of \$6,994,845 at April 30, 2019 as it relates to the Capitalization Grants for Clean Water State Revolving Funds CFDA 66.468.

The City had debt balance outstanding of \$3,037,603 at April 30, 2019 as it relates to the Capitalization Grants for Drinking Water State Revolving Funds CFDA 66.458.

CITY OF ALEXANDRIA, LOUISIANA

Schedule of Findings and Questioned Costs  
Year Ended April 30, 2019

Part I. Summary of Auditor's Results:

1. The auditor's report expresses an unmodified opinion on whether the financial statements of the City of Alexandria, Louisiana were prepared in accordance with GAAP.
2. One significant deficiency was disclosed by the audit of the basic financial statements. No material weaknesses are reported.
3. No instances of noncompliance material to the financial statements of the City of Alexandria, Louisiana which would be required to be reported in accordance with *Government Auditing Standards*, were disclosed during the audit.
4. No significant deficiencies in internal control over the major federal award programs were disclosed during the audit. No material weaknesses are reported.
5. The auditor's report on compliance for the major federal award programs for the City of Alexandria, Louisiana expresses an unmodified opinion on all major programs.
6. The audit disclosed no findings required to be reported in accordance with 2 CFR section 200.516(a) of the Uniform Guidance.
7. The following programs tested as major were:
  - Federal Highway Administration (FHWA) –  
Highway Planning and Construction Cluster, CFDA. 20.205
8. The dollar threshold used to distinguish between Type A and Type B programs was \$750,000.
9. The City of Alexandria, Louisiana did not qualify as a low-risk auditee.

Part II. Findings which are required to be reported in accordance with generally accepted Governmental Auditing Standards:

A. Internal Control Findings –

See internal control finding 2019-001 on the schedule of current and prior year findings and management's corrective action plan.

B. Compliance Findings –

None reported.

Part III. Findings and questioned costs for Major Federal awards which in accordance with 2 CFR section 200 of the Uniform Guidance:

There are no findings to be reported under this section.

CITY OF ALEXANDRIA, LOUISIANA

Schedule of Current and Prior Year Audit Findings

Year Ended April 30, 2019

Part I. Current Year Findings and Management's Corrective Action Plan:

A. Internal Control Over Financial Reporting

2019-001 Pretrial Intervention and Local Agency Compensated Enforcement Programs – Inadequate Segregation of Accounting Functions

Fiscal year finding initially occurred: 2018

CONDITION: 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

CRITERIA: AU-C §315.04, *Understanding the Entity and its Environment and Assessing the Risks of Material Misstatement*, defines internal control as follows: "Internal control is a process, affected by those charge with governance, management, and other personnel designed to provide reasonable assurance about the achievement of objectives with regard to reliability of financial reporting, effectiveness and efficiency of operations, and compliance with applicable laws and regulations."

CAUSE: The cause of the condition is the result of a failure to design or implement proper internal controls to properly segregate duties, maintain subsidiary ledgers and deposit collections daily.

EFFECT: Failure to segregate duties, maintain a subsidiary and deposit collections daily increases the risk that error and/or irregularities including fraud and/or defalcations may occur and be prevented and/or detected.

RECOMMENDATION: Management should contact the personnel at Alexandria City Court, who collect the PTI and LACE payments on behalf of the City and assist them in developing appropriate policies and procedures to adequately segregate duties, maintain and reconcile collections to a subsidiary ledger and make deposits daily.

Management's response: Management will continue to work in conjunction with the City Court to develop accounting systems for PTI revenue that address the subsidiary ledger reporting, timely deposits and segregation of duties.

CITY OF ALEXANDRIA, LOUISIANA

Schedule of Current and Prior Year Audit Findings (Continued)

Year Ended April 30, 2019

B. Compliance and other matters

None reported.

Part II: Prior Year Findings:

A. Internal Control Over Financial Reporting

2018-001 Donated Infrastructure

CONDITION: Donations of capital assets noted in the minutes an exceeding the City's minimum capitalization threshold were not capitalized.

