

*City of Alexandria Employees'
Retirement System*

Alexandria, Louisiana

December 31, 2019

**City of Alexandria Employees'
Retirement System**

December 31, 2019

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PAYNE, MOORE & HERRINGTON, LLP

CERTIFIED PUBLIC ACCOUNTANTS

Established 1945

Independent Auditor's Report

To the Board of Trustees
City of Alexandria Employees' Retirement System
Alexandria, Louisiana

Report on the Financial Statements

We have audited the accompanying statement of fiduciary net position of the City of Alexandria Employees' Retirement System (the System), Alexandria, Louisiana, (a pension trust fund of the City of Alexandria, Louisiana) as of December 31, 2019, and the related statement of changes in fiduciary net position for the year then ended and the related notes to the financial statements, which collectively comprise the System'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 an opinion on these financial statements based on our audit. We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

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

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PAYNE, MOORE & HERRINGTON, LLP

To the Board of Trustees
City of Alexandria Employees' Retirement System

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

Opinion

In our opinion, the financial statements referred to above present fairly, in all material respects, the fiduciary net position of the System, as of December 31, 2019, and the respective changes in fiduciary net position thereof for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Emphasis of Matter

As discussed in Note 1, the financial statements present only the System, a pension trust fund of the City of Alexandria, Louisiana, and do not purport to, and do not present fairly the financial position of the City of Alexandria, Louisiana, as of December 31, 2019, the changes in its financial position, or, where applicable, its cash flows for the year then ended in accordance with accounting principles generally accepted in the United States of America. Our opinion is not modified with respect to this matter.

Other Matters

Required Supplementary Information

Accounting principles generally accepted in the United States of America require that the management's discussion and analysis on pages 4 through 8 and other required supplementary information on pages 21 through 24 be presented to supplement the basic financial statements. Such information, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board, who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. We have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.



PAYNE, MOORE & HERRINGTON, LLP

To the Board of Trustees
City of Alexandria Employees' Retirement System

Other Information

Our audit was conducted for the purpose of forming an opinion on the financial statements that collectively comprise the System's basic financial statements. The accompanying financial information listed as supplementary information in the table of contents is presented for the purposes of additional analysis and is not a required part of the basic financial statements.

This supplementary information, as listed in the table of contents, is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the basic financial statements. Such information has been subjected to the auditing procedures applied in the audit of the basic financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the basic financial statements or to the basic financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the supplementary information, as listed in the table of contents, is fairly stated in all material respects in relation to the basic financial statements as a whole.

Other Reporting Required by Government Auditing Standards

In accordance with *Government Auditing Standards*, we have also issued our report dated June 11, 2020 on our consideration of the System'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 System'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 System's internal control over financial reporting and compliance.

Payne, Moore & Herrington, LLP

Certified Public Accountants
Alexandria, Louisiana

June 11, 2020

**Required Supplementary Information
Part I**

Management's Discussion and Analysis

**City of Alexandria Employees' Retirement System
Management's Discussion and Analysis
Year Ended December 31, 2019**

Our discussion and analysis of the City of Alexandria Employees' Retirement System's (the System) financial performance provides an overview of the System's financial activities for the year ended December 31, 2019. It encompasses year-long activities and is management's representation of the System's activities and should be read in conjunction with the accompanying financial statements.

Overview of the Financial Statements

The **Statement of Fiduciary Net Position** includes all of the System's assets and liabilities, and provides information about the nature and amount of investments available to satisfy the pension benefits of the System. This statement should be read with the understanding that it discloses the System's financial position as of December 31, 2019.

The **Statement of Changes in Fiduciary Net Position** reports the results of operations during the year, categorically disclosing the additions and deductions from plan net assets.

The **Notes to the Financial Statements** provide additional data that is essential to a complete understanding of the financial statements as well as providing brief descriptions of the plan and the System's accounting policies.

The **Required Supplementary Information – Part II**, including the Schedules of *Changes in Net Pension Liability and Related Ratios, Employer Contributions, and Investment Returns*, provides historical trend information about the actuarially determined funded status of the System from a long-term, on-going plan perspective and the progress made in accumulating sufficient assets to pay benefits when due. The content and format of these schedules were put in place in 2014. Additional information will be added to these schedules until a full ten years of trend information is available.

The **Supplementary Information** is presented for the purposes of additional analysis and is not a required part of the financial statements.

Financial Analysis

To begin our financial analysis, a summary of the System Plan Net Position is presented below:

Condensed Statement of Plan Net Position

	<u>2019</u>	<u>2018</u>	<u>Change</u>
Assets			
Cash	\$ 4,977,500	\$ 5,598,135	\$ (620,635)
Receivables	716,641	733,573	(16,932)
Investments, at fair value	175,031,716	142,108,474	32,923,242
Capital assets, net	<u>1,209</u>	<u>228</u>	<u>981</u>
Total Assets	180,727,066	148,440,41	32,286,656
Liabilities	<u>(780)</u>	<u>(780)</u>	<u>-</u>
Net position restricted for pensions	\$ 180,726,286	\$ 148,439,630	\$ 32,286,656

As the table above indicates, the Net Position Restricted for Pensions increased by \$32,286,656, primarily due to investment market activity. The year ended December 31, 2019, showed an investment rebound with strong performances. As a result, during the year 2019 there was a net change of \$32,286,656 in Plan Net Position when measured year over year at December 31st.

