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STATE OF LOUISIANA - 100  
SO. 1017 26 111 9-53

# CITY OF ALEXANDRIA EMPLOYEES' RETIREMENT SYSTEM

Alexandria, Louisiana  
December 31, 1997

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Release Date: JUN 03 1998



**PAYNE, MOORE & HERRINGTON, LLP**  
Certified Public Accountants  
Alexandria, Louisiana

**CITY OF ALABAMA EMPLOYEES'  
RETIREMENT SYSTEM**

**DECEMBER 31, 1987**

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FAYNE, MOORE & HERRINGTON, LLP

CHARTER FIDELITY ACCOUNT

INDEPENDENT AUDITOR'S REPORT

Board of Trustees  
City of Alexandria Employees'  
Retirement System

We have audited the accompanying financial statements of the City of Alexandria Employees' Retirement System, Alexandria, Louisiana, (a pension trust fund of the City of Alexandria, Louisiana) as of and for the year ended December 31, 1997, as listed in the table of contents. These financial statements are the responsibility of the System's management. Our responsibility is to express an opinion on these financial statements based on our audit.

We conducted our audit in accordance with generally accepted auditing standards and Government Auditing Standards, issued by the Comptroller General of the United States. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audit provides a reasonable basis for our opinion.

As discussed in Note 3, the financial statements present only the City of Alexandria Employees' Retirement System (a pension trust fund of the City of Alexandria, Louisiana) and are not intended to present fairly the financial position and results of operations of the City of Alexandria, Louisiana, in conformity with generally accepted accounting principles.

As discussed in Note 3, effective January 1, 1997, the City of Alexandria Employees' Retirement System adopted Statement No. 26 of the Governmental Accounting Standards Board, Financial Reporting for Defined Benefit Pension Plans and Note Disclosures for Defined Contribution Plans.

In our opinion, the financial statements referred to in the first paragraph present fairly, in all material respects, the financial position of the City of Alexandria Employees' Retirement System, as of December 31, 1997, and the results of its operations for the year then ended in conformity with generally accepted accounting principles.

REPORT DATE 11/11/98      REPORT PERIOD 12/31/97      PERIOD COVERED 12/31/97  
FIDELITY      FAYNE MOORE & HERRINGTON, LLP      1700 BIRCH ST.  
NEW ORLEANS, LA      NEW ORLEANS, LA



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PAYNE, MOORE & HERRINGTON, LLP

Board of Trustees  
City of Alexandria Employees'  
Retirement System

In accordance with Government Auditing Standards, we have also issued our report dated February 19, 1998, on our consideration of the City of Alexandria Employees' Retirement System's internal control over financial reporting and our tests of its compliance with certain provisions of laws and regulations.

We have also previously audited, in accordance with generally accepted auditing standards, the financial statements as of and for the years ended December 31, 1992, 1993, 1994, 1995, and 1996 (none of which are presented herein); and we expressed unqualified opinions on those financial statements.

In our opinion, the information set forth in the required supplemental information for each of the six years in the period ended December 31, 1997, appearing on pages 18 through 19, is fairly stated in all material respects, in relation to the financial statements from which it has been derived.

Our audit was conducted for the purpose of forming an opinion on the basic financial statements taken as a whole. The accompanying financial information listed as additional information in the table of contents is presented for the purpose of additional analysis and is not a required part of the basic financial statements. Such information has been subjected to the auditing procedures applied in the audit of the basic financial statements and, in our opinion, is fairly stated in all material respects in relation to the basic financial statements taken as a whole.

