

CITY OF ALEXANDRIA, LOUISIANA

Financial Report

For the Year Ended April 30, 2020

TABLE OF CONTENTS

	Page
Independent Auditor's Report	1-3
 REQUIRED SUPPLEMENTARY INFORMATION	
Management's discussion and analysis	4-16
 BASIC FINANCIAL STATEMENTS	
 GOVERNMENT-WIDE FINANCIAL STATEMENTS (GWFS)	
Statement of net position	19
Statement of activities	20
 FUND FINANCIAL STATEMENTS (FFS)	
Balance sheet - governmental funds	22
Reconciliation of the governmental funds balance sheet to the statement of net position	23
Statement of revenues, expenditures, and changes in fund balances - governmental funds	24
Reconciliation of the statement of revenues, expenditures, and changes in fund balances of governmental funds to the statement of activities	25
Statement of net position - proprietary funds	26-27
Statement of revenues, expenses, and changes in fund net position - proprietary funds	28
Statement of cash flows - proprietary funds	29-30
Statement of fiduciary net position - fiduciary funds	31
Statement of changes in fiduciary net position	32
Notes to basic financial statements	33-86
 REQUIRED SUPPLEMENTARY INFORMATION	
Budgetary comparison schedule:	
General fund	88
Schedule of changes in total OPEB and related ratios	89
Schedule of employer's share of net pension liability - MPERS and FRS	90
Schedule of changes in net pension liability and related ratios - COAERS	91
Schedule of changes in net pension liability and related ratios - FPARF	92
Schedule of employer contributions	93
Schedule of investment returns - COAERS	94
Notes to the required supplementary information	95-96

(continued)

TABLE OF CONTENTS (continued)

	<u>Page</u>
OTHER FINANCIAL INFORMATION	
Unaudited System Enterprise Fund - Unaudited Summary of Utility Service Customers	98
Unaudited Listing of Insurance in Force	99-100
INTERNAL CONTROL, COMPLIANCE AND OTHER MATTERS	
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 <i>Government Auditing Standards</i>	102-103
Independent Auditor's Report on Compliance for Each Major Program and on Internal Control Over Compliance Required By the Uniform Guidance	104-105
Schedule of expenditures of federal awards	106-107
Notes to schedule of expenditures of federal awards	108
Schedule of findings and questioned costs	109
Schedule of current and prior year audit findings	110
Independent Auditor's Report on Compliance with Utilities Revenue Bonds Series 2014 and Series 2013A	111
RE: Resolution Number 2341-1985 Requirement of Specific Recommendations	112

KOLDER, SLAVEN & COMPANY, LLC

CERTIFIED PUBLIC ACCOUNTANTS

C. Burton Kolder, CPA*
Brad E. Kolder, CPA, JD*
Gerald A. Thibodeaux, Jr., CPA*
Robert S. Carter, CPA*
Arthur R. Mixon, CPA*
Stephen J. Anderson, CPA*
Christine C. Doucet, CPA
Wanda F. Arcement, CPA, CVA
Bryan K. Joubert, CPA
Matthew E. Margaglio, CPA
Casey L. Ardoin, CPA, CFE

183 S. Beadle Rd. 11929 Bricksome Ave.
Lafayette, LA 70508 Baton Rouge, LA 70816
Phone (337) 232-4141 Phone (225) 293-8300

1428 Metro Dr. 450 E. Main St.
Alexandria, LA 71301 New Iberia, LA 70560
Phone (318) 442-4421 Phone (337) 367-9204

200 S. Main St. 1201 David Dr.
Abbeville, LA 70510 Morgan City, LA 70380
Phone (337) 893-7944 Phone (985) 384-2020

434 E. Main St. 332 W. Sixth Ave.
Ville Platte, LA 70586 Oberlin, LA 70655
Phone (337) 363-2792 Phone (337) 639-4737

Victor R. Slaven, CPA* - retired 2020

WWW.KCSRCPAS.COM

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, 2020, 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 74.03%, 85.33% and 25.51%, 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 from material misstatement.

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

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

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, 2020, and the respective changes in financial position and, where applicable, cash flows thereof for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Other Matters

Required Supplementary Information

Accounting principles generally accepted in the United States of America require that the 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, as listed in the table of contents, 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 27, 2020 on our consideration of the City of Alexandria, Louisiana's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is solely to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the City of Alexandria, Louisiana's internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the City of Alexandria, Louisiana's internal control over financial reporting and compliance.

Kolder, Slaven & Company, LLC
Certified Public Accountants

Alexandria, Louisiana
October 27, 2020

**REQUIRED
SUPPLEMENTARY INFORMATION**

CITY OF ALEXANDRIA, LOUISIANA

Management's Discussion and Analysis Year ended April 30, 2020

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, 2020. 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 \$297.5 million. Of this total, \$7.9 million in net position are unrestricted, and may be used to meet future obligations of the City's creditors.
- The City's net position increased by around \$6.3 million during the 2020 Fiscal Year. This is the combined result of an increase of around \$2.8 million in net position from governmental activities and by an increase in net position from business activities of \$3.5 million
- Unrestricted net position increased by \$2.1 million in Fiscal 2020. This is the result of an increase of \$1.0 million from governmental activities and by an increase of \$1.1 million from business type activities.
- Fund balance in the General Fund is \$23.6 million, which amounts to approximately 41% of the expenditures of the General Fund in Fiscal 2020.
- The City's long-term debt decreased by \$33.6 million, due to decreases in pension liability and in bond 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, 2020

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, 2020

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 2020 and 2019:

City of Alexandria, LA
Condensed Statement of Net Position (in millions)
April 30, 2020 and April 30, 2019

	<u>2020</u>	<u>2019</u>	<u>2020</u>	<u>2019</u>	<u>2020</u>	<u>2019</u>
	<u>Governmental</u>		<u>Business</u>		<u>Total</u>	
Assets						
Current & Other Assets	\$ 85.6	\$ 79.2	\$ 48.8	\$ 48.5	\$ 134.4	\$ 132.5
Restricted Assets	-	-	13.8	13.5	13.8	13.5
Capital Assets	173.1	179.3	238.0	239.2	411.1	418.5
Total Assets	258.7	258.5	300.6	301.2	559.3	564.5
Deferred Outflow of Resources	17.8	18.2	9.9	16.8	27.7	5.0
Liabilities						
Current Liabilities	12.4	12.0	15.9	17.6	28.3	29.6
Long-Term Liabilities	84.4	95.1	144.8	166.4	229.2	261.5
Total Liabilities	96.8	107.1	160.7	184.0	257.5	291.1
Deferred Inflows of Resources	15.4	8.1	16.6	4.3	32.0	12.4
Net Position						
Invested in Capital Assets (Net)	155.4	159.5	97.6	95.2	253.0	254.7
Restricted	35.0	29.1	1.6	1.6	36.6	30.7
Unrestricted	(26.1)	(27.1)	34.0	32.9	7.9	5.8
Total Net Position	\$ 164.3	\$ 161.5	\$ 133.2	\$ 129.7	\$297.5	\$ 291.2

As of April 30, 2020, the City's Net Position totals \$297.5 million, showing an increase of about 2 % compared to the 2019 total of \$291.2 million. Roughly \$253.0 million, or 85%, 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 \$36.6 million, or 12%, 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 \$7.9 million, or 3%, 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, 2020

The following table is a condensed version of the Statement of Activities displaying 2020 and 2019:

City of Alexandria, LA
Condensed Statement of Activities (in millions)
April 30, 2020 and April 30, 2019

	<u>2020</u>	<u>2019</u>	<u>2020</u>	<u>2019</u>	<u>2020</u>	<u>2019</u>
	<u>Governmental</u>		<u>Business</u>		<u>Total</u>	
Revenues						
Program Revenues:						
Charges for Services, Fines, Fees	\$ 4.4	\$ 4.8	\$ 103.1	\$ 105.0	\$ 107.5	\$ 109.8
Grants & Contributions	3.9	5.4	.7	1.0	4.6	6.4
General Revenues:						
Sales Taxes	47.3	47.2			47.3	47.2
Other Taxes	9.4	9.3	1.2	1.2	10.6	10.5
Other	3.8	2.8	.7	.7	4.5	3.5
Total Revenues	68.8	69.5	105.7	107.9	174.5	177.4
Expenses						
General government	20.3	20.9			20.3	20.9
Public safety	32.2	29.6			32.2	29.6
Public works	19.4	22.8			19.4	22.8
Community and economic development	1.0	.6			1.0	.6
Interest on long-term debt	.8	.9	6.7	6.9	7.5	7.8
Electricity			53.2	57.8	53.2	57.8
Gas			8.8	11.6	8.8	11.6
Water			6.3	7.8	6.3	7.8
Wastewater			7.6	8.1	7.6	8.1
Transit			3.3	3.4	3.3	3.4
Sanitation			4.6	4.6	4.6	4.6
Zoological Park			3.0	3.1	3.0	3.1
Golf Course			1.0	1.0	1.0	1.0
Total Expenses	73.7	74.8	94.5	104.3	168.2	179.1
Change in Net Position before Transfers	-4.9	-5.3	11.2	3.6	6.3	-1.7
Transfers	7.7	10.2	-7.7	-10.2	-	-
Increase (Decrease) In Net Position	\$ 2.8	\$ 4.9	\$ 3.5	\$ -6.6	\$ 6.3	\$ -1.7
Net Position, Beginning of Year	161.4	156.5	129.7	136.3	291.1	292.8
Net Position, End of Year	\$ 164.2	\$ 161.4	\$ 133.2	\$ 129.7	\$ 297.4	\$ 291.1

See independent auditor's report.

CITY OF ALEXANDRIA, LOUISIANA

Management's Discussion and Analysis
Year ended April 30, 2020

The City's total revenues were \$174.5 million and total expenses were \$168.2 million for Fiscal 2020. This results in increase of net position before transfers of \$6.3 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 \$2.8 million in Fiscal 2020 compared to an increase of \$4.9 in Fiscal 2019. Examining the expenses for the 2 years, we see that they are down slightly from \$74.8 million in 2019 to \$73.7 million in 2020, roughly a 1% difference. We see decreases of \$3.4 million in Public Works and \$.6 million in General Government. These more than offset the increases of \$2.6 million in Public Safety and \$.4 million in Community & Economic Development. Revenues also reflect a slight decrease, amounting to \$.7 million. The majority of the decrease is found in Capital Grants & Contributions totaling roughly \$1.5 million, while Charges for Services are down \$.4 million. These more than offset increases such as in Other Revenue of \$1.0 million.

Business-type Activities Net Position increased \$3.5 million for Fiscal 2020, compared to a decrease in the prior year of \$6.6 million. Expenses are down \$9.8 million with decreases of \$4.6 million in Electricity and \$2.8 million in Gas joined by most other expenses such as Water, Wastewater, and Zoo. Revenues are down \$2.2 million, the majority of which can be found in Charges for Services amounting to \$1.9 million. Electric and Gas Fuel Cost Recovery revenues are also down \$4.0 million compared to the prior year. Relatively minor net increases in other Charges for Services account for 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 2020 with an increase in Fund Balance of nearly \$.1 million. In short, the General Fund took in more than it spent by this amount. In order to see the change, a comparison of revenues and expenditures of Fiscal 2020 and 2019 is needed.

See independent auditor's report.

CITY OF ALEXANDRIA, LOUISIANA

Management's Discussion and Analysis
Year ended April 30, 2020

Revenues and Transfers In decreased by roughly \$.2 million. Revenues showing the greatest changes are decreases in Fines/Fees and Licenses/Permits by roughly \$.1 million each; partially offset by an increase in Taxes of \$.1 million.

Expenditures and Transfers Out increased \$1.0 million when compared to the previous year. The greatest factor here was Capital Outlay increasing \$1.0 million; Transfers Out increased \$.7 million while Public Safety decreased \$.4 million and Public Works decreased \$.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 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 \$3.0 million, or 4.5%. The major changes here are an increase in Use of Fund Balance of \$1.4 million, while Intergovernmental was adjusted nearly \$.8 million. Other relatively minor adjustments make up the remainder.

Budgeted Expenditures and Transfers Out were adjusted up during the year by \$3.0 million due to a variety of factors. Storm Relief was increased by \$1.0 million in response to Hurricane Barry in July and a tornado that hit western Alexandria in December.; Overtime in the various departments was increased \$.4 million; Professional Fees increased by \$.3 million; Operating Capital increased \$.6 million and Vehicles Repairs was increased \$.6 million.