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

CURRENT STATUS: Resolved. Finance monitors monthly council meetings for possible donations of capital assets. When instances are noted, those assets are evaluated for inclusion in the financial statements.

2018-002 Pretrial Intervention and Local Agency Compensated Enforcement Programs

CONDITION: 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.

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.

CURRENT STATUS: Unresolved. See 2019-001.

CITY OF ALEXANDRIA, LOUISIANA

Schedule of Current and Prior Year Audit Findings (Continued)

Year Ended April 30, 2019

B. Compliance and Other Matters

2018-003 Theft Allegation – Municipal Transit Fund Fares

CONDITION: 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.

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.

CURRENT STATUS: Resolved. No theft was reported in the Municipal Transit Fund during the year ending April 30, 2019.

# KOLDER, SLAVEN & COMPANY, LLC

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## INDEPENDENT AUDITOR'S REPORT ON COMPLIANCE WITH UTILITIES REVENUE BONDS SERIES 2014 AND 2013A

The Honorable Jeffrey W. Hall, Mayor  
and Members of the 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, 2019, and the related notes to the financial statements, which collectively comprise the City of Alexandria, Louisiana's basic financial statements and have issued our report thereon dated October 29, 2019.

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.

***Kolder, Slaven & Company, LLC***  
Certified Public Accountants

Alexandria, Louisiana  
October 29, 2019

# KOLDER, SLAVEN & COMPANY, LLC

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The Honorable Jeffrey W. Hall, Mayor  
and Members of the 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.

***Kolder, Slaven & Company, LLC***  
Certified Public Accountants

Alexandria, Louisiana  
October 29, 2019



The City of Alexandria, Louisiana respectfully submits the following corrective action plan for the year ended April 30, 2019.

**Audit conducted by:**

Kolder, Slaven & Company, LLC  
1428 Metro Drive  
Alexandria, LA 71301

Audit Period: Fiscal year ended April 30, 2019

The findings from the April 30, 2019 schedule of findings and questioned costs are discussed below. The finding is numbered consistently with the number assigned in the schedule.

**FINDING - FINANCIAL AUDIT**

**Significant Deficiency**

2019-001 RECOMMENDATION: Management should contact the personnel at Alexandria City Court, who collect the PTI and LACE payments for the City and assist them in developing appropriate policies and procedures to adequately segregate duties, maintain and reconcile collections to a subsidiary ledger and make deposits daily.

MANAGEMENT'S CORRECTIVE ACTION PLAN: Management will continue to work in conjunction with the City Court to develop accounting systems for PTI revenue that address the subsidiary ledger reporting, timely deposits and segregation of duties.

If there are questions regarding the plan, please call David Crutchfield, Finance Director, at 318-628-5824.

Sincerely,  
David Crutchfield  
Finance Director

Jeffrey W. Hall  
Mayor



**David Crutchfield**  
Director of Finance  
Post Office Box 71  
Alexandria, LA 71309-0071  
tel (318) 449-5027 · fax (318) 449-5231  
email: david.crutchfield@cityofalex.com

**City of Alexandria**  
Alexandria, Louisiana

Statewide Agreed-Upon Procedures Report

Fiscal Period May 1, 2018 through April 30, 2019

# KOLDER, SLAVEN & COMPANY, LLC

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## INDEPENDENT ACCOUNTANT'S REPORT ON APPLYING AGREED-UPON PROCEDURES

To the Honorable Jeffrey Hall, Mayor  
and Members of the City of Alexandria Council,  
and the Louisiana Legislative Auditor

We have performed the procedures enumerated below, which were agreed to by City of Alexandria and the Louisiana Legislative Auditor (LLA) on the control and compliance (C/C) areas identified on the LLA's Statewide Agreed-Upon Procedures (SAUPs) for the fiscal period May 1, 2015 through April 30, 2019. The City'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 procerus described below either for the purpose for which this report has been requested or for any other purpose.