*Payne Moore & Herrington, LLP*  
Certified Public Accountants

February 19, 1998

CITY OF ALEXANDRIA EMPLOYEES' RETIREMENT SYSTEM  
STATEMENT OF PLAN NET ASSETS  
DECEMBER 31, 1997

EXHIBIT A

ASSETS

Cash		\$ 1,056,382
Accrued interest and dividends receivable		104,890
Investments, at fair value		
Corporate bonds		
(amortized cost \$29,829,756)	29,033,139	
U.S. Treasury obligations		
(amortized cost \$3,482,419)	3,776,845	
Zero coupon Treasury receipts		
(amortized cost \$4,948,388)	5,188,366	
GWSA notes		
(amortized cost \$1,613,129)	1,887,008	
FWSS notes		
(cost \$800,000)	800,000	
Corporate stocks		
(cost \$24,890,471)	<u>25,023,220</u>	
Total Investments (cost \$44,664,153)		60,388,629
Furniture, fixtures, and equipment, at cost		
net of accumulated depreciation of \$13,939		<u>3,827</u>
Total Assets		<u>\$4,899,267</u>
LIABILITIES		
Payroll taxes withheld		<u>100</u>
NET ASSETS HELD IN TRUST FOR FUTURE BENEFITS (A schedule of funding progress is presented on page 18)		<u>\$4,899,217</u>

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

CITY OF ALEXANDRIA EMPLOYEES' RETIREMENT SYSTEM  
 STATEMENT OF CHANGES IN PLAN NET ASSETS  
 YEAR ENDED DECEMBER 31, 1997

EXHIBIT B

<b>ADDITIONS</b>		
Contributions		
Employer		\$ 3,441,747
Plan member		<u>1,388,828</u>
Total Contributions		3,707,491
Investment Income		
Net appreciation in fair value of investments		7,510,358
Interest		3,823,448
Dividends		314,335
Gain on sale or redemption of securities		<u>1,281,388</u>
total investment income		11,929,529
Total Additions		15,329,488
<b>DEDUCTIONS</b>		
Benefits		3,897,187
Refunds of contributions		281,324
Administrative expenses		<u>88,318</u>
Total Deductions		4,266,829
<b>NET INCREASE</b>		11,064,746
<b>NET ASSETS HELD IN TRUST FOR PENSION BENEFITS, BEGINNING OF YEAR, AS REPORTED</b>		<u>43,328,433</u>
<b><u>NET ASSETS HELD IN TRUST FOR PENSION BENEFITS, END OF YEAR</u></b>		<u>54,393,179</u>

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

CITY OF ALEXANDRIA EMPLOYEES' RETIREMENT SYSTEM  
DECEMBER 31, 1987

NOTES TO FINANCIAL STATEMENTS

A. PLAN DESCRIPTION

The City of Alexandria Employees' Retirement System (the System) is the administrator of a single-employer defined benefit plan established by Act 439 of the Louisiana Legislature of 1948, as amended, and administered by the City of Alexandria. The System is considered part of the City of Alexandria financial reporting entity and is included in the City's financial reports as a pension trust fund.

Substantially all employees of the City, except firemen and policemen, become members of the System as a condition of employment. At December 31, 1987, System membership consisted of:

Current employees	
Vested	184
Nonvested	167
Terminated members due future benefits	4
Terminated members not due future benefits	94
Retirees and survivors currently receiving benefits	121
TOTAL	780

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 sixty-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 the number of years of creditable service, not to exceed one hundred percent of his average compensation. (Average compensation is defined as the highest three year average annual compensation.)

**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

CITY OF ALEXANDRIA EMPLOYEES' RETIREMENT SYSTEM  
DECEMBER 31, 1987

NOTES TO FINANCIAL STATEMENTS

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.

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 - Covered employees are required by statute to contribute 10 percent of their salary to the system. The city is required by statute to contribute remaining amounts necessary to finance the system at an actuarially determined rate. Benefit and contribution provisions are established by state law and may be amended only by the Louisiana legislature.

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

B. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES AND PLAN ASSET MATTERS

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.

During the current year, the System implemented the provisions of GASB Statement No. 25, Financial Reporting for Defined Benefit Pension Plans and Note Disclosures for Defined Contribution Plans. Under such statement No.25, the system is required to report plan investments at their fair value at the reporting date. To comply with GASB Statement No.25, the System has restated the beginning balances of plan net assets resulting from the change. This adjustment increased net assets held in trust for pension benefits as of December 31, 1986 by \$1,339,204.