**City of Alexandria Employees' Retirement System
Management's Discussion and Analysis
Year Ended December 31, 2019**

Cash – The System, for the past several years, has maintained a portion of its assets in cash. As the table above indicates, there was a net decrease of \$620,635 in total cash amounts. Overall, the cash position is still somewhat higher than normally would be the case. The primary reason is due to the DROP program and its activities which requires higher balances to be on hand. It is anticipated that over time a reduction of these cash amounts would be permitted.

Further, it is the position of the System that during unsettled market periods and potential demands of the System for certain cash needs, it is prudent to maintain a larger than normal cash position. Though, as stated above, it is felt that a reduction in the cash balance might be able to occur.

All of the cash balances of the System earn interest at the daily interest rate arranged with the System's financial institution while being kept available for System purposes. Additionally, the banking institution is required to provide collateral to secure these cash positions in the form of Treasury securities which are held at the Federal Reserve for the System's account.

The cash balances of the System are subject to a call by those persons participating in the DROP program. The termination of participation is a choice of timing by the individual, resulting in a need to disperse large amounts at the time of notice given by these persons. During the year 2019 a total of \$825,265 was paid out in cash to DROP participants terminating employment (an increase of \$183,369 paid in the prior year). At year-end the total liability to DROP participants was \$2,322,158. Further, the decisions of individuals completing the DROP and electing to continue employment required the establishment of an interest bearing sub-account for the accumulated DROP funds of these persons. These sub-account amounts are reflected in the cash balances shown in the above table. At the year-end the total in the DROP sub-accounts totaled \$821,777. Individuals have a call on these funds at a time of their choosing thereby increasing the need for a ready amount of funds.

Additional demands for cash payments during the year were not only the payment to retired employees, which totaled \$9,668,354, but also include refunds to terminated employees as well. Persons terminating employment, who are not vested for future benefits, are refunded the amount of their employee contributions. During the year 2019 this amounted to \$468,497, an increase of \$168,485 over the prior year. Cash payments for the DROP amounted to \$825,265 during the year 2019.

Receivables – Receivables consist of accrued interest receivable on fixed income securities and dividends receivable on stocks. These receivables tend to increase as the amount invested in fixed income securities and equities increase.

Investments – The year ended December 31, 2019 was investment wise and was much improved in market return over the prior year; as a result, the System's investments ended the year with a net increase of fair value of assets of \$32,923,242. A positive rate of return of 25.7% was recorded at the end of the fiscal year, December 31, 2019. The System's return, according to our actuary, was still among the better rates of return experienced by Louisiana public retirement areas. Further, the System over the past 25 years, when compared to the universe of systems covered by our actuary, has experienced a positive geometric return of 8.0%, ranking the System among the very highest returns in any public retirement system in Louisiana.

**City of Alexandria Employees' Retirement System
Management's Discussion and Analysis
Year Ended December 31, 2019**

Condensed Statements of Changes in Plan Net Position

	<u>2019</u>	<u>2018</u>	<u>Change</u>
Additions			
Employer	\$ 3,991,734	\$ 4,609,374	\$ (617,640)
Plan members	1,935,419	1,890,978	44,441
Net investment income (loss)	<u>37,487,306</u>	<u>(9,882,707)</u>	<u>47,370,013</u>
Total Additions	43,414,459	(3,382,355)	46,796,814
Deductions			
Plan benefits	9,668,354	9,213,255	455,099
DROP benefits	825,265	641,896	183,369
Employee refunds	468,497	300,012	168,485
Transfer to other systems	-	83,881	(83,881)
Administrative expenses	<u>165,687</u>	<u>163,269</u>	<u>2,418</u>
Total Deductions	<u>11,127,803</u>	<u>10,402,313</u>	<u>725,490</u>
Net Increase (Decrease) in Plan Net Position	\$ 32,286,656	\$ (13,784,668)	\$ 46,071,324

The table above indicates that the plan net position increased by \$46,071,324 at the end of 2019, when compared to the negative action the previous fiscal year. All of this was the result of the investment market rebound.

Employer Contributions - Employer contribution rates are set through the report of the consulting actuary and are designed to change with the beginning of the City's fiscal year at May 1st. Rates run for a 12-month period until the following April 30th with the current actuarial valuation determining any change in rate structure. The current employer contribution rate of 17.94% will be increased to 20.64% on May 1, 2020. This rate will be in effect until the close of the City's fiscal year of April 30, 2021. The actuary has recommended that the rate beginning May 1, 2021 be decreased to 19.38%. This change is primarily due to an anticipated contribution surplus to decrease normal costs.