The procedures and associated findings are as follows:

### ***Written Policies and Procedures***

---

1. We obtained and inspected the entity's written policies and procedures and observed that they address each of the following categories and subcategories:
  - 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.

- 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.

***Board or Finance Committee***

---

- 2. We obtained and inspected 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) We observed 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, we observed 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, we obtained the prior year audit report and observed 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.

### ***Bank Reconciliations***

---

- 3. 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:
  - a) Bank reconciliations included evidence that they were prepared within 2 months of the related statement closing date (e.g., initialed and dated, electronically logged);
  - b) Bank reconciliations included 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.

### ***Collections***

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- 4. Obtained 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 selected 5 deposit sites (or all deposit sites if less than 5).
- 5. For each deposit site selected, obtained a listing of collection locations and management's representation that the listing is complete. Randomly selected one collection location for each deposit site (i.e. 5 collection locations for 5 deposit sites), obtained and inspected 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 observed 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.

- 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.
6. Inquired of management that all employees who have access to cash are covered by a bond or insurance policy for theft.
7. Randomly selected two deposit dates for each of the 5 bank accounts selected for procedure #3 under “Bank Reconciliations” above (selected the next deposit date chronologically if no deposits were made on the dates randomly selected and randomly selected 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.* Obtained supporting documentation for each of the 10 deposits and:
- a) Observed that receipts are sequentially pre-numbered.
  - b) Traced sequentially pre-numbered receipts, system reports, and other related collection documentation to the deposit slip.
  - c) Traced the deposit slip total to the actual deposit per the bank statement.
  - d) Observed 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) Traced the actual deposit per the bank statement to the general ledger.

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

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8. Obtained a listing of locations that process payments for the fiscal period and management’s representation that the listing is complete. Randomly selected 5 locations (or all locations if less than 5).
9. For each location selected under #8 above, obtained a listing of those employees involved with non-payroll purchasing and payment functions. Obtained written policies and procedures relating to employee job duties (if the agency has no written policies and procedures, inquired of employees about their job duties), and observed 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.
10. For each location selected under #8 above, obtained the entity's non-payroll disbursement transaction population (excluding cards and travel reimbursements) and obtained management's representation that the population is complete. Randomly selected 5 disbursements for each location, obtained supporting documentation for each transaction and:
- a) Observed that the disbursement matched the related original invoice/billing statement.
  - b) Observed that the disbursement documentation included evidence (e.g., initial/date, electronic logging) of segregation of duties tested under #9, as applicable.

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

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11. Obtained 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. Obtained management's representation that the listing is complete.
12. Using the listing prepared by management, randomly selected 5 cards (or all cards if less than 5) that were used during the fiscal period. Randomly selected one monthly statement or combined statement for each card (for a debit card, randomly select one monthly bank statement), obtained supporting documentation, and:
- a) Observed 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.]
  - b) Observed that finance charges and late fees were not assessed on the selected statements.
13. Using the monthly statements or combined statements selected under #12 above, excluding fuel cards, randomly selected 10 transactions (or all transactions if less than 10) from each statement, and obtained supporting documentation for the transactions (i.e. each card should have 10 transactions subject to testing). For each transaction, observed 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).

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

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14. Obtained 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 selected 5 reimbursements, obtained 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, agreed the reimbursement rate to those rates established either by the State of Louisiana or the U.S. General Services Administration ([www.gsa.gov](http://www.gsa.gov)).
  - b) If reimbursed using actual costs, observed that the reimbursement is supported by an original itemized receipt that identifies precisely what was purchased.
  - c) Observed that each reimbursement is supported by documentation of the business/public purpose (for meal charges, observed that the documentation includes the names of those individuals participating) and other documentation required by written policy (procedure #1h).
  - d) Observed that each reimbursement was reviewed and approved, in writing, by someone other than the person receiving reimbursement.