Estimates - The preparation of financial statements in conformity with generally accepted accounting principles requires the plan administrator to make estimates and assumptions that affect certain reported amounts and disclosures. Accordingly, actual results may differ from these estimates.

Cash - Management considers all highly liquid investments with a maturity of three months or less when acquired to be cash.

CITY OF ALEXANDRIA EMPLOYERS' RETIREMENT SYSTEM  
DECEMBER 31, 1993

NOTES TO FINANCIAL STATEMENTS

**Investments** - Statutes allow the System to invest in securities issued, guaranteed, or insured by the United States government; bonds and other evidence of indebtedness issued by states or their political subdivisions; stocks, bonds, or other securities or evidence of indebtedness issued by any solvent corporation created under the laws of the United States or any of the states of the United States; certificates of deposit of state banks organized under the laws of Louisiana and national banks having their principal 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 prior 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. Mortgages have been valued on the basis of their future principal and interest payments discounted at prevailing interest rates for similar investments.

**Furniture, Fixtures, and Equipment** - Furniture, fixtures, and equipment are valued at cost less accumulated depreciation. The costs of normal maintenance and repairs that do not add to the value of the asset or materially extend asset lives are not capitalized. Improvements are capitalized and depreciated over the remaining useful life of the related asset, as applicable. Depreciation is computed using the straight-line method over the estimated economic life of the assets.

**C. CASH**

The System's deposits at year-end were entirely covered by federal depositary insurance or by collateral held by the System or its agent in the System's name (SSRS Category 1).

**D. FURNITURE, FIXTURES, AND EQUIPMENT**

A summary of changes in furniture, fixtures, and equipment during the year is presented below:

	BALANCE 12/31/92	ACQUISITION	DEPRECIATION	BALANCE 12/31/93
Furniture and fixtures	\$ 4,137	\$-0-	\$-0-	\$ 4,137
Computer equipment	12,874	-0-	-0-	12,874
Total	\$17,011	\$-0-	\$-0-	17,011
Accumulated depreciation				12,874
Net				\$ 4,137

CITY OF ALEXANDRIA EMPLOYEES' RETIREMENT SYSTEM  
DECEMBER 31, 1997

NOTES TO FINANCIAL STATEMENTS

The following estimated lives are used to compute depreciation on the straight-line method.

Furniture and fixtures	3-10 years
Computer equipment	5 years

Depreciation expense recorded in the financial statements for the year ended December 31, 1997 amounted to \$1,895.

#### REQUEST SUPPLEMENTAL INFORMATION

**CITY OF ALEXANDRIA EMPLOYEES' RETIREMENT SYSTEM**  
**REQUIRED SUPPLEMENTAL INFORMATION**  
**SCHEDULE OF FUNDING PROGRESS**  
(In thousands of dollars)

**SCHEDULE 1**

ACTUARIAL VALUATION	(1) ACTUARIAL VALUE OF PLAN	(2) ACTUARIAL LIABILITY (FASAB)-FUNDING ENTRY AMT	(3) FUNDED RATIO (1) / (2)	(4) UNFUNDED BAL		(5) COVERED PAYROLL (1) / (2)	TOTAL AS A PERCENTAGE OF COVERED PAYROLL
				(FASAB)	(FASAB)		
12/31/83	\$31,886	\$30,877	97.0%	\$10,891	\$11,458	144.8%	144.8%
12/31/84	34,815	34,889	97.5	13,184	11,854	144.6	144.6
12/31/84	37,183	35,883	96.5	13,682	13,368	142.7	142.7
12/31/85	41,113	40,828	97.1	13,712	12,444	138.4	138.4
12/31/86	45,853	45,383	97.5	13,936	12,678	137.2	137.2
12/31/87	48,313	48,424	97.8	20,112	12,148	132.8	132.8

See independent auditor's report.