Investment Income – The System invests in markets with a prudent amount of risk taken, but it cannot control the events that shape and govern the markets in which we place our funds. The System either matched or exceeded the indices it measures itself against during the year ended December 31, 2019.

Other Information – The unfunded accrued liability was fully amortized as of January 1, 2018. Hence, since the fiscal 2018 valuation, the System's funding method was changed to the Aggregate Actuarial Cost Method. This method does not develop an unfunded actuarial liability.

A retirement system's activities must be viewed on an on-going multi-year basis; on this basis the System continues to make progress in its efforts, and both grow assets and pay down liabilities. The DROP program continues to place a greater degree of call on the cash of the System and in doing so impedes, somewhat, the normal investment progress of the System. Overall, the System is healthy and growing, a direction management continues to strive in attaining.

Request for Information – The financial report of the System is designed to provide a general overview of the System's finances for interested parties. Any request for additional information should be directed to the City of Alexandria Employees' Retirement System, P. O. Box 71, Alexandria, LA 71309.

Financial Statements

City of Alexandria Employees' Retirement System
Statement of Fiduciary Net Position
December 31, 2019

Exhibit A

Assets

Cash		\$ 4,977,500
Accrued interest and dividends receivable		716,641
Investments, at fair value:		
Domestic fixed income securities		
Corporate bonds (amortized cost \$56,658,533)	64,987,948	
GNMA notes (amortized cost \$70)	70	
Domestic equities		
Preferred stocks (cost \$586,824)	621,354	
Common stocks (cost \$82,437,589)	109,422,344	
Total Investments (cost \$139,683,016)	175,031,716	
Furniture, fixtures, and equipment, net of depreciation		1,209
Total Assets		180,727,066

Liabilities

Payroll taxes withheld		780
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Net Position Restricted for Pensions

\$ 180,726,286

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

**City of Alexandria Employees' Retirement System
Statement of Changes in Fiduciary Net Position
Year Ended December 31, 2019**

Exhibit B

Additions

Contributions		
Employer	\$	3,991,734
Plan members		1,935,419
Total Contributions		<u>5,927,153</u>
 Investment income (loss)		
Interest		2,480,803
Dividends		2,459,089
Net appreciation (depreciation) in fair value of investments		32,547,414
Total Investment Income (Loss)		<u>37,487,306</u>
Total Additions		<u>43,414,459</u>

Deductions

Benefit payments, excluding DROP benefits		9,668,354
DROP benefits		825,265
Employee refunds		468,497
Administrative expenses		165,687
Total Deductions		<u>11,127,803</u>

Net Increase (Decrease) 32,286,656

Net Position Restricted for Pensions, Beginning of Year 148,439,630

Net Position Restricted for Pensions, End of Year \$ 180,726,286

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

Notes to Financial Statements

**City of Alexandria Employees' Retirement System
December 31, 2019**

Notes to Financial Statements

1. Plan Description and Significant Accounting Policies

Plan Description

Plan Administration - The City of Alexandria Employees' Retirement System (the System) is the administrator of a single-employer defined benefit plan established by Act 459 of the Louisiana Legislature of 1948, as amended (Louisiana Revised Statutes (RS) 11:3001 to 13:3017), and administered by the City of Alexandria, Louisiana. Substantially all employees of the City, except firemen and policemen, become members of the System as a condition of employment. The System is considered part of the City of Alexandria, Louisiana financial reporting entity and is included in the City's financial reports as a pension trust fund.

The financial statements contained herein present only the City of Alexandria Employees' Retirement System and are not intended to present fairly the financial position and results of operations of the City of Alexandria, Louisiana, in conformity with accounting principles generally accepted in the United States of America.

Management of the System is vested in the System's Board of Trustees. RS 11:3011 provides that the Board shall consist of seven trustees as follows:

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

Plan Membership - Municipal employees of the City of Alexandria, Louisiana 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 or 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.

**City of Alexandria Employees' Retirement System
December 31, 2019**

Notes to Financial Statements

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

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

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

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

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

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

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

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

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

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

**City of Alexandria Employees' Retirement System
December 31, 2019**

Notes to Financial Statements

termination of employment at the end of the specified period of participation, a participant in the program may receive, at his option, a lump sum payment from the account equal to the payments to the account, or a true annuity based upon his account balance (or any other method of payment subject to approval by the Board of Trustees); in addition, the member receives the monthly benefits that were paid into the fund during the period of participation. After a member has terminated his participation in the plan, the member's individual account balance in the plan will earn interest at the actual rate of return earned on such funds left on deposit with the System. Such funds will be invested in accordance with a policy adopted by the Board of Trustees. The accrued interest will be credited to the individual account on an annual basis. If employment is not terminated at the end of the participation period, payments into the account cease and the member resumes active contributing membership in the System. The monthly benefit payments that were being paid into the DROP fund are paid to the retiree and an additional benefit based on his additional service rendered since termination of DROP participation is calculated using the normal method of benefit computation. The average compensation used to calculate the additional benefit is that used to calculate the original benefit unless his period of additional service is at least thirty-six months. In no event can the entire monthly benefit amount paid to the retiree exceed 100% of the average compensation used to compute the additional benefit. If a participant dies during the period of participation in the program, a lump sum payment equal to his account balance is paid to his named beneficiary or, if none, to his estate.