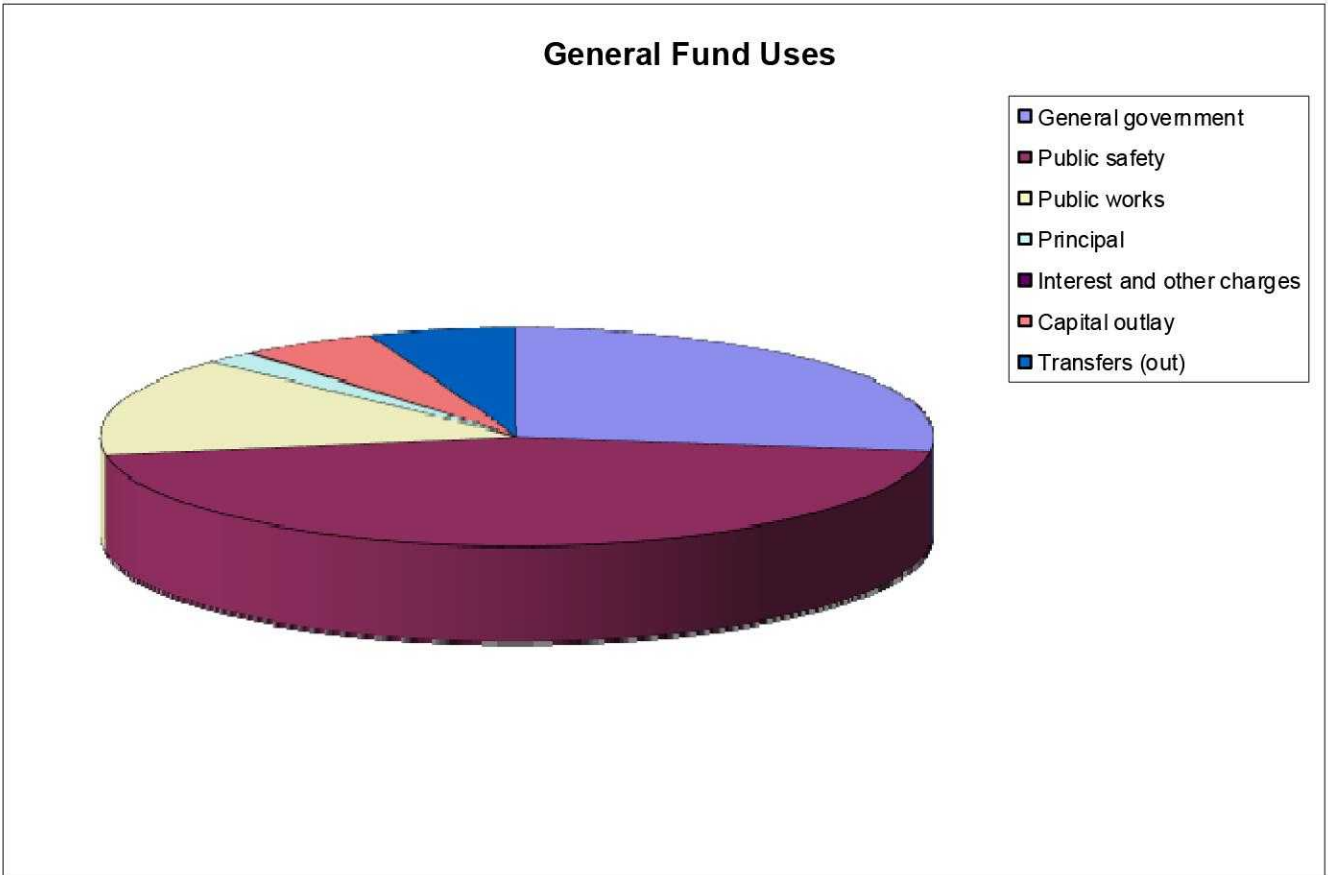
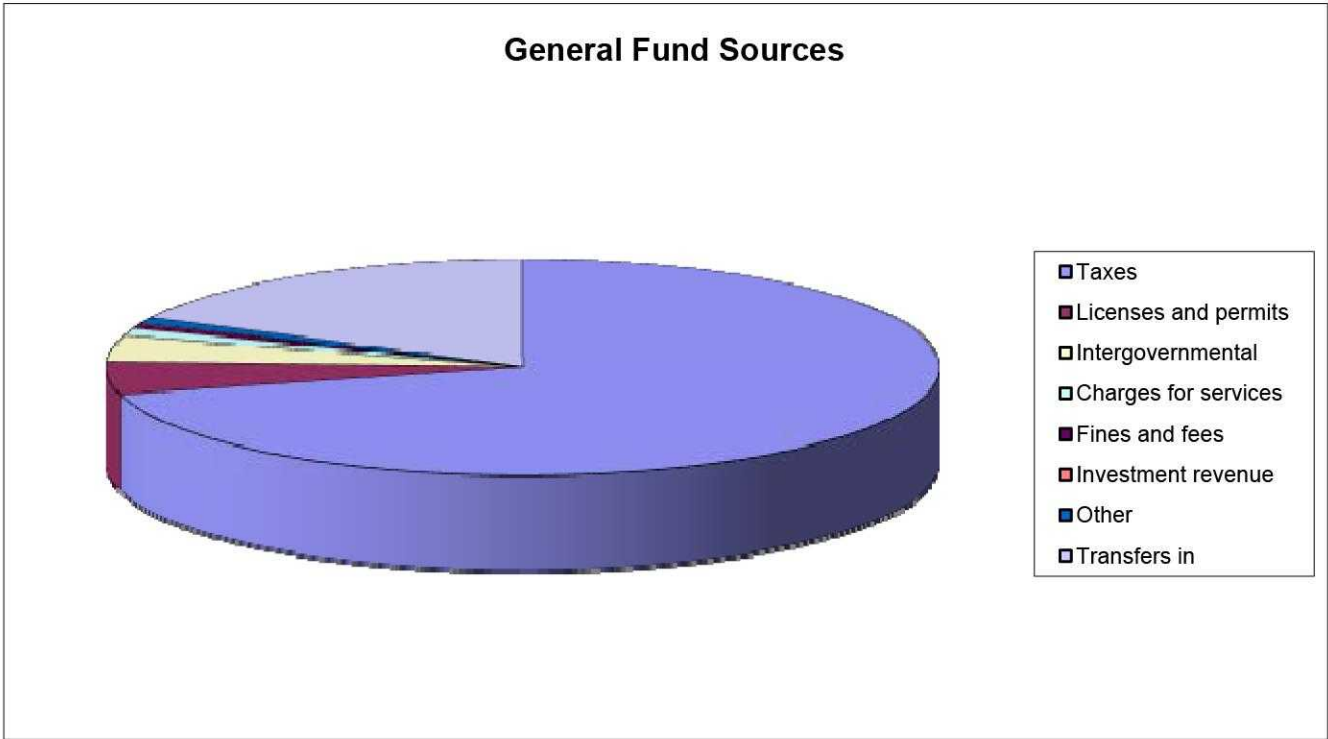
Fortunately, the City did not use the \$8.9 million in fund balance budgeted for Fiscal 2020 but, as previously noted, added to Fund Balance by nearly \$.1 million. Actual Revenues and Transfers Out were around \$.8 million greater than budgeted, while actual Expenditures and Transfers Out were about \$8.2 million less than budgeted. There were various offsets in the revenues, but the greatest factors were variances in combined Sales Taxes of \$.3 million and Property Taxes of \$.1 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 \$3.4 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 \$1.0 million in purchases were not made in Fiscal 2020 and will be made in the subsequent year. Favorable variances in discretionary spending such as \$.2 million in Contract Labor; \$.4 million in Operating line items; \$.5 million in Professional Fees; \$.2 million in Utilities; and \$.3 million in Vehicles Fuel and Maintenance 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, 2020

The following charts represent the actual sources and uses of General Fund monies for Fiscal 2020



See independent auditor's report.

CITY OF ALEXANDRIA, LOUISIANA

Management's Discussion and Analysis
Year ended April 30, 2020

General Capital Projects Fund

Revenues and Other Financing Sources are down in this fund by roughly \$1.5 million, where decreases in Taxes of roughly \$.2 million and Intergovernmental of \$1.8 million more than offset increases in Other of \$.6 million.

Expenditures and Transfers Out for Fiscal 2020 are down \$5.2 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 2020, such as Ditch Closures, Street Panel Replacements, Masonic Drive Corridor Phase 2, and Directional Signage.

Overall Fund Balance increased \$3.5 million for Fiscal 2020.

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 \$1.9 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 \$4.0 million in Fiscal 2020 compared to the prior year, while other Charges for Services, primarily sales to customers, partially offset with combined increases of \$2.1 million.

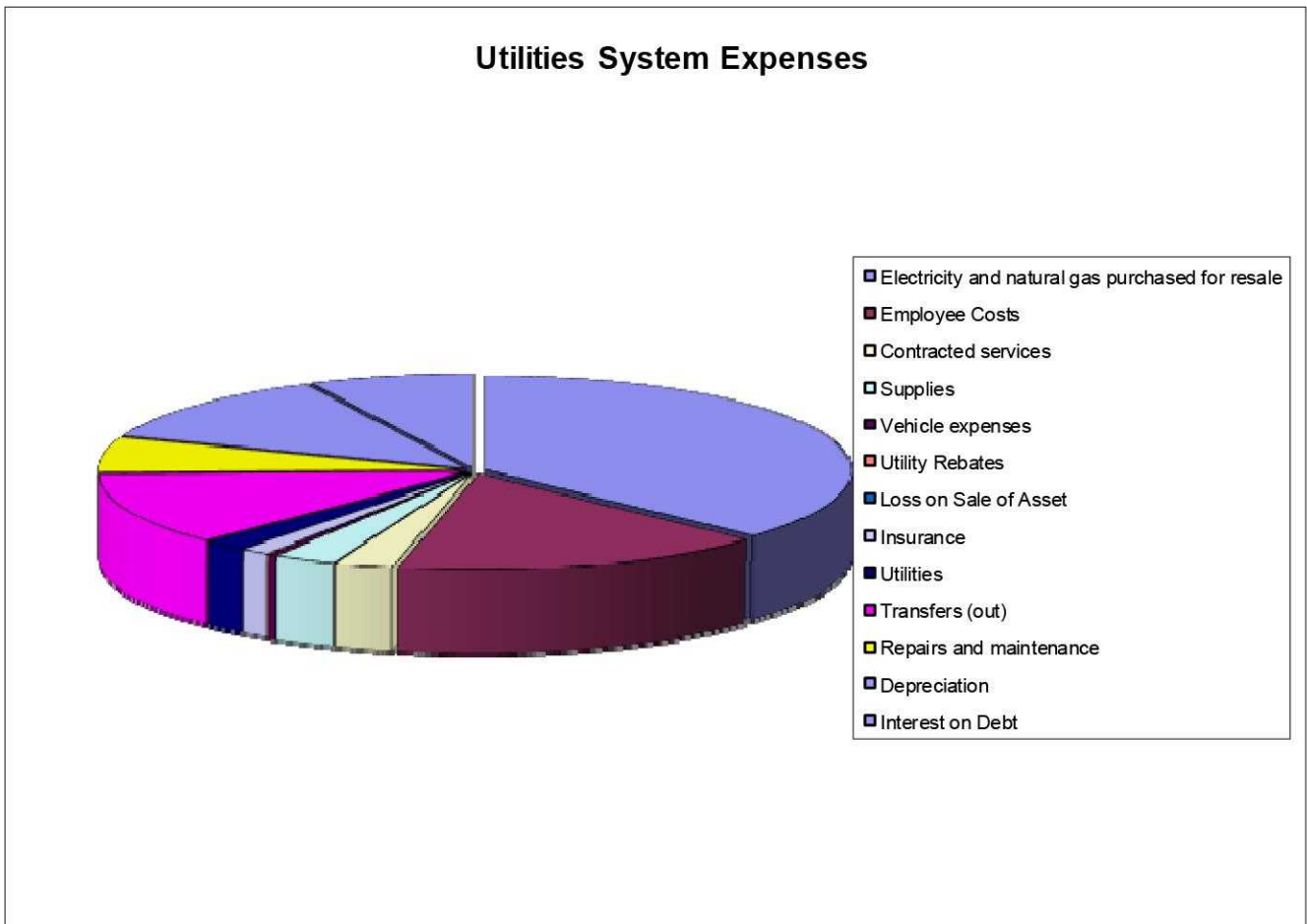
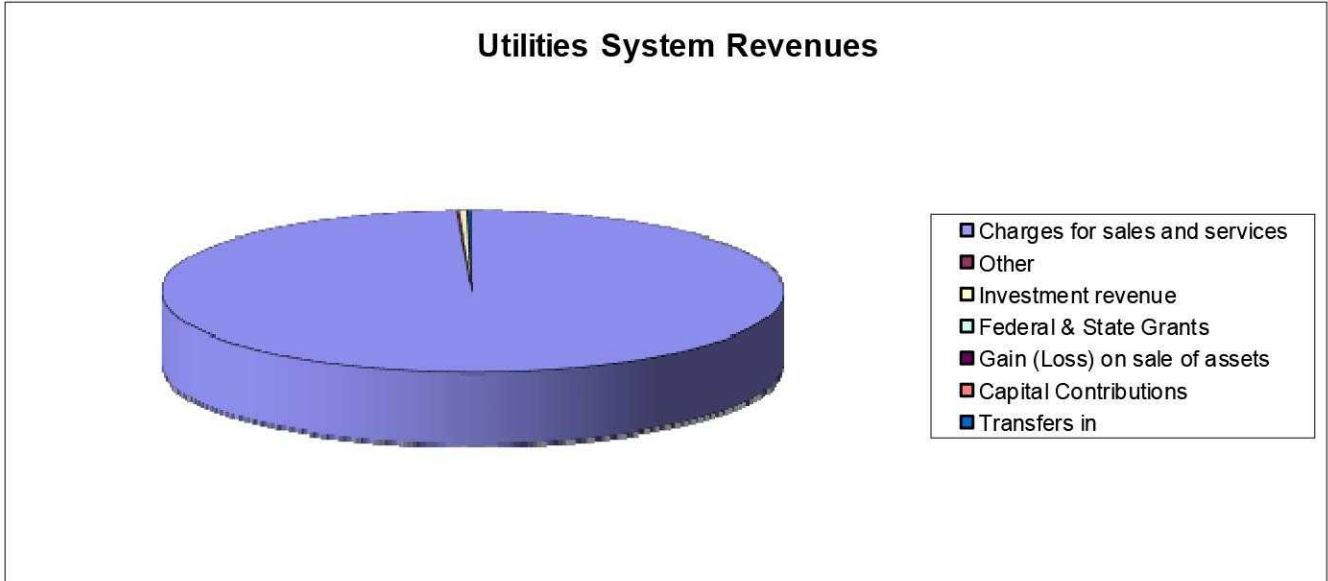
Expenses and Transfers Out are down \$10.1 million in Fiscal 2020 compared to the previous year. The biggest factor here is the expense side of Fuel Cost decreasing \$6.1 million; while employee costs decreased \$2.2 million and Repairs & Maintenance decreased \$1.3 compared to the prior year. Other 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, 2020

The result of the above was an increase in Net Position to the Utilities System Fund of roughly \$3.3 million for Fiscal 2020. The following charts show the breakdown of Revenues and Expenses of the Utilities System Fund for Fiscal 2020:



See independent auditor's report.