CITY OF ALEXANDRIA EMPLOYEES' RETIREMENT SYSTEM  
 REQUIRED SUPPLEMENTAL INFORMATION  
 SCHEDULE OF EMPLOYEE CONTRIBUTIONS

SCHEDULE 3

YEAR ENDED <u>DECEMBER 31</u>	ANNUAL REQUIRED <u>CONTRIBUTION</u>	PERCENTAGE <u>CONTRIBUTED</u>
1992	\$1,849,158	100%
1993	2,431,887	100%
1994	2,847,875	100%
1995	2,905,929	100%
1996	2,848,877	100%
1997	2,641,787	100%

See independent auditor's report.

**CITY OF ALABAMA'S EMPLOYEES' RETIREMENT SYSTEM**  
**NOTES TO REQUIRED SUPPLEMENTAL INFORMATION**

The information presented in the required supplemental schedules was determined as part of the actuarial valuations at the date indicated. Additional information as of the latest actuarial valuation follows.

Valuation date	12/31/97
Actuarial cost method	Frozen Entry Age Normal
Amortization method	Level percent closed
Remaining amortization period	21 years
Asset valuation method	Common stock values were determined by using a three year smoothing of realized and unrealized gains and losses with one year retrospective phase in. For all other assets, amortized cost was used.
 Actuarial assumptions:	
Investment rate of return	8.5%
Projected salary increases	5.5%
Includes inflation at	3.25%
Includes merit raises at	2.25%
Cost-of-living adjustments	None

See independent auditor's report.

#### ADDITIONAL INFORMATION

CITY OF ALBANY/COCA EMPLOYERS' RETIREMENT SYSTEM  
 SCHEDULE OF CASH RECEIPTS AND CASH DISBURSEMENTS  
 YEAR ENDED DECEMBER 31, 1997

SCHEDULE 3

CASH, BEGINNING OF YEAR	\$ 704,593
<b>CASH RECEIPTS</b>	
Member contributions	1,295,824
Employer contributions	2,841,747
Investment income	
Interest	2,841,887
Dividends	297,819
Gain on sale or redemption of securities	1,241,380
TOTAL CASH RECEIPTS	<u>7,418,657</u>
CASH AVAILABLE	8,123,250
<b>CASH DISBURSEMENTS</b>	
Plan benefits	3,897,183
Refunds of contributions	232,328
Administrative expenses	84,150
Purchase of investments	1,278,263
TOTAL CASH DISBURSEMENTS	<u>5,492,924</u>
<b>CASH, END OF YEAR</b>	<b><u>\$1,630,326</u></b>

See Independent auditor's report.