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

Contribution Rates - The retirement system is financed by employee contributions of 10% of pay plus employer contributions that are set according to actuarial requirements. 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 interest 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).

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

Significant Accounting Policies

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.

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

**City of Alexandria Employees' Retirement System
December 31, 2019**

Notes to Financial Statements

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

Investments are reported at fair value. Corporate bonds are valued based on yields currently available on comparable securities of issuers with similar credit ratings. Securities traded on the national securities exchange are valued at the last reported sales price on the last business day of the plan year. Investments traded in the over-the-counter market and listed securities for which no sale was reported on that date are valued at the average of the last reported bid and asked prices.

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

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

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

For the year ended December 31, 2019, the annual money-weighted rate of return on pension plan investments, net of pension plan investment expense, was 25.7%. The money-weighted rate of return expresses investment performance, net of investment expense, adjusted for the changing amounts actually invested.

Furniture, Fixtures, and Equipment - Furniture, fixtures, and equipment are valued at historical cost less accumulated depreciation. The minimum capitalization threshold is any individual item with a total cost greater than or equal to \$250. Depreciation is computed using the straight-line method over the estimated economic life of the assets.

2. Cash

The System's deposits at year-end were entirely covered by federal depository insurance or by collateral held by the System or its agent in the System's name.

At year end, cash includes amounts held by the System pursuant to DROP in the amount of \$821,777.

**City of Alexandria Employees' Retirement System
December 31, 2019**

Notes to Financial Statements

3. Investments

As of December 31, 2019, the System had the following investments and maturities.

<u>Investment Type</u>	<u>Fair Value</u>	<u>Investment Maturities (in Years)</u>			
		<u>Less Than 1</u>	<u>1-5</u>	<u>6-10</u>	<u>More Than 10</u>
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
Preferred stocks	621,354				
Common stocks	109,422,344				
Total Investments	\$ 175,031,716				

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. All investment types are valued using Level 1 inputs.

Interest Rate Risk: The System does not have a formal investment policy that limits investment maturities as a means of managing its exposure to fair value losses arising from rising interest rates.

Credit Risk: The System may invest in United States bonds, treasury notes, or time certificates of deposit of any bank domiciled or having a branch office in the State of Louisiana, investments as stipulated in state law, or any other federally insured investment. In addition, the System may invest in corporate stocks and bonds. The System's investment policies limit its corporate debt investments to bonds rated at least BBB by Standards and Poor's or Baa by Moody's Investor Services. Moody's Investor Services credit ratings of the System's corporate bonds are summarized below. Due to the extraordinary market conditions experienced during the past several years, management determined that it would be detrimental to the System to sell the bonds whose credit ratings dropped below Baa.

<u>Moody's Investor Services Credit Rating</u>	<u>Fair Value</u>
A or better	\$55,961,009
Baa	9,026,939
Less than Baa	-
	<u>\$64,987,948</u>

Custodial Credit Risk: The custodial credit risk for investments is the risk that, in the event of failure of the counterparty to a transaction, a government will not be able to recover the value of investment or collateral securities that are in the possession of an outside party. All of the System's investments are held by the System or its agents in the System's name.

**City of Alexandria Employees' Retirement System
December 31, 2019**

Notes to Financial Statements

4. Furniture, Fixtures, and Equipment

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

	Balance Beginning	Additions	Deletions	Balance Ending
Furniture and fixtures	\$ 5,938	\$ -	\$ -	\$ 5,938
Equipment	<u>4,594</u>	<u>1,480</u>	<u>-</u>	<u>6,074</u>
Total	10,532	1,480	-	12,012
Accumulated depreciation	<u>(10,304)</u>	<u>(499)</u>	<u>-</u>	<u>(10,803)</u>
Net	\$ 228	\$ 981	\$ -	\$ 1,209

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

Furniture and fixtures	7-10 years
Computer equipment	5 years

Depreciation expense recorded in the financial statements for the year ended December 31, 2019, amounted to \$499.

5. Net Pension Liability

The components of the net pension liability of the System, at December 31, 2019, were as follows:

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

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

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.

Actuarial assumptions:

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 Employees' Retirement System
December 31, 2019**

Notes to 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 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 set back 3 years for females was selected for disabled annuitants. Setbacks in the employee and disability tables were used to approximate mortality improvement.

Discount rate: The discount rate used to measure the total pension liability was 6.50%. The projection of cash flows used to determine the discount rate assumes that contributions from plan members will be made at the current contribution rates and that contributions from the participating employer 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 to 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. Thus, the discount rate used to measure the total pension liability was 6.50%. For the fiscal year ending December 31, 2018, the discount rate used was also 6.50%.