CITY OF ALEXANDRIA, LOUISIANA

Management's Discussion and Analysis
Year ended April 30, 2020

Capital Asset and Debt Administration

Capital Assets

Capital Assets (Net of Depreciation)

	<u>Governmental</u>		<u>Business</u>	
	<u>2020</u>	<u>2019</u>	<u>2020</u>	<u>2019</u>
Land	\$ 14.6	\$ 14.6	\$ 3.5	\$ 3.5
Construction in Progress	13.0	18.1	11.4	13.1
Buildings	55.5	55.7	4.9	5.2
Furniture & Fixtures	3.2	3.9	-	-
Vehicles	5.3	4.8	4.6	4.6
Infrastructure	<u>81.5</u>	<u>82.2</u>	<u>213.6</u>	<u>212.8</u>
Net Capital Assets	\$ 173.1	\$ 179.3	\$ 238.0	\$ 239.2

In Governmental Activities, the major change is a decrease in Construction in Progress of \$5.1 million; as major projects such as the Hudson Road Bridge at Hynson Bayou and MacArthur Drive at Jackson Intersection Improvements were completed. Other minor changes such as an increase in Vehicles of \$.5 million and in Furniture/Fixtures of \$.7 million account for the remaining differences.

In Business Activities, Construction in Progress is down by \$1.7 accounting for majority of the changes.

Governmental Funds

The City had a net decrease of \$6.2 million in capital assets this year in Governmental Activities. These capital assets would include buildings, vehicles, equipment, as well as infrastructure, net of depreciation.

Business-Type Funds

The City had a net decrease of \$1.2 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 10 to the financial statements.

Debt Administration

Governmental Funds

In the Governmental Funds, Bonded Long-Term debt decreased \$3.3 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, 2020

Enterprise Funds

In the Enterprise Funds, Bonded Long-Term Debt decreased \$3.4 million; the result of scheduled payments of principal. For further information on debt, please see Note 11 to the financial statements.

Bonded Long-Term Debt

	<u>Governmental</u>		<u>Business</u>	
	<u>2020</u>	<u>2019</u>	<u>2020</u>	<u>2019</u>
Sales Tax Revenue Bonds	\$ 17.7	\$ 19.8	\$ -	\$ -
Limited Tax Bonds	2.5	3.7	-	-
Utility Revenue Bonds	<u>-</u>	<u>-</u>	<u>144.0</u>	<u>147.4</u>
Total Outstanding Debt	\$ 20.2	\$ 23.5	\$ 144.0	\$ 147.4

Future Outlook

The epidemic of COVID 19 changed the world as we knew it. This will have unprecedented and unpredictable consequences at least in the near term, and possibly for some time in the future.

In governmental activities, local businesses deemed non-essential by the Governor of Louisiana were forced to close, while others were required to limit their hours of operation and/or the number of customers permitted on their premises. Many people could not go to work, and had to remain home in relative isolation, curtailing their ability to earn and spend money. Fortunately for many local governments including the City, the benefits from the federal stimulus packages had a positive effect on the economy. Since only 2 months of sales taxes were directly affected by COVID 19 in Fiscal 2020, Sales taxes as noted earlier were actually up slightly. The effect on next fiscal year is difficult to predict. This will depend in part on how many local businesses fail as a result and how many of those will be replaced fairly quickly. Failing local businesses can lower property tax revenues as these assessments could go unpaid, and can also lower sales taxes as the sales, even if comparable to prior years, migrate to the internet where collection of taxes for local government is more uncertain.

The issues of unemployment and failing businesses also effect business activities as customers will be potentially less able to pay utility bills. The Governor of Louisiana also temporarily suspended the City’s ability to cut off residential customers for not paying – forcing many customers with cash flow problems into greater debt issues. Diligence is a necessity in the financial operations of a local government. Recent events have made that diligence more urgent than ever.

See independent auditor’s report.

CITY OF ALEXANDRIA, LOUISIANA

Management's Discussion and Analysis
Year ended April 30, 2020

Contacting the Finance Division of the City

This report is intended as a brief overview of the City's financial condition. Any questions should be directed to the Director of Finance, PO Box 71, Alexandria, LA 71309.

David L. Johnson, 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, 2020

	Governmental Activities	Business-Type Activities	Total
ASSETS			
Cash and interest-bearing deposits	\$ 75,736,395	\$ 32,229,381	\$ 107,965,776
Certificates of deposit	2,134,051	2,500,000	4,634,051
Receivables, net	4,316,014	11,946,567	16,262,581
Due from other governmental agencies	679,449	6,925	686,374
Internal balances	2,242,548	(2,242,548)	-
Prepaid expense	244,180	-	244,180
Inventories	271,192	4,388,782	4,659,974
Restricted assets:			
Cash and interest-bearing deposits	-	13,771,096	13,771,096
Capital assets			
Non-depreciable:			
Land and land improvements	14,586,292	3,489,049	18,075,341
Construction and infrastructure in progress	13,026,554	11,427,124	24,453,678
Depreciable, net	<u>145,505,960</u>	<u>223,096,011</u>	<u>368,601,971</u>
Total assets	<u>258,742,635</u>	<u>300,612,387</u>	<u>559,355,022</u>
DEFERRED OUTFLOWS OF RESOURCES			
Unamortized bond refunding charges	-	164,440	164,440
Deferred outflows of resources - pensions	15,061,120	9,768,840	24,829,960
Deferred outflows of resources - OPEB related	<u>2,711,673</u>	<u>-</u>	<u>2,711,673</u>
Total deferred outflows of resources	<u>17,772,793</u>	<u>9,933,280</u>	<u>27,706,073</u>
LIABILITIES			
Accounts payable	2,425,613	2,026,965	4,452,578
Salaries payable	1,887,062	1,112,991	3,000,053
Accrued interest payable	198,141	3,213,402	3,411,543
Customer guaranteed deposits	-	5,636,912	5,636,912
Long-term liabilities:			
Due within one year	7,889,975	3,893,218	11,783,193
Due in more than one year	23,597,253	142,005,691	165,602,944
Net pension liability	39,319,763	2,831,791	42,151,554
Other post employee benefits payable	<u>21,485,162</u>	<u>-</u>	<u>21,485,162</u>
Total liabilities	<u>96,802,969</u>	<u>160,720,970</u>	<u>257,523,939</u>
DEFERRED INFLOWS OF RESOURCES			
Deferred inflows of resources - pensions	14,909,658	16,630,146	31,539,804
Deferred inflows of resources - OPEB related	<u>531,562</u>	<u>-</u>	<u>531,562</u>
Total deferred inflows	<u>15,441,220</u>	<u>16,630,146</u>	<u>32,071,366</u>
NET POSITION			
Net investment in capital assets	155,373,806	97,588,736	252,962,542
Restricted for:			
Debt service	2,494,697	605,068	3,099,765
Capital projects	32,459,172	-	32,459,172
Capital additions and contingencies	-	1,000,000	1,000,000
Unrestricted	<u>(26,056,436)</u>	<u>34,000,747</u>	<u>7,944,311</u>
Total net position	<u>\$ 164,271,239</u>	<u>\$ 133,194,551</u>	<u>\$ 297,465,790</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, 2020

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	\$ 20,346,817	\$ 3,956,321	\$ 2,817	\$ -	\$ (16,387,679)	\$ -	\$ (16,387,679)
Public safety	32,186,808	382,118	1,866,654	-	(29,938,036)	-	(29,938,036)
Public works	19,366,613	60,190	-	768,192	(18,538,231)	-	(18,538,231)
Economic development	1,011,088	10,544	1,286,021	-	285,477	-	285,477
Interest on long-term debt	<u>787,152</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>(787,152)</u>	<u>-</u>	<u>(787,152)</u>
Total governmental activities	<u>73,698,478</u>	<u>4,409,173</u>	<u>3,155,492</u>	<u>768,192</u>	<u>(65,365,621)</u>	<u>-</u>	<u>(65,365,621)</u>
Business-type activities:							
Electricity	53,234,793	72,987,039	-	-	-	19,752,246	19,752,246
Natural Gas	8,790,696	8,524,834	-	-	-	(265,862)	(265,862)
Water	6,322,941	7,989,289	-	-	-	1,666,348	1,666,348
Waste Water	7,556,445	7,011,584	-	-	-	(544,861)	(544,861)
Municipal Transit	3,304,865	429,842	718,022	10,535	-	(2,146,466)	(2,146,466)
Sanitation	4,563,052	5,246,300	-	-	-	683,248	683,248
Zoological Park	2,953,836	421,931	-	-	-	(2,531,905)	(2,531,905)
Golf Course	1,023,036	482,908	-	-	-	(540,128)	(540,128)
Interest on long-term debt	<u>6,795,063</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>(6,795,063)</u>	<u>(6,795,063)</u>
Total business-type activities	<u>94,544,727</u>	<u>103,093,727</u>	<u>718,022</u>	<u>10,535</u>	<u>-</u>	<u>9,277,557</u>	<u>9,277,557</u>
Total activities	<u>\$ 168,243,205</u>	<u>\$ 107,502,900</u>	<u>\$ 3,873,514</u>	<u>\$ 778,727</u>	<u>(65,365,621)</u>	<u>9,277,557</u>	<u>(56,088,064)</u>
General revenues:							
Taxes -							
Property taxes, levied for general purposes					8,800,834	1,235,048	10,035,882
Sales and use taxes, levied for general purposes					47,275,688	-	47,275,688
Hotel occupancy taxes					533,496	-	533,496
Franchise taxes					596,170	-	596,170
Grants and contributions not restricted to specific programs					61,635	-	61,635
Interest and investment earnings					577,773	460,190	1,037,963
Insurance proceeds					1,144,816	-	1,144,816
Miscellaneous					608,146	173,225	781,371
Nonemployer pension contribution					1,153,114	-	1,153,114
Gain/(loss) on disposal of capital assets					(290,006)	66,068	(223,938)
Transfers					<u>7,720,299</u>	<u>(7,720,299)</u>	<u>-</u>
Total general revenues and transfers					<u>68,181,965</u>	<u>(5,785,768)</u>	<u>62,396,197</u>
Change in net position					2,816,344	3,491,789	6,308,133
Net position - beginning					<u>161,454,895</u>	<u>129,702,762</u>	<u>291,157,657</u>
Net position - ending					<u>\$ 164,271,239</u>	<u>\$ 133,194,551</u>	<u>\$ 297,465,790</u>

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, 2020

	General Fund	General Capital Projects Fund	Other Governmental Funds	Totals
ASSETS				
Cash and interest-bearing deposits	\$ 20,519,839	\$ 17,958,441	\$ 19,611,883	\$ 58,090,163
Certificates of deposit	-	-	2,134,051	2,134,051
Receivables, net	3,095,052	518,270	702,692	4,316,014
Due from other funds	2,502,278	-	318,811	2,821,089
Due from other governmental agencies	39,468	579,463	60,518	679,449
Inventories	271,192	-	-	271,192
Total assets	<u>\$ 26,427,829</u>	<u>\$ 19,056,174</u>	<u>\$ 22,827,955</u>	<u>\$ 68,311,958</u>
LIABILITIES, DEFERRED INFLOWS OF RESOURCES AND FUND BALANCES				
Liabilities:				
Accounts payable	\$ 518,073	\$ 697,120	\$ 1,043,529	\$ 2,258,722
Salaries payable	1,887,062	-	-	1,887,062
Due to other funds	395,798	-	182,743	578,541
Total liabilities	<u>2,800,933</u>	<u>697,120</u>	<u>1,226,272</u>	<u>4,724,325</u>
Deferred Inflows of Resources:				
Unavailable revenues	-	-	370,175	370,175
Fund balances:				
Nonspendable	271,192	-	-	271,192
Restricted -				
Debt service	-	-	2,692,838	2,692,838
Capital projects	-	17,259,054	15,200,118	32,459,172
Committed				
Capital projects	-	1,100,000	-	1,100,000
Economic development	-	-	2,248,048	2,248,048
Assigned	-	-	1,090,504	1,090,504
Unassigned	23,355,704	-	-	23,355,704
Total fund balances	<u>23,626,896</u>	<u>18,359,054</u>	<u>21,231,508</u>	<u>63,217,458</u>
Total liabilities and fund balances	<u>\$ 26,427,829</u>	<u>\$ 19,056,174</u>	<u>\$ 22,827,955</u>	<u>\$ 68,311,958</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, 2020

Total fund balances for governmental funds		\$ 63,217,458
Capital assets, net		173,118,806
Long-term liabilities:		
Bonds payable	\$ (20,250,000)	
Compensated absences	(3,574,456)	
Accrued interest payable	<u>(198,141)</u>	(24,022,597)
Pensions:		
Net pension liability	(39,319,763)	
Deferred inflows of resources	(14,909,658)	
Deferred outflows of resources	<u>15,061,120</u>	(39,168,301)
Unearned revenue		370,175
Net position of the Internal Service Funds		<u>(9,244,302)</u>
Total net position of governmental activities		<u>\$ 164,271,239</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, 2020