**CITY OF ALEXANDRIA EMPLOYEES' RETIREMENT SYSTEM  
INVESTMENTS - CORPORATE BONDS  
DECEMBER 31, 1997**

**SCHEDULE 4  
(Continued)**

DESCRIPTION	MATURITY DATE	INTEREST RATE	FACE VALUE	ACQUISITION COST	MARKET VALUE
New Jersey Bell Telephone Company	03/01/03	7.200	200,000	188,396	191,769
New Jersey Bell Telephone Company	12/18/04	8.000	200,000	184,808	191,835
New York Telephone Company	08/15/02	7.000	200,000	186,938	191,182
New York Telephone Company	02/15/04	7.250	200,000	89,803	181,889
New York Telephone Company	02/18/04	7.200	100,000	89,806	181,889
New York Telephone Company	08/18/02	7.000	200,000	188,474	189,182
Pacific Bell Telephone Company	08/09/02	8.875	200,000	188,773	190,884
Pacific Bell Telephone Company	08/18/03	8.875	200,000	187,583	190,884
Pacific Bell Telephone Company	02/01/03	7.500	200,000	188,128	190,820
Pacific Gas & Electric	03/01/04	7.200	200,000	188,701	191,432
Pacific Gas & Electric	02/01/02	8.000	200,000	187,883	188,828
Pacific Gas & Electric	08/01/02	7.250	100,000	89,890	109,485
Pacific Gas & Electric	08/01/02	8.000	100,000	89,382	101,488
Pacific Gas & Electric	02/01/02	8.000	200,000	188,800	188,828
Phillip Morris	01/15/07	8.375	200,000	247,388	269,219
Phillip Morris	01/01/01	9.000	200,000	262,351	214,056
Phillip Morris	01/01/02	8.000	200,000	200,000	214,084
Potomac Edison	12/01/02	8.000	200,000	189,843	194,181
Potomac Electric Power Co.	03/18/02	7.500	200,000	187,078	187,581
Public Service Gas & Electric Co.	03/01/02	7.000	100,000	208,128	203,421
Public Service Gas & Electric Co.	03/01/02	7.500	100,000	203,183	191,481
Public Service Gas & Electric Co.	03/01/02	7.500	99,000	99,896	106,236
Rockwell International	02/18/02	8.375	100,000	208,488	213,089
Seas RORO&K	11/01/11	7.375	100,000	228,000	214,128
Seas RORO&K	08/18/02	8.750	100,000	858,080	927,123
Shell Oil Company	03/18/02	7.200	80,000	84,000	84,000
South Central Bell	08/01/02	7.375	75,000	79,011	78,582
Southwest Bell Telephone & Telegraph	07/18/02	7.375	100,000	148,001	152,180
Southern California Edison	07/15/02	7.125	200,000	201,331	200,422
Southern California Edison	07/18/02	7.125	200,000	204,228	200,422
Southern California Edison	12/01/07	8.375	400,000	408,000	408,284
Southern California Gas	08/01/02	8.750	100,000	104,480	124,882
Southwestern Bell Telephone Company	07/15/02	7.250	400,000	408,000	409,279
Tennessee Valley Authority	12/18/02	7.750	200,000	198,022	198,000
Tennessee Valley Authority	07/18/02	8.000	100,000	200,000	198,489
Tennessee Valley Authority	07/18/02	8.000	100,000	200,000	204,423
Tennessee Valley Authority	07/15/02	7.750	200,000	197,156	198,000
The Potomac Edison Company	12/01/02	8.000	100,000	100,000	111,794
The Potomac Edison Company	08/01/04	8.000	100,000	99,323	109,182
U.S. West Communications Company	08/15/02	7.500	200,000	191,792	191,519
U.S. West Communications Company	08/18/02	8.875	200,000	200,000	181,884
Wal-Mart Stores	07/18/02	7.100	100,000	208,082	217,022

**TOTALS** **\$18,028,808** **\$18,828,288** **\$20,021,128**

See independent auditor's report.

**CITY OF ALEXANDRIA EMPLOYEES' RETIREMENT SYSTEM**  
**INVESTMENTS - U.S. TREASURY COLLECTIONS**  
**DECEMBER 31, 1997**

SCHEDULE 3

<u>DESCRIPTION</u>	<u>AMOUNT</u>	<u>INTEREST</u>	<u>PRICE</u>	<u>AMORTIZED</u>	<u>MARKET</u>
	<u>DATE</u>	<u>RATE</u>	<u>VALUE</u>	<u>COST</u>	<u>VALUE</u>
U.S. Treasury Bill	03/28/98	5.207%	\$200,000	\$197,000	\$197,410
U.S. Treasury Bill	01/22/99	4.800	200,000	197,000	199,640
U.S. Treasury Bill	02/08/99	4.800	200,000	207,000	200,000
U.S. Treasury Bill	02/08/99	5.100	200,000	197,000	199,000
U.S. Treasury Bond	05/15/99	6.200	200,000	200,000	210,000
U.S. Treasury Bond	05/15/99	6.170	200,000	200,000	207,070
U.S. Treasury Note	05/15/99	6.000	700,000	699,000	700,000
U.S. Treasury Note	08/10/99	7.250	200,000	194,000	210,000
U.S. Treasury Note	07/20/99	6.070	<u>1,300,000</u>	<u>1,282,000</u>	<u>1,284,812</u>
<b>TOTAL</b>			<u>62,100,000</u>	<u>62,082,012</u>	<u>62,176,942</u>

See Independent auditor's report.