Post-employment benefit changes: Although the Board of Trustees has the 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.

Sensitivity of the net pension liability to changes in the discount rate: The following presents the net pension liability of the System calculated using the discount rate of 6.50%, as well as what the System's 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 (assuming all other assumptions remain unchanged):

	1% Decrease (5.50%)	Current Discount Rate (6.50%)	1% Increase (7.50%)
Net Pension Liability (Asset)	\$ 25,028,318	\$ 4,642,280	\$ (12,633,224)

**Required Supplementary Information
Part II**

City of Alexandria Employees' Retirement System
Required Supplementary Information
Schedule of Changes in Net Pension Liability and Related Ratios
December 31,

Schedule 1

	2019	2018	2017	2016	2015	2014
Total Pension Liability						
Service cost	\$ 3,508,934	\$ 3,444,992	\$ 3,218,971	\$ 2,975,969	\$ 3,263,636	\$ 2,914,694
Interest	11,709,404	11,358,256	11,521,228	11,376,092	11,165,902	10,958,229
Changes in benefit terms	-	369,833	-	-	1,249,682	1,182,575
Differences between expected and actual experience	(918,159)	760,132	(3,522,240)	(857,021)	(1,157,889)	(2,470,911)
Changes in assumptions	-	-	8,726,019	3,553,024	3,124,571	3,597,304
Benefit payments	(10,493,619)	(9,855,151)	(9,240,582)	(9,042,968)	(9,004,033)	(8,676,473)
Refunds of member contributions	(468,497)	(300,012)	(596,958)	(352,340)	(353,939)	(343,118)
Other	-	(83,881)	47,822	(42,820)	146,848	132,725
Net Change in Total Pension Liability	<u>3,338,063</u>	<u>5,694,169</u>	<u>10,154,260</u>	<u>7,609,936</u>	<u>8,434,778</u>	<u>7,295,025</u>
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>	<u>142,842,335</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>	<u>\$ 150,137,360</u>
Plan Fiduciary Net Position						
Contributions						
Member	\$ 1,935,419	\$ 1,890,978	\$ 1,873,690	\$ 1,830,452	\$ 1,790,965	\$ 1,731,666
Employer	3,991,734	4,609,374	4,734,943	4,580,596	4,858,476	5,178,813
Net investment income	37,487,306	(9,882,707)	17,882,012	11,143,790	(4,378,349)	13,260,045
Benefit payments	(10,493,619)	(9,855,151)	(9,240,582)	(9,042,968)	(9,004,033)	(8,676,473)
Refunds of member contributions	(468,497)	(300,012)	(596,958)	(352,340)	(353,939)	(343,118)
Administrative expenses	(165,687)	(163,269)	(155,590)	(149,330)	(150,777)	(140,687)
Other	-	(83,881)	47,822	(42,820)	146,848	132,725
Net Change in Plan Fiduciary Net Position	<u>32,286,656</u>	<u>(13,784,668)</u>	<u>14,545,337</u>	<u>7,967,380</u>	<u>(7,090,809)</u>	<u>11,142,971</u>
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>	<u>135,659,419</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>	<u>\$ 146,802,390</u>
Net Pension Liability - Ending ((a) - (b))	\$ 4,642,280	\$ 33,590,873	\$ 14,112,036	\$ 18,503,113	\$ 18,860,557	\$ 3,334,970
Plan Fiduciary Net Position as a Percentage of the Total Pension Liability	97.50%	81.55%	92.00%	88.87%	88.11%	97.78%
Covered-Employee Payroll	\$ 20,736,281	\$ 20,368,422	\$ 19,894,718	\$ 19,384,664	\$ 18,643,423	\$ 18,364,585
Net Pension Liability as a Percentage of Covered-Employee Payroll	22.39%	164.92%	70.93%	95.45%	101.16%	18.16%

Notes to Schedule:

This schedule is presented to show trend information for 10 years. However, until a full 10-year trend is compiled, this schedule presents information for those years for which information is available.

See independent auditor's report.

**City of Alexandria Employees' Retirement System
Required Supplementary Information
Schedule of Employer Contributions
December 31,**

Schedule 2

	<u>2019</u>	<u>2018</u>	<u>2017</u>	<u>2016</u>	<u>2015</u>	<u>2014</u>
Actuarially determined contribution	\$ 3,991,734	\$ 4,609,374	\$ 4,734,943	\$ 4,580,596	\$ 4,858,476	\$ 5,178,813
Contributions in relation to the actuarially determined contribution	3,991,734	4,609,374	4,734,943	4,580,596	4,858,476	5,178,813
Contribution Deficiency (Excess)	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Covered-employee payroll	\$ 20,736,281	\$ 20,368,422	\$ 19,894,718	\$ 19,384,664	\$ 18,643,423	\$ 18,364,585
Contributions as a percentage of covered-employee payroll	19.25%	22.63%	23.80%	23.63%	26.06%	28.20%

Notes to Schedule:

This schedule is presented to show trend information for 10 years. However, until a full 10-year trend is compiled, this schedule presents information for those years for which information is available.