	General Fund	General Capital Projects Fund	Other Governmental Funds	Totals
Revenues:				
Taxes:				
Property taxes	\$ 3,669,330	\$ -	\$ 5,131,504	\$ 8,800,834
Sales taxes	39,541,620	4,850,631	2,883,437	47,275,688
Franchise	596,170	-	-	596,170
Hotel occupancy taxes	-	-	533,496	533,496
Licenses and permits	3,004,739	-	-	3,004,739
Intergovernmental	2,301,997	862,753	915,130	4,079,880
Charges for services	716,121	-	368,917	1,085,038
Fines and fees	319,396	-	-	319,396
Investment income	138,879	140,017	147,749	426,645
Miscellaneous	513,585	560,963	-	1,074,548
Total revenues	<u>50,801,837</u>	<u>6,414,364</u>	<u>9,980,233</u>	<u>67,196,434</u>
Expenditures:				
Current -				
General government	16,750,257	62,024	594,396	17,406,677
Public safety	27,845,267	-	-	27,845,267
Public works	9,025,573	-	-	9,025,573
Community development	-	-	915,132	915,132
Capital outlay	3,253,495	3,641,135	2,864,780	9,759,410
Debt service -				
Principal retirement	1,210,000	-	2,065,000	3,275,000
Interest and fiscal charges	72,756	-	737,075	809,831
Total expenditures	<u>58,157,348</u>	<u>3,703,159</u>	<u>7,176,383</u>	<u>69,036,890</u>
Excess (deficiency) of revenues over expenditures	<u>(7,355,511)</u>	<u>2,711,205</u>	<u>2,803,850</u>	<u>(1,840,456)</u>
Other financing sources (uses):				
Proceeds from the sale of fixed assets	75,883	-	-	75,883
Insurance proceeds	-	1,144,816	-	1,144,816
Transfers in	10,911,371	100,000	-	11,011,371
Transfers out	(3,544,674)	(413,634)	(402,882)	(4,361,190)
Total other financing sources (uses)	<u>7,442,580</u>	<u>831,182</u>	<u>(402,882)</u>	<u>7,870,880</u>
Net changes in fund balances	87,069	3,542,387	2,400,968	6,030,424
Fund balances, beginning	<u>23,539,827</u>	<u>14,816,667</u>	<u>18,830,540</u>	<u>57,187,034</u>
Fund balances, ending	<u>\$23,626,896</u>	<u>\$ 18,359,054</u>	<u>\$ 21,231,508</u>	<u>\$63,217,458</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, 2020

Total net changes in fund balances per Statement of Revenues, Expenditures and Changes in Fund Balances		\$ 6,030,424
Capital assets:		
Capital outlay, meeting the City's capitalization policy	\$ 3,352,651	
Depreciation expense	<u>(9,135,890)</u>	(5,783,239)
Transactions involving capital assets:		
Loss on disposal		(365,889)
Long-term debt:		
Principal payments	3,275,000	
Compensated absences	(52,872)	
Interest expense	<u>22,679</u>	3,244,807
Net revenue (expense) of the Internal Service Fund		656,217
Effect of the change in net pension liability, deferred outflows/inflows of resources:		
Increase in pension expense	(2,119,090)	
Nonemployer pension contribution revenue recognized	<u>1,153,114</u>	<u>(965,976)</u>
Total changes in net position per Statement of Activities		<u>\$ 2,816,344</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, 2020

	Business-Type Activities			Governmental
	Utilities System	Other	Total	Internal
		Enterprise Fund	Enterprise Funds	Service Fund
ASSETS				
Current assets:				
Cash and interest-bearing deposits	\$ 23,333,367	\$ 8,896,014	\$ 32,229,381	\$ 17,646,232
Certificates of deposit	2,500,000	-	2,500,000	-
Receivables, net	11,672,728	273,839	11,946,567	-
Due from other governmental agencies	-	6,925	6,925	-
Due from other funds	390,021	200	390,221	-
Inventories	4,388,782	-	4,388,782	-
Prepaid expense	-	-	-	244,180
Total current assets	<u>42,284,898</u>	<u>9,176,978</u>	<u>51,461,876</u>	<u>17,890,412</u>
Restricted assets:				
Cash and interest bearing deposits	13,771,096	-	13,771,096	-
Noncurrent assets:				
Capital assets				
Land and land improvements	2,398,084	1,090,965	3,489,049	-
Construction and infrastructure in progress	11,427,124	-	11,427,124	-
Property, plant and equipment, net	<u>210,666,956</u>	<u>12,429,055</u>	<u>223,096,011</u>	-
Total noncurrent assets	<u>238,263,260</u>	<u>13,520,020</u>	<u>251,783,280</u>	-
Total assets	<u>280,548,158</u>	<u>22,696,998</u>	<u>303,245,156</u>	<u>17,890,412</u>
DEFERRED OUTFLOWS OF RESOURCES				
Unamortized bond refunding charges	164,440	-	164,440	-
Deferred outflows of resources - pensions	7,526,810	2,242,030	9,768,840	-
Deferred outflows of resources - OPEB	-	-	-	2,711,673
Total deferred outflows of resources	<u>7,691,250</u>	<u>2,242,030</u>	<u>9,933,280</u>	<u>2,711,673</u>

(continued)

CITY OF ALEXANDRIA, LOUISIANA

Statement of Net Position
 Proprietary Funds (continued)
 April 30, 2020

	Business-Type Activities			Governmental
	Utilities System	Other	Total	Internal
		Enterprise Fund	Enterprise Funds	Service Fund
LIABILITIES				
Current liabilities:				
Accounts payable	\$ 1,821,788	\$ 177,199	\$ 1,998,987	\$ 166,891
Salaries payable	880,952	232,039	1,112,991	-
Due to other funds	2,038,769	594,000	2,632,769	-
Due to other governments	27,978	-	27,978	-
Compensated absences	220,255	58,963	279,218	-
Claims payable	-	-	-	3,973,807
Bonds payable	799,000	-	799,000	-
Payable from restricted assets -				
Accrued interest	3,213,402	-	3,213,402	-
Bonds payable	<u>2,815,000</u>	<u>-</u>	<u>2,815,000</u>	<u>-</u>
Total current liabilities	<u>11,817,144</u>	<u>1,062,201</u>	<u>12,879,345</u>	<u>4,140,698</u>
Noncurrent liabilities:				
Compensated absences	1,248,114	334,129	1,582,243	-
Customer guaranteed deposits	5,636,912	-	5,636,912	-
Claims payable	-	-	-	3,688,965
OPEB obligation payable	-	-	-	21,485,162
Bonds payable	140,423,448	-	140,423,448	-
Net pension liability	<u>2,181,872</u>	<u>649,919</u>	<u>2,831,791</u>	<u>-</u>
Total noncurrent liabilities	<u>149,490,346</u>	<u>984,048</u>	<u>150,474,394</u>	<u>25,174,127</u>
Total liabilities	<u>161,307,490</u>	<u>2,046,249</u>	<u>163,353,739</u>	<u>29,314,825</u>
DEFERRED INFLOWS OF RESOURCES				
Deferred inflows of resources - pensions	12,813,390	3,816,756	16,630,146	-
Deferred inflows of resources - OPEB	<u>-</u>	<u>-</u>	<u>-</u>	<u>531,562</u>
Total deferred inflows of resources	<u>12,813,390</u>	<u>3,816,756</u>	<u>16,630,146</u>	<u>531,562</u>
NET POSITION				
Net investment in capital assets	84,068,716	13,520,020	97,588,736	-
Restricted for debt service	605,068	-	605,068	-
Restricted for capital additions and contingencies	1,000,000	-	1,000,000	-
Unrestricted	<u>28,444,744</u>	<u>5,556,003</u>	<u>34,000,747</u>	<u>(9,244,302)</u>
Total net position	<u>\$ 114,118,528</u>	<u>\$ 19,076,023</u>	<u>\$ 133,194,551</u>	<u>\$ (9,244,302)</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, 2020

	Business-Type Activities			Governmental Activities
	Utility	Other	Total	Internal
	Fund	Enterprise Fund	Enterprise Funds	Service Fund
Operating revenues:				
Charges for services	\$ 96,512,746	\$ 6,580,981	\$ 103,093,727	\$ 14,597,952
Other	143,070	30,155	173,225	544,600
Total operating revenues	<u>96,655,816</u>	<u>6,611,136</u>	<u>103,266,952</u>	<u>15,142,552</u>
Operating expenses:				
Salaries and wages	10,592,307	3,146,228	13,738,535	-
Payroll taxes	138,279	46,629	184,908	-
Retirement	2,723,997	688,132	3,412,129	-
Group insurance	2,051,948	585,799	2,637,747	-
General insurance	-	-	-	1,011,124
Claims	1,213,000	335,000	1,548,000	13,867,831
Telephone and utilities	1,786,253	900,932	2,687,185	-
Professional services	2,414,554	787,342	3,201,896	1,126,508
Equipment and tools	482,660	50,265	532,925	-
Depreciation	11,457,328	1,671,369	13,128,697	-
Gas and oil	280,776	487,742	768,518	-
Repairs and maintenance	5,609,812	912,644	6,522,456	-
Supplies	2,068,235	495,820	2,564,055	-
Miscellaneous	12,171	148,740	160,911	-
Disposal costs	-	1,474,768	1,474,768	-
Electricity and Natural Gas Purchases	34,763,179	-	34,763,179	-
Utility Rebates	125,873	-	125,873	-
Total operating expenses	<u>75,720,372</u>	<u>11,731,410</u>	<u>87,451,782</u>	<u>16,005,463</u>
Operating income (loss)	<u>20,935,444</u>	<u>(5,120,274)</u>	<u>15,815,170</u>	<u>(862,911)</u>
Nonoperating revenues (expenses):				
Property taxes	-	1,235,048	1,235,048	-
Interest income	402,671	57,519	460,190	151,128
Grants and contributions	-	718,022	718,022	-
Interest expense and other fiscal charges	(6,795,063)	-	(6,795,063)	-
Gain/(loss) on sale of assets	53,318	12,750	66,068	-
Total nonoperating revenues (expenses)	<u>(6,339,074)</u>	<u>2,023,339</u>	<u>(4,315,735)</u>	<u>151,128</u>
Income (loss) before capital contributions and transfers	14,596,370	(3,096,935)	11,499,435	(711,783)
Capital contributions	-	10,535	10,535	-
Transfers in	174,000	5,777,976	5,951,976	1,368,000
Transfers out	<u>(11,449,157)</u>	<u>(2,521,000)</u>	<u>(13,970,157)</u>	<u>-</u>
Change in net position	3,321,213	170,576	3,491,789	656,217
Net position, beginning	<u>110,797,315</u>	<u>18,905,447</u>	<u>129,702,762</u>	<u>(9,900,519)</u>
Net position, ending	<u>\$ 114,118,528</u>	<u>\$ 19,076,023</u>	<u>\$ 133,194,551</u>	<u>\$ (9,244,302)</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, 2020

	Business-Type Activities			Governmental
	Utility Fund	Other	Total	Internal
		Enterprise Funds	Enterprise Fund	Service Fund
Cash flows from operating activities:				
Receipts from customers	\$ 95,140,380	\$ 6,500,146	\$ 101,640,526	\$ -
Receipts from insured	-	-	-	2,796,763
Receipts from interfund services provided	-	-	-	11,801,189
Payments to suppliers	(52,936,292)	(5,627,620)	(58,563,912)	(2,036,464)
Payments for claims and loss time	-	-	-	(14,027,166)
Payments to employees	(12,438,175)	(4,338,461)	(16,776,636)	-
Other receipts	143,070	30,155	173,225	544,600
Net cash provided (used) by operating activities	<u>29,908,983</u>	<u>(3,435,780)</u>	<u>26,473,203</u>	<u>(921,078)</u>
Cash flows from noncapital financing activities:				
Proceeds from taxes levied	-	1,235,048	1,235,048	-
Grants and contributions	-	928,048	928,048	-
Cash received from other funds	886,107	389,454	1,275,561	-
Transfers from other funds	174,000	5,777,976	5,951,976	1,368,000
Transfers to other funds	<u>(11,449,157)</u>	<u>(2,521,000)</u>	<u>(13,970,157)</u>	<u>-</u>
Net cash provided (used) by noncapital financing activities	<u>(10,389,050)</u>	<u>5,809,526</u>	<u>(4,579,524)</u>	<u>1,368,000</u>
Cash flows from capital and related financing activities:				
Principal paid on long term debt	(3,405,000)	-	(3,405,000)	-
Interest and fiscal charges paid on long term debt	(6,745,738)	-	(6,745,738)	-
Grants and other contributions	-	10,535	10,535	-
Proceeds from sale of assets	63,569	12,750	76,319	-
Acquisition of property, plant and equipment	<u>(11,259,485)</u>	<u>(708,690)</u>	<u>(11,968,175)</u>	<u>-</u>
Net cash used by capital and related financing activities	<u>(21,346,654)</u>	<u>(685,405)</u>	<u>(22,032,059)</u>	<u>-</u>
Cash flows from investing activities:				
Purchase of interest-bearing deposits with maturity in excess of ninety days	(2,500,000)	-	(2,500,000)	-
Proceeds of interest-bearing deposits with maturity in excess of ninety days	2,750,000	-	2,750,000	-
Interest on deposits	402,671	57,519	460,190	151,128
Net cash provided by investing activities	<u>652,671</u>	<u>57,519</u>	<u>710,190</u>	<u>151,128</u>
Net increase (decrease) in cash and cash equivalents	(1,174,050)	1,745,860	571,810	598,050
Cash and cash equivalents, beginning of year	<u>38,278,513</u>	<u>7,150,154</u>	<u>45,428,667</u>	<u>17,048,182</u>
Cash and cash equivalents, end of year	<u>\$ 37,104,463</u>	<u>\$ 8,896,014</u>	<u>\$ 46,000,477</u>	<u>\$ 17,646,232</u>

(continued)

CITY OF ALEXANDRIA, LOUISIANA

Statement of Cash Flows (Continued)
 Proprietary Funds
 For the Year Ended April 30, 2020