**CITY OF ALABAMA EMPLOYEES' RETIREMENT SYSTEM**  
**STATEMENTS - 1980 COUPON TREASURY RECEIPTS**  
**DECEMBER 31, 1987**

SCHEDULE 4

DESCRIPTION		AUTHORITY	DATE	TIME	FACE	AMORTIZED	MARKET
					VALUE	VALUE	VALUE
Debt	Coupon Treasury Receipts		02/15/80	8.4804	\$ 478,000	\$ 386,430	\$ 441,338
Debt	Coupon Treasury Receipts		02/15/80	8.4800	108,000	89,147	94,131
Debt	Coupon Treasury Receipts		02/15/80	8.8800	204,000	159,200	184,293
Debt	Coupon Treasury Receipts		02/15/80	8.1204	1,888,000	138,130	840,443
Debt	Coupon Treasury Receipts		08/15/80	8.1771	328,700	404,830	329,338
Debt	Coupon Treasury Receipts		08/15/80	8.8200	813,000	481,340	584,889
Debt	Coupon Treasury Receipts		11/15/80	8.2401	1,808,000	891,370	709,440
Debt	Coupon Treasury Receipts		04/15/84	8.8844	888,700	388,430	487,088
Debt	Coupon Treasury Receipts		01/09/82	8.8200	808,000	382,181	387,898
Debt	Coupon Treasury Receipts		11/15/82	8.4204	788,000	388,880	434,300
Debt	Coupon Treasury Receipts		08/15/84	8.4801	1,813,000	327,000	888,141
Debt	Coupon Treasury Receipts		08/15/85	7.8800	514,000	190,738	179,888
Debt	Coupon Treasury Receipts		02/15/87	8.3800	<u>3,828,000</u>	<u>431,368</u>	<u>332,263</u>
<b>TOTALS</b>					<b>11,861,000</b>	<b>64,990,285</b>	<b>64,185,368</b>

Fixed payments paid to maturity-

See independent auditor's report.

**CITY OF ALABAMA EMPLOYEES' RETIREMENT SYSTEM**  
**INVESTMENTS - GMA, NOTES**  
**DECEMBER 31, 1997**

SCHEDULE F

<u>DESCRIPTION</u>	<u>INTEREST</u>	<u>PRINCIPAL</u>	<u>AMOUNT</u>	<u>MARKET</u>
	<u>RATE</u>	<u>BALANCE</u>	<u>NOTE</u>	<u>VALUE</u>
GMA Notes	8.00%	\$ 500,488	\$ 500,000	\$ 491,833
GMA Notes	8.50	667,829	654,000	594,489
GMA Notes	10.00	349,494	343,771	381,793
GMA Notes	10.00	74,359	71,893	81,366
GMA Notes	11.00	19,699	18,818	21,737
GMA Notes	11.00	15,533	15,708	19,539
GMA Notes	11.00	10,491	10,371	11,799
GMA Notes	12.00	88,138	78,818	100,486
GMA Notes	12.00	15,003	14,594	18,397
GMA Notes	12.00	11,543	8,468	13,714
GMA Notes	14.00	<u>38,178</u>	<u>3,818</u>	<u>18,877</u>
<u>TOTAL</u>		<u>\$1,681,488</u>	<u>\$1,636,119</u>	<u>\$1,887,808</u>

All of the above are monthly principal reduction notes, with final maturity scheduled on various dates.

See independent auditor's report.

CITY OF ALABAMA EMPLOYEES' RETIREMENT SYSTEM  
 INVESTMENTS - FPAH BOND  
 DECEMBER 31, 2007

SCHEDULE 4

<u>DESCRIPTION</u>	<u>Maturity</u>	<u>INTEREST RATE</u>	<u>PRINCIPAL</u>	<u>COST</u>	<u>MARKET VALUE</u>
FPAH Bond	01/28/11	5.750%	100,000	100,000	101,184
FPAH Bond	02/01/11	6.000%	100,000	100,000	100,184
FPAH Bond	02/01/11	6.000%	100,000	100,000	101,021
<b><u>TOTAL</u></b>			<b><u>300,000</u></b>	<b><u>300,000</u></b>	<b><u>302,389</u></b>

See Independent Auditor's report.