Valuation date:

Actuarially determined contribution rates for the period of January 1 to April 30 of each year were calculated as of December 31 of the third prior year. Actuarially determined contribution rates for the period of May 1 to December 31 of each year were calculated as of December 31 of the second prior year.

Methods and assumptions used to determine contribution rate:

Actuarial cost method

The Total Pension Liability as stated in this report is based on the Individual Entry Age Normal actuarial cost method as described in GASB 67.

Amortization method

Level percent closed

Expected Remaining Service Lives (ERSL)

4 years

Actuarial asset values

The actuarial value of assets is based on a 5-year smoothing of all investment earnings above or below the actuarial assumed rate of return. If the smoothed value of assets is more than 115% of the market value of assets, the actuarial value of assets will be equal to the smoothed value reduced by 1/2 of the excess of the smoothed value over 115% of the market value of assets. If the smoothed value is less than 85% of the market value of assets, the actuarial value will be equal to the smoothed value increased by 1/2 of the excess of 85% of the market value of assets over the smoothed value.

	<u>2019</u>	<u>2018</u>	<u>2017</u>	<u>2016</u>	<u>2015</u>	<u>2014</u>
Salary increases, including inflation and merit increases	4.50%	4.50%	4.50%	4.75%	4.75%	5.50%
Investment rate of return, net of investment expense	6.50%	6.50%	6.50%	7.00%	7.25%	7.75%

Retirement age

Members with 10 years of creditable service may retire at age 62
Members with 20 years of creditable service may retire at age 60
Members with 25 years of creditable service may retire at age 55
Members with 30 years of creditable service may retire at any age

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 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 set back 3 years for females was selected for disabled annuitants. Setbacks in the employee and disability tables were used to approximate mortality improvement.

See independent auditor's report.

**City of Alexandria Employees' Retirement System
Required Supplementary Information
Schedule of Investment Returns
December 31,**

Schedule 3

	2019	2018	2017	2016	2015	2014
Annual money-weighted rate of return, net of investment expense	25.7%	-6.2%	12.2%	8.1%	-3.0%	9.9%

Notes to Schedule:

This schedule is presented to show trend information for 10 years. However, until a full 10-year trend is compiled, this schedule presents information for those years for which information is available.

See independent auditor's report.

Supplementary Information

**City of Alexandria Employees' Retirement System
Schedule of Cash Receipts and Cash Disbursements
Year Ended December 31, 2019**

Schedule 4

Cash Receipts

Employer contributions	\$ 3,991,734
Member contributions	1,935,419
Interest received	2,483,925
Dividends received	2,472,900
Proceeds from sale or redemption of investments	25,083,996
Total Cash Receipts	35,967,974

Cash Disbursements

Benefit payments, excluding DROP benefits	9,668,354
DROP benefits	825,265
Employee refunds	468,497
Administrative expenses	165,188
Purchase of capital assets	1,480
Purchase of investments	25,459,825
Total Cash Disbursements	36,588,609

Net Increase (Decrease) in Cash (620,635)

Cash, Beginning of Year 5,598,135

Cash, End of Year \$ 4,977,500

See independent auditor's report.

City of Alexandria Employees' Retirement System
Investments - Corporate Bonds
December 31, 2019

Schedule 5
(Continued)