	Business-Type Activities			Governmental
	Utility Fund	Other	Total	Internal
		Enterprise Funds	Enterprise Funds	Service Fund
Reconciliation of operating loss to net cash provided (used) by operating activities:				
Operating income (loss)	\$20,935,444	\$ (5,120,274)	\$15,815,170	\$ (862,911)
Adjustments to reconcile operating income (loss) to net cash provided (used) by operating activities:				
Depreciation	11,457,328	1,671,369	13,128,697	-
Provision for net pension liability, net	911,197	131,903	1,043,100	-
Provision for OPEB related activity, net	-	-	-	(683,631)
(Increase) decrease current assets:				
Accounts receivable	(1,524,734)	(80,835)	(1,605,569)	-
Inventories	(74,077)	-	(74,077)	-
Increase (decrease) current liabilities:				
Accounts payable	(2,064,245)	(34,367)	(2,098,612)	101,168
Salaries payable	128,257	41,321	169,578	-
Due from other governmental agencies	10,491	-	10,491	-
Compensated absences	(23,046)	(44,897)	(67,943)	-
Customer guaranteed deposits	152,368	-	152,368	-
Claims payable	-	-	-	524,296
Net cash provided (used) by operating activities	<u>\$29,908,983</u>	<u>\$ (3,435,780)</u>	<u>\$26,473,203</u>	<u>\$ (921,078)</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	\$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>
Cash and cash equivalents, end of period -				
Cash and interest-bearing deposits - unrestricted	23,333,367	8,896,014	32,229,381	17,646,232
Cash and interest-bearing deposits - restricted	<u>13,771,096</u>	<u>-</u>	<u>13,771,096</u>	<u>-</u>
Total cash and cash equivalents	<u>37,104,463</u>	<u>8,896,014</u>	<u>46,000,477</u>	<u>17,646,232</u>
Net increase (decrease)	<u>\$ (1,174,050)</u>	<u>\$ 1,745,860</u>	<u>\$ 571,810</u>	<u>\$ 598,050</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, 2020

	Pension Trust Funds		Totals
	City of Alexandria Employees' Retirement System (12/31/2019)	City of Alexandria Firemen's Pension and Relief Fund (4/30/2020)	
ASSETS			
Cash and interest-bearing deposits	\$ 4,977,500	\$ 88,624	\$ 5,066,124
Accrued interest and dividends receivable	<u>716,641</u>	<u>-</u>	<u>716,641</u>
Investments, at fair value			
Corporate bonds	64,987,948	-	64,987,948
Corporate stocks	110,043,698	-	110,043,698
GNMA notes	<u>70</u>	<u>-</u>	<u>70</u>
Total investments	<u>175,031,716</u>	<u>-</u>	<u>175,031,716</u>
Capital assets			
Furnitures, fixtures and equipment, net	<u>1,209</u>	<u>-</u>	<u>1,209</u>
Total assets	<u>180,727,066</u>	<u>88,624</u>	<u>180,815,690</u>
LIABILITIES			
Liabilities:			
Payroll taxes withheld	<u>780</u>	<u>-</u>	<u>780</u>
NET POSITION			
Restricted	<u>\$ 180,726,286</u>	<u>\$ 88,624</u>	<u>\$ 180,814,910</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 April 30, 2020

	Pension Trust Funds		
	City of Alexandria Employees' Retirement System (12/31/2019)	City of Alexandria Firemen's Pension and Relief Fund (4/30/2020)	Totals
Additions:			
Contributions			
Employer	\$ 3,991,734	\$ -	\$ 3,991,734
Plan Members	<u>1,935,419</u>	<u>-</u>	<u>1,935,419</u>
Total contributions	<u>5,927,153</u>	<u>-</u>	<u>5,927,153</u>
Investment earnings:			
Net appreciation (depreciation) in fair value of investments	32,547,414	-	32,547,414
Interest	2,480,803	861	2,481,664
Dividends	<u>2,459,089</u>	<u>-</u>	<u>2,459,089</u>
Total investment earnings	<u>37,487,306</u>	<u>861</u>	<u>37,488,167</u>
Total additions	<u>43,414,459</u>	<u>861</u>	<u>43,415,320</u>
Deductions:			
Benefit payments, excluding DROP benefits	9,668,354	18,392	9,686,746
DROP benefits	825,265	-	825,265
Employee refunds	468,497	-	468,497
Administrative expenses	<u>165,687</u>	<u>-</u>	<u>165,687</u>
Total deductions	<u>11,127,803</u>	<u>18,392</u>	<u>11,146,195</u>
Net Increase (Decrease)	32,286,656	(17,531)	32,269,125
Net Position Restricted for Pensions, beginning of year	<u>148,439,630</u>	<u>106,155</u>	<u>148,545,785</u>
Net Position Restricted for Pensions, end of year	<u>\$ 180,726,286</u>	<u>\$ 88,624</u>	<u>\$180,814,910</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 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, 2020. 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 11, and Utilities System revenue Note 12.

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, 2020, 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 14), 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 16), 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, 2020, taxes of 24.54 mills were levied on property with assessed valuations of \$408,273,174 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, 2020, are secured as follows:

Bank balances	<u>\$ 121,074,296</u>
Federal deposit insurance	\$ 750,000
Uninsured and collateral held by pledging bank not in the City's name	<u>120,324,296</u>
Total	<u>\$ 121,074,296</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, 2019 and summarized below:

Investment Type	Fair Value	Investment Maturities (In Years)			
		Less than 1	1 -- 5	6 -- 10	More than 10
Corporate bonds	\$ 64,987,948	\$ -	\$ -	\$ 2,111,130	\$ 62,876,818
GNMA notes	70	36	34	-	-
Total interest-bearing	64,988,018	\$ 36	\$ 34	\$ 2,111,130	\$ 62,876,818
Common stocks	109,422,344				
Preferred stocks	621,354				
	<u>\$ 175,031,716</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	9.50%

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.

<u>Moody's Investor Service Credit Ratings</u>	<u>Fair Value</u>
A or better	\$ 55,961,009
Baa	9,026,939
	<u>\$ 64,987,948</u>

CITY OF ALEXANDRIA, LOUISIANA

Notes to Basic Financial Statements

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 \$175,031,716 as of December 31, 2019, which are categorized as level 1 inputs.

(6) Receivables

Receivables at April 30, 2020 consisted of the following:

	Governmental Activities	Business-Type Activities	Total
Receivables			
Taxes - sales	\$ 3,455,091	\$ -	\$ 3,455,091
Taxes - ad valorem	1,682,949	-	1,682,949
Taxes - occupational	86,799	-	86,799
Accounts:			
Uncollected cycle billings	-	8,057,076	8,057,076
Estimated unbilled services	-	4,946,850	4,946,850
Interest	5,605	1,020	6,625
Other	<u>789,426</u>	<u>420,529</u>	<u>1,209,955</u>
Gross receivables	<u>6,019,870</u>	<u>13,425,475</u>	<u>19,445,345</u>
Allowance for uncollectibles	<u>1,703,856</u>	<u>1,478,908</u>	<u>3,182,764</u>
Net receivables	<u>\$ 4,316,014</u>	<u>\$ 11,946,567</u>	<u>\$ 16,262,581</u>

Receivables of \$1,682,949 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 \$1,682,949. An additional allowance of \$20,907 is related to other receivables.

An allowance of doubtful accounts of \$1,478,908 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, 2020.

CITY OF ALEXANDRIA, LOUISIANA

Notes to Basic Financial Statements

(7) Accounts Payable

Accounts payable at April 30, 2020 consist of the following:

	Governmental Activities	Business-Type Activities	Internal Service Funds	Totals
Accounts payable	\$ 1,958,879	\$ 1,776,174	\$ 166,891	\$3,901,944
Retainage payable	299,843	222,813	-	522,656
Due to other governments	-	27,978	-	27,978
Total	<u>\$ 2,258,722</u>	<u>\$ 2,026,965</u>	<u>\$ 166,891</u>	<u>\$4,452,578</u>

(8) Due from Other Governmental Agencies

Due from other governmental agencies are as follows:

	Governmental Activities	Business-Type Activities	Totals
Federal grants	\$ 93,554	\$ -	\$ 93,554
State grants	585,895	6,925	592,820
Total	<u>\$ 679,449</u>	<u>\$ 6,925</u>	<u>\$ 686,374</u>

(9) Restricted Assets

Business-type activities:

Revenue bond current debt service	\$ 6,028,402
Customer's deposits	5,636,912
MISO deposits	500,714
Revenue bonds future debt service	605,068
Revenue bonds capital additions and contingencies	<u>1,000,000</u>
Total business-type activities	<u>\$13,771,096</u>

CITY OF ALEXANDRIA, LOUISIANA

Notes to Basic Financial Statements

(10) 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	\$ 14,586,292	\$ -	\$ -	\$ 14,586,292
Construction and infrastructure progress	18,157,312	1,184,720	6,315,478	13,026,554
Total capital assets not being depreciated	<u>32,743,604</u>	<u>1,184,720</u>	<u>6,315,478</u>	<u>27,612,846</u>
Capital assets being depreciated:				
Buildings and improvements	107,519,502	2,897,412	390,703	110,026,211
Furniture and fixtures	935,561	13,419	17,664	931,316
Equipment	16,354,590	883,343	325,416	16,912,517
Vehicles	16,354,305	1,477,739	940,567	16,891,477
Infrastructure	145,011,065	3,211,496	-	148,222,561
Total capital assets being depreciated	<u>286,175,023</u>	<u>8,483,409</u>	<u>1,674,350</u>	<u>292,984,082</u>
Less accumulated depreciation				
Buildings and improvements	51,858,100	2,775,963	59,536	54,574,527
Furniture and fixtures	774,352	45,554	17,664	802,242
Equipment	12,622,571	1,496,812	314,245	13,805,138
Vehicles	11,569,003	935,158	917,016	11,587,145
Infrastructure	62,826,667	3,882,403	-	66,709,070
Total accumulated depreciation	<u>139,650,693</u>	<u>9,135,890</u>	<u>1,308,461</u>	<u>147,478,122</u>
Total capital assets being depreciated, net	<u>146,524,330</u>	<u>(652,481)</u>	<u>365,889</u>	<u>145,505,960</u>
Governmental activities, capital assets, net	<u>\$ 179,267,934</u>	<u>\$ 532,239</u>	<u>\$ 6,681,367</u>	<u>\$ 173,118,806</u>

Depreciation expense was charged to governmental activities as follows:

General government	\$1,811,439
Public safety	1,139,553
Public works	6,001,605
Economic development	183,293
Total depreciation expense	<u>\$9,135,890</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	13,075,120	6,205,423	7,853,419	11,427,124
Total capital assets not being depreciated	<u>16,564,169</u>	<u>6,205,423</u>	<u>7,853,419</u>	<u>14,916,173</u>
Capital assets being depreciated:				
Plant and infrastructure	390,535,394	11,750,136	229,712	402,055,818
Buildings and improvements	11,134,425	302,541	-	11,436,966
Vehicles and buses	16,418,695	1,312,410	650,134	17,080,971
Furniture, fixtures and equipment	1,254,604	251,082	71,598	1,434,088
Total capital assets being depreciated	<u>419,343,118</u>	<u>13,616,169</u>	<u>951,444</u>	<u>432,007,843</u>
Less accumulated depreciation				
Plant and infrastructure	178,149,045	11,100,439	219,463	189,030,021
Buildings and improvements	5,911,106	622,506	-	6,533,612
Vehicles and buses	11,838,784	1,306,396	650,134	12,495,046
Furniture, fixtures and equipment	825,395	99,356	71,598	853,153
Total accumulated depreciation	<u>196,724,330</u>	<u>13,128,697</u>	<u>941,195</u>	<u>208,911,832</u>
Total capital assets being depreciated, net	<u>222,618,788</u>	<u>487,472</u>	<u>10,249</u>	<u>223,096,011</u>
Business-type activities, capital assets, net	<u>\$ 239,182,957</u>	<u>\$ 6,692,895</u>	<u>\$ 7,863,668</u>	<u>\$ 238,012,184</u>

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

Electricity	\$ 6,923,011
Natural gas	1,336,526
Water	1,454,076
Wastewater	1,743,715
Municipal bus line	547,226
Sanitation	243,973
Municipal zoo	636,672
Municipal golf course	243,498
Total depreciation expense	<u>\$ 13,128,697</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	\$ 19,350,188	\$ 8,854,282	\$ 3,630,319
Water	14,052,948	4,806,499	2,466,681
Gas	7,975,313	5,893,014	953,555
Wastewater	6,535,818	1,198,446	836,482
General and administrative	1,012,714	379,061	103,727
Totals	<u>\$ 48,926,981</u>	<u>\$ 21,131,302</u>	<u>\$ 7,990,764</u>

(11) 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%	\$ 3,460,000
Series 2015- Refunding	2/1/2016	2/1/2028	2.00 - 5.00%	14,285,000
Limited tax bonds				
Series 2012 (Taxable) - Refunding	6/1/2012	6/1/2022	1.46 - 2.52%	<u>2,505,000</u>
Total governmental activities bonds outstanding				<u>\$ 20,250,000</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	\$19,810,000	\$ -	\$ 2,065,000	\$17,745,000	\$2,140,000
Limited tax revenue bonds	3,715,000	-	1,210,000	2,505,000	1,240,000
Compensated absences, net	3,521,584	52,872	-	3,574,456	536,168
Claims payable	<u>7,138,476</u>	<u>13,230,867</u>	<u>12,706,571</u>	<u>7,662,772</u>	<u>3,973,807</u>
Total governmental activities long term liabilities	<u>\$34,185,060</u>	<u>\$ 13,283,739</u>	<u>\$15,981,571</u>	<u>\$31,487,228</u>	<u>\$7,889,975</u>

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

Year Ending April 30,	Governmental Activities		
	Principal Payments	Interest Payments	Total
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	1,565,000	317,975	1,882,975
2026-2030	<u>7,045,000</u>	<u>501,925</u>	<u>7,546,925</u>
Totals	<u>\$ 20,250,000</u>	<u>\$ 3,068,991</u>	<u>\$ 23,318,991</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%	\$ 4,875,000
2013B refunding 2004B	10/2/2013	10/1/2024	2.33-4.53%	7,025,000
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%	26,650,000
State Revolving loan funds series				
2010 capital improvements	1/22/2010	5/1/2030	3.45%	1,924,000
2011 capital improvements	5/1/2011	5/2/2030	3.45%	4,597,845
2012 capital improvements	5/1/2012	5/3/2032	0.95%	<u>2,815,603</u>
Total debt outstanding				144,037,448
Unamortized bond refunding charges				<u>(164,440)</u>
Total business-type activities bonds outstanding				<u>\$ 143,873,008</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	\$137,410,000	\$ -	\$2,710,000	\$134,700,000	\$2,815,000
State revolving loans	10,032,448	-	695,000	9,337,448	799,000
Compensated absences, net	<u>1,929,405</u>	<u>-</u>	<u>67,944</u>	<u>1,861,461</u>	<u>279,218</u>
Total long-term liabilities	<u>149,371,853</u>	<u>-</u>	<u>3,472,944</u>	<u>145,898,909</u>	<u>3,893,218</u>
Customer deposits, net	5,484,544	152,368	-	5,636,912	-
Unamortized bond refunding charges	<u>(260,919)</u>	<u>-</u>	<u>96,479</u>	<u>(164,440)</u>	<u>-</u>
Total business-type activities	<u>\$ 154,595,478</u>	<u>\$ 152,368</u>	<u>\$3,569,423</u>	<u>\$ 151,371,381</u>	<u>\$3,893,218</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
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	3,355,000	5,873,334	9,228,334
2026-2030	19,240,000	26,767,280	46,007,280
2031-2035	26,605,000	21,683,325	48,288,325
2036-2040	36,750,000	13,842,573	50,592,573
2041-2044	<u>36,725,000</u>	<u>3,749,693</u>	<u>40,474,693</u>
Totals	<u>\$ 134,700,000</u>	<u>\$96,868,259</u>	<u>\$ 231,568,259</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, 2020 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. The City has fully drawn down this loan.