**CITY OF ALEXANDRIA EMPLOYEES' RETIREMENT SYSTEM**  
**INVESTMENTS - CORPORATE STOCKS**  
**DECEMBER 31, 1987**

**SCHEDULE 3**  
**(CONTINUED)**

DESCRIPTION	NUMBER		MARKET VALUE
	OF SHARES	CONS.	
American Home Products	1,000	177,818	\$ 180,500
American Corporation	2,000	177,885	181,800
Am. Int.	18,000	288,883	420,800
Anderson Bus. Company	2,000	88,814	132,800
AT&T Corporation	18,000	374,813	615,325
Baker Hughes, Inc.	2,000	138,825	130,875
Baxter International, Inc.	4,000	387,888	382,825
Beving Company	7,000	378,188	382,500
Boisjoly Space Spools	2,000	182,214	189,200
Campbell Soup Company	4,000	288,215	232,500
Central LA Biotech. Company	11,000	381,748	388,225
Cisco Systems, Inc.	2,000	58,818	88,788
Coca Cola Company	12,000	288,814	738,840
Colgate Palmolive Company	2,000	128,287	187,800
Coups & Company	2,000	128,212	128,500
Eastman Kodak Company	8,000	422,218	488,500
Electronic Data System	400	1,788	21,500
Eli Lilly and Company	7,000	288,885	487,875
Emerson Electric Company	18,000	382,121	388,275
Exxon	18,000	424,200	611,875
F.I. Hubert & Company	2,000	288,281	288,125
Flour Corporation	8,000	382,478	324,200
General Electric Company	18,000	428,188	1,487,200
General Motors Corporation	7,000	287,828	428,200
Gillette Company	8,000	807,888	802,188
GPS Corporation	10,000	488,228	522,800
Halliburton Company	2,000	288,188	288,828
Harris Corporation	4,000	212,824	278,288
Harshey Foods Corporation	8,000	214,100	371,825
Hughes Electronics	1,000	11,788	68,827
I.T. Baker Company	19,000	381,278	388,125
Intel Corporation	7,000	324,425	481,725
International Business Machines	12,000	487,828	1,288,200
Johnson & Johnson	7,000	428,788	481,125
Kaiser Aluminum Corporation	20,000	582,882	88,788
Lucant Technologies, Inc.	8,000	278,827	478,200
McDonald's Corporation	8,000	218,881	288,825

See independent auditor's report.

CITY OF ALEXANDRIA EMPLOYEES' RETIREMENT SYSTEM  
 INVESTMENTS - COMPANY STOCKS  
 DECEMBER 31, 1967

SCHEDULE B  
 (Continued)

DESCRIPTION	NUMBER OF SHARES	COST	MARKET VALUE
Medtronic, Inc.	8,000	\$ 122,049	\$ 127,000
Merkel & Company	8,000	263,135	268,000
Monsieff Corporation	2,000	267,460	258,000
Mobil Oil Corporation	8,000	409,161	377,000
Monsieur Company	7,000	261,491	294,000
Movall, Inc.	18,000	277,146	212,000
Peoples, Inc.	12,000	220,000	218,000
Primer	15,000	267,207	1,118,400
Quaker State Corporation	15,000	244,000	211,000
Raytheon Company	1,000	38,074	48,200
Reading Airport Association	6,000	270,400	140,700
RSC Communications	8,000	224,001	260,000
Schlumberger, Ltd.	8,000	117,548	202,000
Union Cashier Corporation	8,000	290,180	227,000
Wall Street Company	8,000	268,884	400,000
Weyerhaeuser Company	8,000	140,000	186,200
World Com, Inc.	20,000	270,400	400,700
W.S. Wrigley Company	5,000	121,040	127,812
<b>TOTALS</b>		<u>\$14,982,872</u>	<u>\$21,021,818</u>

See independent auditor's report.