Description	Maturity Date	Interest Rate	Face Value	Amortized Cost	Fair Value
Wells Fargo & Company	10/23/2026	3.000%	\$ 410,000	\$ 403,727	\$ 419,365
The Walt Disney Company	6/15/2027	2.950%	400,000	398,944	421,388
GTE Corporation	4/15/2028	6.940%	500,000	501,531	620,668
Coca Cola Enterprises, Inc.	9/15/2028	6.750%	500,000	499,080	649,709
JPMorgan Chase & Co.	4/29/2031	3.000%	500,000	500,000	499,456
Atlantic Richfield	3/1/2032	8.750%	100,000	100,000	151,860
Goldman Sachs Group, Inc.	2/15/2033	6.125%	250,000	250,000	338,211
Goldman Sachs Group, Inc.	2/15/2033	6.125%	500,000	499,458	676,423
Allstate	6/1/2033	5.350%	1,300,000	1,313,961	1,625,406
Loews Corporaton	2/1/2035	6.000%	500,000	497,672	644,782
The Boeing Company	3/1/2035	3.300%	500,000	503,797	500,938
Wal-Mart Stores, Inc.	9/1/2035	5.250%	1,000,000	998,284	1,312,480
Verizon Global Funding Corp.	9/15/2035	5.850%	540,000	548,635	715,723
Lowes Companies	10/15/2035	5.500%	600,000	566,184	735,217
JPMorgan Chase & Co.	11/25/2035	3.500%	400,000	400,000	402,063
Wyeth	2/15/2036	6.000%	300,000	296,660	399,521
Comcast Corporation	7/15/2036	3.200%	500,000	500,000	509,485
JPMorgan Chase & Co.	7/26/2036	3.000%	500,000	500,000	478,047
Gilead Sciences, Inc.	9/1/2036	4.000%	500,000	499,956	555,435
Honeywell International	3/15/2037	5.700%	500,000	512,372	678,585
Duke Energy Carolinas, LLC	4/15/2038	6.050%	750,000	750,000	1,030,509
Consolidated Edison Co. of New York	12/1/2039	5.500%	500,000	501,897	648,670
Pepsico Capital Resources, Inc	1/15/2040	5.500%	300,000	307,580	400,681
Cisco Systems, Inc.	1/15/2040	5.500%	500,000	499,483	681,817
Cisco Systems, Inc.	1/15/2040	5.500%	1,000,000	1,066,333	1,363,633
Southern California Edison Company	3/15/2040	5.500%	500,000	506,383	608,591
Wal-Mart Stores, Inc.	7/8/2040	4.875%	500,000	491,328	633,364
Microsoft Corporation	2/8/2041	5.300%	500,000	505,236	679,793
Honeywell International	3/1/2041	5.375%	300,000	303,933	404,539
Amgen, Inc.	10/1/2041	4.950%	300,000	291,062	356,787
Philip Morris International, Inc.	11/15/2041	4.375%	300,000	299,129	332,683
Philip Morris International, Inc.	11/15/2041	4.375%	250,000	249,155	277,236
Halliburton Company	11/15/2041	4.500%	300,000	304,148	320,786
Halliburton Company	11/15/2041	4.500%	750,000	732,422	801,965
Unitedhealth Group, Inc	11/15/2041	4.625%	300,000	298,803	356,341
Florida Power and Light	2/1/2042	4.125%	500,000	500,268	568,542
McDonalds Corporation	2/15/2042	3.700%	1,000,000	983,023	1,021,208
Pepsico Capital Resources, Inc	3/5/2042	4.000%	1,000,000	999,032	1,139,599
Duke Energy Indiana, Inc	3/15/2042	4.200%	500,000	499,685	549,843
Mississippi Power Company	3/15/2042	4.250%	1,000,000	981,762	1,067,474
Southern California Edison Company	3/15/2042	4.050%	500,000	495,596	516,544
Unitedhealth Group, Inc	3/15/2042	4.375%	500,000	492,260	575,754
Philip Morris International, Inc.	3/20/2042	4.500%	505,000	512,743	567,567
Berkshire Hathaway Finance Corporation	5/15/2042	4.400%	670,000	652,607	792,478
International Business Machines Corporation	6/20/2042	4.000%	1,000,000	951,475	1,104,142
Target Corporation	7/1/2042	4.000%	500,000	506,990	573,016
Target Corporation	7/1/2042	4.000%	1,000,000	994,426	1,146,032
Anheuser-Busch Inbev Worldwide, Inc	7/15/2042	3.750%	250,000	241,433	253,469
Anheuser-Busch Inbev Worldwide, Inc	7/15/2042	3.750%	250,000	245,675	253,469
Metlife, Inc.	8/13/2042	4.125%	1,000,000	984,498	1,134,347
Metlife, Inc.	8/13/2042	4.125%	500,000	483,894	567,174
Caterpillar, Inc.	8/15/2042	3.803%	1,000,000	1,003,156	1,119,925
The Estee Lauder Companies, Inc.	8/15/2042	3.700%	700,000	658,488	750,631
Merck, Sharp & Dohme Corporation	9/15/2042	3.600%	800,000	803,886	864,159

City of Alexandria Employees' Retirement System
Investments - Corporate Bonds
December 31, 2019

Schedule 5
(Concluded)