### ***Contracts***

---

15. Obtained 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. Obtained management's representation that the listing is complete. Randomly selected 5 contracts (or all contracts if less than 5) from the listing, excluding the practitioner's contract, and:
- a) Observed 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) Observed 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), observed that the original contract terms provided for such an amendment.
  - d) Randomly selected one payment from the fiscal period for each of the 5 contracts, obtained the supporting invoice, agreed the invoice to the contract terms, and observed that the invoice and related payment agreed to the terms and conditions of the contract.

## ***Payroll and Personnel***

---

16. Obtained a listing of employees/elected officials employed during the fiscal period and management's representation that the listing is complete. Randomly selected 5 employees/officials, obtained related paid salaries and personnel files, and agreed paid salaries to authorized salaries/pay rates in the personnel files.
17. Randomly selected one pay period during the fiscal period. For the 5 employees/officials selected under #16 above, obtained attendance records and leave documentation for the pay period, and:
  - a) Observed 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) Observed that supervisors approved the attendance and leave of the selected employees/officials.
  - c) Observed that any leave accrued or taken during the pay period is reflected in the entity's cumulative leave records.
18. Obtained a listing of those employees/officials that received termination payments during the fiscal period and management's representation that the list is complete. Randomly selected two employees/officials, obtain related documentation of the hours and pay rates used in management's termination payment calculations, agreed the hours to the employee/officials' cumulate leave records, and agreed the pay rates to the employee/officials' authorized pay rates in the employee/officials' personnel files.
19. Obtained 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.

## ***Ethics***

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20. Using the 5 randomly selected employees/officials from procedure #16 under "Payroll and Personnel" above, obtained ethics documentation from management, and:
  - a. Observed that the documentation demonstrates each employee/official completed one hour of ethics training during the fiscal period.
  - b. Observed 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.

## ***Debt Service***

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21. Obtained a listing of bonds/notes issued during the fiscal period and management's representation that the listing is complete. Selected all bonds/notes on the listing, obtained supporting documentation, and observed that State Bond Commission approval was obtained for each bond/note issued.
22. Obtained a listing of bonds/notes outstanding at the end of the fiscal period and management's representation that the listing is complete. Randomly selected one bond/note, inspected debt covenants, obtained supporting documentation for the reserve balance and payments, and agreed actual reserve balances and payments to those required by debt covenants.

## ***Other***

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23. Obtained a listing of misappropriations of public funds and assets during the fiscal period and management's representation that the listing is complete. Selected all misappropriations on the listing, obtained supporting documentation, and observed that the entity reported the misappropriation(s) to the legislative auditor and the district attorney of the parish in which the entity is domiciled.
24. Observed 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.

## **Findings:**

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In accordance with the Statewide Agreed-Upon Procedures, certain categories may be excluded from testing. Therefore, the following categories were not tested this year: Bank Reconciliations, Travel and Expense Reimbursements, Contracts, Payroll and Personnel, Debt Service, and Other.

No exceptions were found as a result of applying procedures listed above except:

### **Written Policies:**

The City does not have written policies regarding management's actions to determine the completeness of all collections for each revenue.

### **Board:**

City minutes did not reference or include 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.

**Collections:**

For three collection locations tested, employees share a register/drawer with another person.

For two collection locations tested, deposits were not made within one business day of receipt.

For one collection location tested, receipts are not sequentially numbered.

For one collection location tested, employee responsible for collecting cash is also responsible for preparing/making bank deposits and reconciling collection documentation to the deposit.

**Non-payroll disbursements:**

For one disbursement location tested, disbursement documentation showed no evidence of segregation of duties.

For one disbursement location tested, the employee responsible for processing payments is not prohibited from adding/modifying vendor files.

**Ethics:**

No documentation exists that demonstrates each employee/official attested through signature verification that he or she has read the entity’s ethics policy during the fiscal period.

**Management’s Response:**

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Management of the City of Alexandria concurs with the exceptions and are working to address the deficiencies identified.

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.

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.

***Kolder, Slaven & Company, LLC***  
Certified Public Accountants

Alexandria, Louisiana  
October 29, 2019