**OTHER REPORTS REQUIRED BY  
GOVERNMENT AUDITING STANDARDS  
AND LOUISIANA ENVIRONMENTAL AIDIT GUIDE**

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



DOYLE MOORE & HERRINGTON, LLP

GOVERNMENT ACCOUNTING

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

Board of Trustees  
City of Alexandria Employees'  
Retirement System

We have audited the financial statements of the City of Alexandria Employees' Retirement System, Alexandria, Louisiana, (a pension trust fund of the City of Alexandria, Louisiana) as of and for the year ended December 31, 1997, and have issued our report thereon dated February 19, 1998. We conducted our audit in accordance with generally accepted auditing standards and Government Auditing Standards, issued by the Comptroller General of the United States.

Compliance

As part of obtaining reasonable assurance about whether the City of Alexandria Employees' Retirement System's financial statements are free of material misstatement, we performed tests of its compliance with certain provisions of laws and regulations, noncompliance with which could have a direct and material effect on the determination of financial statement amounts. However, providing an opinion on compliance with these 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 that are required to be reported under Government Auditing Standards.

Internal Control Over Financial Reporting

In planning and performing our audit, we considered the City of Alexandria Employees' Retirement System's internal control over financial reporting in order to determine our auditing procedures for the purpose of expressing our opinion on the financial statements and not to provide assurance on the internal control over financial reporting. Our consideration of the internal control over financial reporting would not necessarily disclose all matters in the internal control over financial reporting that might be material weaknesses. A material weakness is a





PAINE, MOORE & HERINGTON, LLP

Board of Trustees  
City of Alexandria Employees'  
Retirement System

condition in which the design or operation of one or more of the internal control components does not reduce to a relatively low level the risk that misstatements in amounts that would be material in relation to the financial statements being audited may occur and not be detected within a timely period by employees in the normal course of performing their assigned functions. We noted no matters involving the internal control over financial reporting and its operation that we consider to be material weaknesses.

This report is intended for the information of the Board of Trustees and management of the City of Alexandria Employees' Retirement System. However, this report is a matter of public record and its distribution is not limited.

*Paine, Moore & Herington, LLP*  
*certified public accountants*

February 19, 1988

**SCHEDULE OF FINDINGS AND QUESTIONED COINS**

CITY OF ALEXANDRIA EMPLOYEES' RETIREMENT SYSTEM  
SCHEDULE OF FINDINGS AND QUESTIONED COSTS  
YEAR ENDED DECEMBER 31, 1997

**PART I - SUMMARY OF AUDITOR'S RESULTS**

1. We have audited the financial statements of the City of Alexandria Employees' Retirement System (a pension trust fund of the City of Alexandria, Louisiana), as of and for the year ended December 31, 1997, and have issued our report thereon dated February 19, 1998. We conducted our audit in accordance with generally accepted auditing standards and the standards applicable to financial audits contained in Government Auditing Standards, issued by the Comptroller General of the United States. Our audit of the financial statements as of December 31, 1997 resulted in an unqualified opinion.
2. We reported no material matters involving the internal control over financial reporting and its operations that we consider to be reportable conditions or material weaknesses in accordance with generally accepted auditing standards and the standards applicable to financial audits contained in Government Auditing Standards, issued by the Comptroller General of the United States.
3. Our tests of compliance based on an audit of the financial statements performed in accordance with Government Auditing Standards disclosed no instances of noncompliance that are required to be reported under Government Auditing Standards.
4. No federal funds were received by the System. Therefore, the reports required by OMB Circular A-113 are not applicable.
5. No management letter was issued.
6. There were no prior year audit findings. Therefore, management is not required to issue the Summary Schedule of Prior Year Audit Findings.
7. There were no current year audit findings. Therefore, management is not required to issue a Corrective Action Plan.

**PART II - FINDINGS RELATING TO THE FINANCIAL STATEMENTS WHICH ARE  
REQUIRED TO BE REPORTED UNDER GOVERNMENT AUDITING STANDARDS**

None.

**PART III - FINDINGS AND QUESTIONED COSTS FOR FEDERAL AWARDS**

No federal awards were received by the City of Alexandria Employees' Retirement System during the year ended December 31, 1997.