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
2021	\$ 799,000	\$ 205,064	\$ 1,004,064
2022	817,000	187,094	1,004,094
2023	849,000	168,642	1,017,642
2024	846,000	149,296	995,296
2025	864,000	130,090	994,090
2026-2030	4,682,845	346,050	5,028,895
2031-2033	479,603	3,210	482,813
	<u>\$ 9,337,448</u>	<u>\$ 1,189,446</u>	<u>\$ 10,526,894</u>

(12) 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

(13) 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.

(14) 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 or on the Louisiana Legislative Auditor's website, www.la.state.la.us.

CITY OF ALEXANDRIA, LOUISIANA

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.

For the year ended April 30, 2020, total contributions due for employers and employees were 42.25%. 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

CITY OF ALEXANDRIA, LOUISIANA

Notes to Basic Financial Statements

32.25% and 10%, respectively. The employer and employee contribution rates for all Non-Hazardous Duty members hired after January 1, 2013 was 32.25% 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 34.75% 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 \$503,803 is recognized as revenue during the year ended April 30, 2020 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, 2020, the City reported a liability of \$22,224,393 for its proportionate share of the net pension liability. The net pension liability was measured as of June 30, 2019 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, 2019, the City's proportion was 2.447169%, which was a decrease of 0.172072% from its proportion measured as of June 30, 2018.

For the year ended April 30, 2020, the City recognized pension expense of \$2,599,983. At April 30, 2020, the City reported deferred outflows of resources and deferred inflows of resources related to the System from the following sources:

	Governmental Activities	
	Deferred Outflows of Resources	Deferred Inflows of Resources
Difference between expected and actual experience	\$ 46,632	\$ 683,745
Change of assumptions	1,245,414	-
Change in proportion and differences between the employer's contributions and the employer's proportionate share of contributions	-	1,809,638
Net differences between projected and actual earnings on plan investments	1,443,882	-
Contributions subsequent to the measurement date	<u>2,135,110</u>	<u>-</u>
Total	<u>\$4,871,038</u>	<u>\$2,493,383</u>

Deferred outflows of resources of \$2,135,110 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

CITY OF ALEXANDRIA, LOUISIANA

Notes to Basic Financial Statements

outflows of resources and deferred inflows of resources related to pensions will be recognized in pension expense (benefit) as follows:

Year Ended April 30	
2021	\$ 253,700
2022	(574,247)
2023	202,612
2024	<u>360,480</u>
	<u>\$ 242,545</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, 2019 are as follows:

Valuation Date	June 30, 2019
Actuarial Cost Method	Entry Age Normal Cost
Investment Rate of Return	7.125%, 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	2.50%
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. RP-2000 Disabled Lives Table set back 5 years for males and set back 3 years for females for disabled annuitants.

CITY OF ALEXANDRIA, LOUISIANA

Notes to Basic Financial Statements

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, 2019 are summarized in the following table:

Asset Class	Target Asset Allocation	Long-Term Expected Portfolio Rate of Return
Equity	48%	3.28%
Fixed income	34%	0.80%
Alternative	18%	1.06%
Other	<u>0%</u>	<u>0.00%</u>
Totals	<u>100%</u>	5.14%
Inflation		<u>2.75%</u>
Expected Arithmetic Nominal Return		<u>7.89%</u>

Discount Rate: The discount rate used to measure net pension liability was 7.125%, which is a decrease of .075% 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 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

CITY OF ALEXANDRIA, LOUISIANA

Notes to Basic Financial Statements

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 7.125%, 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 6.125%	Current Discount Rate 7.125%	1% Increase 8.125%
Net Pension Liability	\$ 30,965,902	\$ 22,224,393	\$ 14,891,141

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 or on the Office of Louisiana Legislative Auditor’s official website 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.

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

CITY OF ALEXANDRIA, LOUISIANA

Notes to Basic Financial Statements

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 or annual withdrawals, or (5) receive an annuity based on the DROP account balance. These withdrawals are in addition to his regular monthly benefit.

CITY OF ALEXANDRIA, LOUISIANA

Notes to Basic Financial Statements

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, 2019, 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 \$649,311 is recognized as revenue during the year ended April 30, 2020 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, 2020, the City reported a liability of \$15,167,041 for its proportionate share of the net pension liability. The net pension liability was measured as of June 30, 2019 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, 2019, the City's proportionate share was 2.422111%, which was a decrease of .043567% from its proportionate share measured as of June 30, 2019.

For the year ended April 30, 2020, the City recognized pension expense of \$2,712,748.

CITY OF ALEXANDRIA, LOUISIANA

Notes to Basic Financial Statements

At April 30, 2020, 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	\$ -	\$ 1,094,064
Change of assumptions	1,379,832	1,104
Change in proportion and differences between the employer's contributions and the employer's proportionate share of contributions	202,232	683,667
Net differences between projected and actual earnings on plan investments	1,019,941	-
Contributions subsequent to the measurement date	<u>1,331,703</u>	<u>-</u>
Total	<u>\$3,933,708</u>	<u>\$1,778,835</u>

Deferred outflows of resources of \$1,331,703 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>	
2021	\$ 325,486
2022	(203,916)
2023	251,667
2024	274,403
2025	90,124
2026	<u>85,406</u>
	<u>\$ 823,170</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.

The actuarial assumptions used in the June 30, 2019 valuation were based on the assumptions used in the June 30, 2019 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

CITY OF ALEXANDRIA, LOUISIANA

Notes to Basic Financial Statements

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, 2019 are as follows:

Valuation Date	June 30, 2019
Actuarial Cost Method	Entry Age Normal Cost
Investment Rate of Return	7.15% per annum
Salary Increases	Vary from 14.75% in the first two years of service to 4.50% with 25 or more years
Inflation Rate	2.50% 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 7.94% as of June 30, 2019. Best estimates of real rates of return for each major asset class included in FRS' target asset allocation as of June 30, 2019 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	31%	2.17%
Equity		
U.S. Equity	21%	5.98%
Non-U.S. Equity	18%	7.52%
Global	10%	6.59%
Alternatives		
Real Estate	6%	4.14%
Private Equity	4%	10.52%
Global Tactical Asset Allocation	5%	4.37%
Risk Parity	<u>5%</u>	4.67%
Totals	<u>100%</u>	

The discount rate used to measure the total pension liability was 7.15%, which is a decrease of .15% 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 7.15%, 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 6.15%	Current Discount Rate 7.15%	1% Increase 8.15%
Net Pension Liability	<u>\$21,962,902</u>	<u>\$15,167,041</u>	<u>\$9,463,113</u>

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, 2019, pension plan membership consisted of:

Inactive plan members and beneficiaries currently receiving benefits	365
Inactive plan members entitled to but not yet receiving benefits	171
Active plan members	<u>519</u>
Total	1,055

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 contribution rate for the year ended December 31, 2019 was 17.94%. 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 2019.

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, 2019 and were based on December 31, 2019 data. The current year actuarial assumptions utilized for this report are based on the assumptions used in the December 31, 2019 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, 2019 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, 2020, the City reported a liability of \$4,642,280 for the Net Pension Liability (NPL) as follows:

Governmental Activities	<u>\$ 1,810,489</u>
Business-type Activities	
Utilities System Enterprise Fund	2,181,872
Other Enterprise Funds	<u>649,919</u>
Total Enterprise Funds	<u>2,831,791</u>
Total net pension liability	<u><u>\$ 4,642,280</u></u>

The NPL was measured as of December 31, 2019, and the total pension liability used to calculate the NPL was determined by an actuarial valuation as of that date.

Total pension liability	\$ 185,368,566
Plan fiduciary net position	<u>180,726,286</u>
Net pension liability	<u><u>\$ 4,642,280</u></u>

Plan fiduciary net position as a percentage of total pension liability 97.50%

For the year ended April 30, 2020, the City recognized a pension expense of \$1,938,713 as follows:

Governmental Activities	<u>\$ 895,613</u>
Business-type Activities	
Utilities System Enterprise Fund	911,197
Other Enterprise Funds	<u>131,903</u>
Total Enterprise Funds	<u>1,043,100</u>
Total pension expense	<u><u>\$ 1,938,713</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	\$ 148,225	\$ 611,980	\$ 231,841	\$ 957,199
Change of assumptions	850,787	-	1,330,717	-
Net differences between projected and actual earnings on plan investments	4,750,778	10,020,408	7,430,703	15,672,947
Contributions subsequent to the measurement date	495,863	-	775,578	-
Total	<u>\$ 6,245,652</u>	<u>\$ 10,632,388</u>	<u>\$ 9,768,840</u>	<u>\$ 16,630,146</u>

The \$495,863 and \$775,578 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	
2021	\$ (2,036,513)
2022	(3,111,887)
2023	(1,770,064)
2024	(5,601,019)
	<u>\$ (12,519,483)</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 Pension 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>\$25,028,318</u>	<u>\$ 4,642,280</u>	<u>\$ (12,633,224)</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, 2020, 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, 2020.

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, 2020. 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, 2018 was 4 years.

At April 30, 2020, the City reported a liability of \$117,840 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	\$ 206,464
Plan fiduciary net position	<u>88,624</u>
Net pension liability	<u>\$ 117,840</u>

Plan fiduciary net position as a percentage of total pension liability 42.92%

For the year ended April 30, 2020, 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>	
2021	\$ 7,932
2022	(2,394)
2023	<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 Pension Liability would be if it were calculated using a discount rate that is one percentage point lower (2.90%) or one percentage point higher (4.90%) than the current rate.

	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>\$ 117,840</u>	<u>\$ 99,337</u>

CITY OF ALEXANDRIA, LOUISIANA

Notes to Basic Financial Statements

(15) 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, 2020, the rate was set at 16.87%. 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, 2020, the plan assets totaled \$3,699,576 with MassMutual and \$5,445,159 with Nationwide. Employee contributions totaled \$361,364, and the City recognized pension expense of \$267,587 for the year ending April 30, 2020. All employer and employee contributions and earnings are immediately vested.

(16) 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, 2020, 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 \$21,485,162 was measured as of April 30, 2020 and was determined by an actuarial valuation as of that date.

Actuarial Assumptions and other inputs – The total OPEB liability in the April 30, 2020 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 3.79% annually (Beginning of Year to Determine ADC) 2.36%, annually (As of End of Year Measurement Date)
Healthcare cost trend rates	Flat 5.5% annually
Mortality	SOA RP-2000

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, 2020 valuation were based on the results of ongoing evaluations of the assumptions from May 1, 2009 to April 30, 2020.

Changes in the Total OPEB Liability

Balance at April 30, 2019	<u>\$ 19,652,678</u>
Changes for the year:	
Service cost	185,396
Interest	711,137
Differences between expected and actual experience	561,816
Changes in assumptions	2,152,491
Benefit payments and net transfers	<u>(1,778,356)</u>
Net changes	<u>1,832,484</u>
Balance at April 30, 2020	<u>\$ 21,485,162</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 (1.36%) or 1-percentage-point higher (3.36%) than the current discount rate:

CITY OF ALEXANDRIA, LOUISIANA

Notes to Basic Financial Statements

	1% Decrease 1.36%	Current Discount Rate 2.36%	1% Increase 3.36%
Total OPEB liability	<u>\$25,411,443</u>	<u>\$21,485,162</u>	<u>\$18,390,918</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>\$19,385,675</u>	<u>\$21,485,162</u>	<u>\$26,224,347</u>

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

For the year ended April 30, 2020, the City recognized OPEB expense of \$1,094,725. At April 30, 2020, the City reported deferred outflows of resources and deferred inflows of resources related to OPEB 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	\$ 514,998	\$ 531,562
Change of assumptions	<u>2,196,675</u>	<u>-</u>
Total	<u>\$2,711,673</u>	<u>\$ 531,562</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	
April 30	
2021	\$ 198,192
2022	198,192
2023	198,192
2024	198,192
2025	198,192
2026-2030	<u>1,189,151</u>
	<u>\$ 2,180,111</u>

CITY OF ALEXANDRIA, LOUISIANA

Notes to Basic Financial Statements

(17) 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, 2020, 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.

(18) Leases

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 golf carts with VGM Financial Services, U.S.A., on February 14, 2020 with a commencement date of June 5, 2020 for the sum of \$4,821 payable on the 10th day of each month for 48 consecutive months. The lease term will end on June 10, 2024.

Annual lease payments total \$200,955 for the current fiscal year.

CITY OF ALEXANDRIA, LOUISIANA

Notes to Basic Financial Statements

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

2021	\$ 59,845
2022	69,487
2023	69,487
2024	69,487
2025	16,456
2026-2030	58,175
2031-2032	<u>23,270</u>
	<u>\$ 366,207</u>

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

A detail of compensation, benefits, and other payments paid to Mayor Jeffrey W. Hall for the year ended April 30, 2020 are as follows:

<u>Purpose</u>	<u>Jeffrey W. Hall</u>
Salary	\$ 125,583
Benefits-medicare	11,453
Benefits-health insurance	15,222
Benefits-retirement	21,010
Benefits-life	7
Car allowance	7,705
Registration fees	250
Conference travel	429
Special meals	<u>298</u>
	<u>\$ 181,957</u>

CITY OF ALEXANDRIA, LOUISIANA

Notes to Basic Financial Statements

(20) Compensation of City Officials

A detail of compensation paid to the Councilmen for the year ended April 30, 2020 follows:

Charles L. Fowler, Jr.	\$ 25,200
Joseph Fuller	25,200
Jules R. Green	25,200
Malcolm Larvadain (9/24/2019-4/30/2020)	14,442
Gerber M. Porter	25,200
Harry B. Silver	25,200
James A. Villard	25,200
Ronald Dejoie (5/1/2019 - 9/23/2019)	10,855
	<u>\$ 176,497</u>

(21) 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, 2020. 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	\$ 500,000	None
Workers' compensation	500,000	None
Automobile liability	200,000	None

All funds of the City participate in the program and make payments to the Risk Management Fund based upon actuarial estimates of the amounts needed to pay prior and current year claims. The claims liability of \$7,119,965 as of April 30, 2020 is based on the requirements of GASB, 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:

CITY OF ALEXANDRIA, LOUISIANA

Notes to Basic Financial Statements

	<u>2020</u>	<u>2019</u>
Unpaid claims, beginning	\$6,662,101	\$7,230,113
Claims incurred	4,664,242	2,818,045
Claims payments	<u>(4,206,378)</u>	<u>(3,386,057)</u>
Unpaid claims, ending	<u>\$7,119,965</u>	<u>\$6,662,101</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 \$542,807 reported in the Fund at April 30, 2020, is based upon the requirements of GASB, 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>2020</u>	<u>2019</u>
Unpaid claims, beginning	\$ 476,375	\$ 710,506
Claims incurred	8,566,625	7,625,047
Claims payments	<u>(8,500,193)</u>	<u>(7,859,178)</u>
Unpaid claims, ending	<u>\$ 542,807</u>	<u>\$ 476,375</u>

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, 2020 and 2019, claim payments of \$9,294 and \$6,657 were paid by the Unemployment Benefits Fund. Management believes that sufficient investments are available in the Unemployment Benefits Fund to pay claims from investment

CITY OF ALEXANDRIA, LOUISIANA

Notes to Basic Financial Statements

earnings. Claims due as of April 30, 2020 and 2019, are considered immaterial and are not included in this report.

(22) Interfund Receivables/Payables and Interfund Transfers

A. A summary of interfund receivables and payables at April 30, 2020 follows:

	<u>Interfund Receivables</u>	<u>Interfund Payables</u>
General fund	\$2,502,278	\$ 395,798
Other governmental funds	318,811	182,743
Utilities system enterprise fund	390,021	2,038,769
Other business-type funds	<u>200</u>	<u>594,000</u>
Total	<u>\$3,211,310</u>	<u>\$ 3,211,310</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, 2020:

	<u>Transfers In</u>	<u>Transfers Out</u>
General fund	\$10,911,371	\$ 3,544,674
General capital projects fund	100,000	413,634
Other governmental funds	-	402,882
Internal service funds	1,368,000	-
Utilities system enterprise fund	174,000	11,449,157
Other business-type funds	<u>5,777,976</u>	<u>2,521,000</u>
Total	<u>\$18,331,347</u>	<u>\$ 18,331,347</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

(23) On-Behalf Payments

The City has recognized \$1,469,542 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, \$797,280 was paid to police and \$672,262 to firemen.

(24) Deficit Fund Balance

The Internal Service Funds of the City had a deficit fund balance on April 30, 2020 of \$9,244,302. The deficit will be financed through future transfers to the funds for services provided.

(25) Subsequent Events

On June 23, 2020, the City issued Series 2020 Taxable Utilities Revenue Refunding Bonds of \$138,800,000. The bonds were issued for the purpose of refunding the Utilities Revenue Bonds Series 2013A and Utility Revenue Bonds Series 2014. The Refunding Bonds have a Maturity date of May 1, 2043 and include principal payments made annually of \$1,260,000 to \$9,305,000 and interest paid semiannually at rates varying from 0.899% to 3.087% through Maturity.

On August 14, 2020 the City entered into multiple lease agreements for equipment with Wells Fargo Leasing Inc. Payments will be monthly and total \$12,701 for 48 months with the lease term ending September 30, 2024.

(26) 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 June 15, 2021. 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, 2019. The effect of implementation on the City's financial statements has not yet been determined.

**REQUIRED
SUPPLEMENTARY INFORMATION**

CITY OF ALEXANDRIA, LOUISIANA
General Fund

Budgetary Comparison Schedule
For the Year Ended April 30, 2020

	Budget		Actual	Variance with Final Budget Positive (Negative)
	Original	Final		
Revenues:				
Taxes				
Property taxes	\$ 3,605,000	\$ 3,605,000	\$ 3,669,330	\$ 64,330
Sales taxes	38,202,000	38,800,000	39,541,620	741,620
Franchise	650,000	600,000	596,170	(3,830)
Licenses and permits	2,890,000	2,970,000	3,004,739	34,739
Intergovernmental				
Federal	35,000	412,000	249,211	(162,789)
State	1,770,000	1,811,000	2,052,786	241,786
Charges for services	591,000	585,000	716,121	131,121
Fines and fees	364,000	387,000	319,396	(67,604)
Investment income	-	125,000	138,879	13,879
Miscellaneous	55,000	360,000	513,585	153,585
Total revenues	<u>48,162,000</u>	<u>49,655,000</u>	<u>50,801,837</u>	<u>1,146,837</u>
Expenditures:				
Current -				
General government	17,325,427	19,749,294	16,750,257	2,999,037
Public safety	28,442,469	30,494,165	27,845,267	2,648,898
Public works	10,635,644	10,227,702	9,025,573	1,202,129
Capital outlay	3,573,920	4,248,808	3,253,495	995,313
Debt service -				
Principal retirement	1,210,000	1,210,000	1,210,000	-
Interest and fiscal charges	72,756	72,756	72,756	-
Total expenditures	<u>61,260,216</u>	<u>66,002,725</u>	<u>58,157,348</u>	<u>7,845,377</u>
Deficiency of revenues over expenditures	<u>(13,098,216)</u>	<u>(16,347,725)</u>	<u>(7,355,511)</u>	<u>8,992,214</u>
Other financing sources (uses):				
Proceeds from sale of fixed assets	-	50,000	75,883	25,883
Transfers in	10,905,000	10,905,000	10,911,371	6,371
Transfers out	<u>(5,307,000)</u>	<u>(3,544,674)</u>	<u>(3,544,674)</u>	<u>-</u>
Total other financing sources (uses)	<u>5,598,000</u>	<u>7,410,326</u>	<u>7,442,580</u>	<u>32,254</u>
Net change in fund balance	(7,500,216)	(8,937,399)	87,069	9,024,468
Fund balance, beginning	<u>23,539,827</u>	<u>23,539,827</u>	<u>23,539,827</u>	<u>-</u>
Fund balance, ending	<u>\$16,039,611</u>	<u>\$14,602,428</u>	<u>\$23,626,896</u>	<u>\$ 9,024,468</u>

CITY OF ALEXANDRIA, LOUISIANA

Schedule of Changes in Total OPEB and Related Ratios
For the Year Ended April 30, 2020

	<u>2020</u>	<u>2019</u>
Total OPEB Liability		
Service cost	\$ 185,396	\$ 176,741
Interest	711,137	787,441
Changes of benefit terms	-	-
Differences between expected and actual experience	561,816	(628,210)
Changes of assumptions	2,152,491	264,206
Benefit payments	<u>(1,778,356)</u>	<u>(1,564,563)</u>
Net change in total OPEB liability	1,832,484	(964,385)
Total OPEB liability - beginning	<u>19,652,678</u>	<u>20,617,063</u>
* Total OPEB liability - ending	<u>\$ 21,485,162</u>	<u>\$ 19,652,678</u>
Covered-employee payroll	\$ 29,212,743	\$ 28,089,176
Net OPEB liability as a percentage of covered-employee payroll	73.55%	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 FRS
 For the Year Ended April 30, 2020

<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>
Municipal Police Employees' Retirement System (MPERS) *					
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%
2020	2.447169%	\$ 22,224,393	\$ 7,642,256	290.81%	71.01%
Firefighters Retirement System (FRS) *					
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%
2020	2.422111%	\$ 15,167,041	\$ 5,848,928	259.31%	73.96%

* 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, 2020

	*	2020	2019	2018	2017	2016
Total Pension Liability						
Service costs	\$	3,508,934	\$ 3,444,992	\$ 3,218,971	\$ 2,975,969	\$ 3,263,636
Interest		11,709,404	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		(918,159)	760,132	(3,522,240)	(857,021)	(1,157,889)
Changes of Assumptions		-	-	8,726,019	3,553,024	3,124,571
Benefit payments		(10,493,619)	(9,855,151)	(9,240,582)	(9,042,968)	(9,004,033)
Refunds of member contributions		(468,497)	(300,012)	(596,958)	(352,340)	(353,939)
Other		-	(83,881)	47,822	(42,820)	146,848
Net Change in Total Pension Liability	\$	3,338,063	5,694,169	10,154,260	7,609,936	8,434,778
Total Pension Liability - Beginning		<u>182,030,503</u>	<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>185,368,566</u>	<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	\$	1,935,419	\$ 1,890,978	\$ 1,873,690	\$ 1,830,452	\$ 1,790,965
Contributions - Employer		3,991,734	4,609,374	4,734,943	4,580,596	4,858,476
Contributions - Nonemployer contributing Employer Entities		-	-	-	-	-
Net investment income		37,487,306	(9,882,707)	17,882,012	11,143,790	(4,378,349)
Benefit payments		(10,493,619)	(9,855,151)	(9,240,582)	(9,042,968)	(9,004,033)
Refunds of member contributions		(468,497)	(300,012)	(596,958)	(352,340)	(353,939)
Administrative expenses		(165,687)	(163,269)	(155,590)	(149,330)	(150,777)
Other		-	(83,881)	47,822	(42,820)	146,848
Net Change in Plan Fiduciary Net Position		32,286,656	(13,784,668)	14,545,337	7,967,380	(7,090,809)
Plan Fiduciary Net Position - Beginning		<u>148,439,630</u>	<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>180,726,286</u>	<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)	\$	4,642,280	\$ 33,590,873	\$ 14,112,036	\$ 18,503,113	\$ 18,860,557
Plan Fiduciary Net Position as a Percentage of the Total Pension Liability		97.50%	81.55%	92.00%	88.87%	88.11%
Covered-employee payroll	\$	20,736,281	\$ 20,368,422	\$ 19,894,718	\$ 19,384,664	\$ 18,643,423
Net Pension Liability (Asset) as a percentage of covered employee payroll		22.39%	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, 2020

	April 30, 2020	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)	(18,392)
Refunds of member contributions	-	-	-	-	-
Other	-	-	-	-	-
Net Change in Total Pension Liability	(18,392)	(18,392)	(8,598)	(19,785)	31,296
Total Pension Liability - Beginning	224,856	243,248	251,846	271,631	240,335
Total Pension Liability - Ending (a)	<u>\$ 206,464</u>	<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	861	1,179	200	141	125
Benefit payments	(18,392)	(18,392)	(18,392)	(18,392)	(18,392)
Refunds of member contributions	-	-	-	-	-
Administrative expenses	-	-	-	-	-
Other	-	-	-	-	-
Net Change in Plan Fiduciary Net Position	(17,531)	(17,213)	3,808	3,749	3,733
Plan Fiduciary Net Position - Beginning	106,155	123,368	119,560	115,811	112,078
Plan Fiduciary Net Position - Ending (b)	<u>\$ 88,624</u>	<u>\$ 106,155</u>	<u>\$ 123,368</u>	<u>\$ 119,560</u>	<u>\$ 115,811</u>
Net Pension Liability (Asset) - Ending (a) - (b)	\$ 117,840	\$ 118,701	\$ 119,880	\$ 132,286	\$ 155,820
Plan Fiduciary Net Position as a Percentage of the Total Pension Liability	42.92%	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	N/A
Measurement date	April 30, 2018	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, 2020

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
Municipal Police Employees' Retirement System (MPERS)					
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%
2020	\$ 2,515,305	\$ 2,515,305	\$ -	\$ 7,748,514	32.46%
Firefighter's Retirement System (FRS)					
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%
2020	\$ 1,571,906	\$ 1,571,906	\$ -	\$ 5,705,353	27.55%
City of Alexandria Employees' Retirement System (COAERS)					
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%
2020	\$ 3,718,248	\$ 3,718,248	\$ -	\$ 20,726,193	17.94%
City of Alexandria Firemen's Pension and Relief Fund (FPARF)					
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	\$ -	\$ -	\$ -	\$ -	N/A
2020	\$ -	\$ -	\$ -	\$ -	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, 2020

	* 2020	2019	2018	2017	2016
Annual money-weighted rate of return net of investment expense	25.70%	-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.

(2) Retirement System Plans

A. Changes in Benefit Terms

There were no changes of benefit terms.

CITY OF ALEXANDRIA, LOUISIANA

Notes to the Required Supplementary Information

B. Changes of Assumptions

Year ended April 30,	Discount Rate	Investment Rate of Return	Inflation Rate	Expected Remaining Service Lives	Projected Salary Increase
*Municipal Police Employees' Retirement System					
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%
2020	7.125%	7.125%	2.500%	4	4.25% - 9.75%
*Firefighters Retirement System of Louisiana					
2016	7.50%	7.50%	2.875%	7	4.75% - 15.00%
2017	7.50%	7.50%	2.875%	7	4.75% - 15.00%
2018	7.40%	7.40%	2.750%	7	4.75% - 15.00%
2019	7.30%	7.30%	2.700%	7	4.75% - 15.00%
2020	7.15%	7.15%	2.500%	7	4.50% - 14.75%
**City of Alexandria Employees' Retirement System					
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%
2020	6.50%	6.50%	2.40%	4	4.50%
City of Alexandria Firemen's Pension and Relief Fund (FPARF)					
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
2020	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 – As of April 30, 2020, the discount rate changed to 2.36%, which was a decrease of 1.43% from the rate used in the previous fiscal year end. No other 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, 2020

<u>Type of Service</u>	<u>Number of Customers</u>
Electricity	24,660
Water	21,810
Gas	15,736
Wastewater	17,342

CITY OF ALEXANDRIA, LOUISIANA

Unaudited Listing of Insurance in Force
April 30, 2020

Property

Insurer: XL Insurance America, Inc

Expiration date: May 6, 2020

Coverage:

Real property, comprising buildings, and personal property

Self- insured retention:

\$100,000 per occurrence deductibles

Policy limits of liability:

\$204,591,037 per occurrence with specified sublimits

Boiler and Machinery

Insurer: Ace American Insurance Company

Expiration date: May 6, 2020

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: American Alternative Insurance Coporation

Expiration date: May 6, 2020

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

Cyber Policy

Insurer: Traveler Companies, Inc.

Expiration date: March 5, 2020

Self- insured retention:

\$25,000 each occurrence

Policy limits of liability:

\$1,000,000 per occurrence with sublimits

(continued)

CITY OF ALEXANDRIA, LOUISIANA

Unaudited Listing of Insurance in Force (continued)
April 30, 2020

Employee Benefits Liability

Insurer: American Alternative Insurance Corporation

Expiration date: May 6, 2020

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, 2020

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:

\$750,000 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, 2020

Coverage: Tax Collector

Policy limits of liability: \$10,000

Public Employees Honesty Bond

Insurer: Fidelity and Deposit Company of Maryland

Expiration date: September 1, 2020

Loss retention: \$10,000 per occurrence

Policy limits of liability: \$100,000 per employee

**INTERNAL CONTROL,
COMPLIANCE
AND
OTHER MATTERS**

KOLDER, SLAVEN & COMPANY, LLC

CERTIFIED PUBLIC ACCOUNTANTS

C. Burton Kolder, CPA*
Brad E. Kolder, CPA, JD*
Gerald A. Thibodeaux, Jr., CPA*
Robert S. Carter, CPA*
Arthur R. Mixon, CPA*
Stephen J. Anderson, CPA*
Christine C. Doucet, CPA
Wanda F. Arcement, CPA, CVA
Bryan K. Joubert, CPA
Matthew E. Margaglio, CPA
Casey L. Ardoin, CPA, CFE

Victor R. Slaven, CPA* - retired 2020

* A Professional Accounting Corporation

183 S. Beadle Rd. 11929 Bricksome Ave.
Lafayette, LA 70508 Baton Rouge, LA 70816
Phone (337) 232-4141 Phone (225) 293-8300

1428 Metro Dr. 450 E. Main St.
Alexandria, LA 71301 New Iberia, LA 70560
Phone (318) 442-4421 Phone (337) 367-9204

200 S. Main St. 1201 David Dr.
Alexandria, LA 70510 Morgan City, LA 70380
Phone (337) 893-7944 Phone (985) 384-2020

434 E. Main St. 332 W. Sixth Ave.
Ville Platte, LA 70586 Oberlin, LA 70655
Phone (337) 363-2792 Phone (337) 639-4737

WWW.KCSRPCAS.COM

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, 2020, 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 27, 2020.

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. However, a material weakness may exist that has not been identified.

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*.

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 27, 2020

KOLDER, SLAVEN & COMPANY, LLC

CERTIFIED PUBLIC ACCOUNTANTS

C. Burton Kolder, CPA*
Brad E. Kolder, CPA, JD*
Gerald A. Thibodeaux, Jr., CPA*
Robert S. Carter, CPA*
Arthur R. Mixon, CPA*
Stephen J. Anderson, CPA*
Christine C. Doucet, CPA
Wanda F. Arcement, CPA, CVA
Bryan K. Joubert, CPA
Matthew E. Margaglio, CPA
Casey L. Ardoin, CPA, CFE

183 S. Beadle Rd. 11929 Bricksome Ave.
Lafayette, LA 70508 Baton Rouge, LA 70816
Phone (337) 232-4141 Phone (225) 293-8300

1428 Metro Dr. 450 E. Main St.
Alexandria, LA 71301 New Iberia, LA 70560
Phone (318) 442-4421 Phone (337) 367-9204

200 S. Main St. 1201 David Dr.
Alexandria, LA 70510 Morgan City, LA 70380
Phone (337) 893-7944 Phone (985) 384-2020

434 E. Main St. 332 W. Sixth Ave.
Ville Platte, LA 70586 Oberlin, LA 70655
Phone (337) 363-2792 Phone (337) 639-4737

Victor R. Slaven, CPA* - retired 2020

* A Professional Accounting Corporation

WWW.KCSRPCAS.COM

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, Louisiana's (the City) compliance with the types of compliance requirements described in the *OMB Compliance Supplement* that could have a direct and material effect on each of the City's major federal programs for the year ended April 30, 2020. 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, 2020.

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 27, 2020

CITY OF ALEXANDRIA, LOUISIANA

Schedule of Expenditures of Federal Awards
For the Year Ended April 30, 2020

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		\$ 741,217
Home Investment Partnerships Program	14.239		<u>173,913</u>
Total U.S. Department of Housing and Urban Development			<u>915,130</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-02-2815	43,178
Crime Victim Assistance	16.575	2017-VS-02-4475	<u>53,064</u>
Subtotal CFDA No. 16.575			<u>96,242</u>
Edward Byrne Memorial Justice Assistance			
Grant Program	16.738	2017-DJ-01-4604	15,960
Violence Against Women Formula Grant	16.588	2018-WF-01-4763	<u>19,336</u>
Subtotal passed through Louisiana Commission on Law Enforcement and the Administration of Criminal Justice			<u>131,538</u>
Passed through City of Shreveport, Louisiana			
Project Safe Neighborhoods	16.609	2018-PSN-02-0011	<u>29,404</u>
Passed through the Rapides Parish Police Jury			
Edward Byrne Memorial Justice Assistance Grant Program	16.738	2018-DJ-BX-0827	<u>6,002</u>
Subtotal CFDA No. 16.738			<u>21,962</u>
Total U.S. Department of Justice			<u>166,944</u>
United States Department of Homeland Security -			
Passed-through the Rapides Parish Police Jury			
Homeland Security Grant Program	97.067	EMW-2019-SS00014-S01	<u>7,412</u>
United States Department of Transportation			
Federal Transit - Formula Grants (Urbanized Area Formula Grants) - Federal Transit Cluster			
	20.507		<u>611,702</u>

(continued)

CITY OF ALEXANDRIA, LOUISIANA

Schedule of Expenditures of Federal Awards (continued)
For the Year Ended April 30, 2020

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.011754.6	161,524
Highway Planning and Construction -			
Highway Planning and Construction Cluster	20.205	H.009852.6	<u>247,480</u>
Total Federal Highway Administration (FHWA) CFDA No. 20.205			<u>409,004</u>
National Highway Traffic Safety Administration			
Passed through the State of Louisiana Department of Transportation			
State and Community Highway Safety - Highway Safety Cluster			
	20.600	PT-2019-30-11	<u>23,968</u>
Total United States Department of Transportation			<u>1,044,674</u>
United States Department of Treasury			
Passed through the State of Louisiana Division of Administration			
Coronavirus Relief Fund			
	21.019		<u>1,644,735</u>
Total Expenditures of Federal Awards			<u>\$ 3,778,895</u>
CDBG - Entitlement Grants Cluster	\$ 741,217		
Highway Planning and Construction Cluster	\$ 409,004		
Federal Transit Cluster	\$ 611,702		
Highway Safety Cluster	\$ 23,968		

The accompanying notes are an integral part of this schedule.

CITY OF ALEXANDRIA, LOUISIANA

Notes to Schedule of Expenditures of Federal Awards
Year Ended April 30, 2020

(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, 2020. 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, 2020.

(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 \$6,521,845 at April 30, 2020 as it relates to the Capitalization Grants for Clean Water State Revolving Funds CFDA 66.468.

The City had debt balance outstanding of \$2,815,603 at April 30, 2020 as it relates to the Capitalization Grants for Drinking Water State Revolving Funds CFDA 66.458.

(5) Coronavirus Relief Fund, CFDA 21.019

The Coronavirus Aid, Relief, and Economic Security Act ("CARES Act") established the Coronavirus Relief Fund ("the Fund"). Payments from this fund must be used for necessary expenditures incurred due to the public health emergency with respect to the Coronavirus Disease 2019 (COVID-19) between March 1, 2020, to December 30, 2020. Although no funds have been specifically obligated to the City from March 1, 2020 through April 30, 2020 the City incurred public health and safety costs in the amount of \$1,644,735 that management believes qualifies as allowable federal expenses under the preliminary guidance issues by the Treasury Department and the State of Louisiana. As a result, management has included this amount as a federal expenditure on the Schedule.

CITY OF ALEXANDRIA, LOUISIANA

Schedule of Findings and Questioned Costs
Year Ended April 30, 2020

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. No deficiencies were disclosed during the audit of the 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 federal 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 programs tested as major were:
 - Federal Highway Administration (FHWA):
 - Highway Planning and Construction Cluster, CFDA 20.205
 - U.S. Department of Housing and Urban Development
 - Office of Community Planning and Development Community Development Block Grants/Entitlement Grants – CDBG – Entitlement Grants Cluster, CFDA 14.218
 - Home Investment Partnerships Program, CFDA 14.239
 - United States Department of Treasury
 - Coronavirus Relief Fund, CFDA 21.019
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 –
 - None reported.
- 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, 2020

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

A. Internal Control Over Financial Reporting

None reported.

B. Compliance and other matters

None reported.

Part II: Prior Year Findings:

A. Internal Control Over Financial Reporting

2019-001 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: Resolved.

B. Compliance and Other Matters

None reported.

KOLDER, SLAVEN & COMPANY, LLC

CERTIFIED PUBLIC ACCOUNTANTS

C. Burton Kolder, CPA*
Brad E. Kolder, CPA, JD*
Gerald A. Thibodeaux, Jr., CPA*
Robert S. Carter, CPA*
Arthur R. Mixon, CPA*
Stephen J. Anderson, CPA*
Christine C. Doucet, CPA
Wanda F. Arcement, CPA, CVA
Bryan K. Joubert, CPA
Matthew E. Margaglio, CPA
Casey L. Ardoin, CPA, CFE

Victor R. Slaven, CPA* - retired 2020

183 S. Beadle Rd. 11929 Bricksome Ave.
Lafayette, LA 70508 Baton Rouge, LA 70816
Phone (337) 232-4141 Phone (225) 293-8300

1428 Metro Dr. 450 E. Main St.
Alexandria, LA 71301 New Iberia, LA 70560
Phone (318) 442-4421 Phone (337) 367-9204

200 S. Main St. 1201 David Dr.
Alexandria, LA 70510 Morgan City, LA 70380
Phone (337) 893-7944 Phone (985) 384-2020

434 E. Main St. 332 W. Sixth Ave.
Ville Platte, LA 70586 Oberlin, LA 70655
Phone (337) 363-2792 Phone (337) 639-4737

WWW.KCSRPCAS.COM

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, 2020, 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 27, 2020.

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 27, 2020

KOLDER, SLAVEN & COMPANY, LLC

CERTIFIED PUBLIC ACCOUNTANTS

C. Burton Kolder, CPA*
Victor R. Slaven, CPA*
Gerald A. Thibodeaux, Jr., CPA*
Robert S. Carter, CPA*
Arthur R. Mixon, CPA*
Brad E. Kolder, CPA, JD*
Stephen J. Anderson, CPA*
Christine C. Doucet, CPA
Wanda F. Arcement, CPA, CVA
Bryan K. Joubert, CPA
Matthew E. Margaglio, CPA
Casey Ardoin, CPA

183 S. Beadle Rd. 11929 Bricksome Ave.
Lafayette, LA 70508 Baton Rouge, LA 70816
Phone (337) 232-4141 Phone (225) 293-8300

1428 Metro Dr. 450 E. Main St.
Alexandria, LA 71301 New Iberia, LA 70560
Phone (318) 442-4421 Phone (337) 367-9204

200 S. Main St. 1201 David Dr.
Alexandria, LA 70510 Morgan City, LA 70380
Phone (337) 893-7944 Phone (985) 384-2020

434 E. Main St. 332 W. Sixth Ave.
Ville Platte, LA 70586 Oberlin, LA 70655
Phone (337) 363-2792 Phone (337) 639-4737

* A Professional Accounting Corporation

WWW.KCSRPCAS.COM

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 27, 2020