Description	Maturity Date	Interest Rate	Face Value	Amortized Cost	Fair Value
Astrazeneca	9/18/2042	4.000%	500,000	506,523	552,455
Intel Corporaton	12/15/2042	4.250%	1,000,000	1,001,196	1,165,884
Archer-Daniels-Midland Company	4/16/2043	4.016%	650,000	650,000	721,086
Archer-Daniels-Midland Company	4/16/2043	4.016%	600,000	586,796	665,618
Nike, Inc.	5/1/2043	3.625%	600,000	587,718	655,212
Loews Corporaton	5/15/2043	4.125%	700,000	648,308	769,952
Walt Disney	6/1/2044	4.125%	720,000	705,817	848,868
Apple, Inc.	2/9/2045	3.450%	250,000	228,427	262,989
Apple, Inc.	2/9/2045	3.450%	500,000	481,897	525,977
Microsoft Corporation	2/12/2045	3.750%	650,000	625,683	739,000
The Boeing Company	3/1/2045	3.500%	600,000	583,838	584,541
Eli Lilly & Co	3/1/2045	3.700%	500,000	499,567	542,935
Bell South Telecommunications, Inc.	11/15/2045	5.850%	800,000	760,037	860,661
Bell South Telecommunications, Inc.	11/15/2045	5.850%	750,000	700,365	806,869
Occidental Petroleum Corporation	4/15/2046	4.400%	500,000	507,198	505,861
Wells Fargo & Company	6/14/2046	4.400%	500,000	506,496	574,631
The Boeing Company	6/15/2046	3.375%	500,000	497,920	485,116
Comcast Corporation	7/15/2046	3.400%	600,000	550,241	603,621
Oracle Corporation	7/15/2046	4.000%	500,000	488,508	555,575
Oracle Corporation	7/15/2046	4.000%	300,000	305,333	333,345
The Walt Disney Company	7/30/2046	3.000%	680,000	659,585	668,674
Apple, Inc.	8/4/2046	3.850%	500,000	499,952	562,243
Union Pacific Corporation	8/15/2046	3.350%	1,000,000	915,116	978,677
Shell International Finance B.V.	9/12/2046	3.750%	1,000,000	997,747	1,095,716
Shell International Finance B.V.	9/12/2046	3.750%	500,000	494,596	547,858
Pepsico Capital Resources, Inc	10/6/2046	3.450%	600,000	581,086	634,628
AFLAC, Inc	10/15/2046	4.000%	1,000,000	985,764	1,088,762
United Parcel Service, Inc.	11/15/2046	3.400%	550,000	535,601	550,747
Pfizer, Inc	12/15/2046	4.125%	600,000	602,302	693,400
Occidental Petroleum	2/15/2047	4.100%	1,000,000	999,935	970,785
Gilead Sciences, Inc.	3/1/2047	4.150%	500,000	485,163	554,133
Gilead Sciences, Inc.	3/1/2047	4.150%	600,000	581,081	664,959
Progressive Corp	4/15/2047	4.125%	600,000	593,006	701,096
Lowes Companies	5/3/2047	4.050%	600,000	578,890	648,226
Qual Comm Inc	5/20/2047	4.300%	500,000	476,277	574,684
Travelers Co	5/30/2047	4.000%	500,000	495,433	561,761
Unitedhealth Group, Inc	10/15/2047	3.750%	1,000,000	953,830	1,068,073
Oracle Corporation	11/15/2047	4.000%	400,000	391,429	447,592
Target Corporation	11/15/2047	3.900%	600,000	597,462	689,921
United Parcel Service, Inc.	11/15/2047	3.750%	950,000	918,621	1,020,718
Oracle Corporation	11/15/2047	4.000%	530,000	525,059	593,059
Travelers Co	3/7/2048	4.050%	1,000,000	980,680	1,114,519
Totals			<u>\$ 57,455,000</u>	<u>\$ 56,658,533</u>	<u>\$ 64,987,948</u>

See independent auditor's report.

**City of Alexandria Employees' Retirement System
Investments - GNMA Notes
December 31, 2019**

Schedule 6

<u>Description</u>	<u>Interest Rate</u>	<u>Principal Balance</u>	<u>Amortized Cost</u>	<u>Fair Value</u>
GNMA Notes	9.50%	\$ 21	\$ 21	\$ 21
GNMA Notes	9.50%	15	15	15
GNMA Notes	9.50%	34	34	34
Totals		<u>\$ 70</u>	<u>\$ 70</u>	<u>\$ 70</u>

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

See independent auditor's report.

**City of Alexandria Employees' Retirement System
Investments - Preferred Stocks
December 31, 2019**

Schedule 7

Description	Number of Shares	Cost	Fair Value
Entergy Arkansas, Inc	3,900	\$ 89,012	\$ 101,673
Entergy Louisiana, LLC	5,000	119,771	130,500
Entergy Arkansas, Inc	1,105	25,387	28,807
Entergy Arkansas, Inc	5,000	126,750	130,200
Entergy Louisiana, LLC	5,000	125,800	129,550
Gabelli DVD & Inc. Trust	3,880	100,104	100,624
Totals		\$ 586,824	\$ 621,354

See independent auditor's report.

**City of Alexandria Employees' Retirement System
Investments - Common Stocks
December 31, 2019**

**Schedule 8
(Continued)**

Description	Number of Shares	Cost	Fair Value
Abbott Labs	14,000	\$ 1,195,270	\$ 1,216,040
Abbvie Corp	12,400	930,873	1,097,896
Almlam Pharmaceutical Inc	5,000	617,248	575,850
Amgen, Inc.	18,000	1,475,675	4,339,260
Apache Corporation	10,000	745,381	255,900
Apple, Inc.	19,800	2,353,891	5,814,270
Bristol Meyers Rights	20,000	42,600	60,200
Bristol-Myers Squibb Company	51,500	3,171,914	3,282,610
Caterpillar, Inc	28,300	2,956,357	4,179,344
Cerence Inc	12,500	299,638	282,875
Cheniere Energy, Inc.	25,000	1,218,829	1,526,750
Coco Cola Company	79,500	2,733,368	4,400,325
ConocoPhillips	15,000	1,225,104	975,450
Corteve inc	19,401	416,505	573,494
CVS Health Corporation	57,500	4,458,106	4,271,675
Deer & Company	21,000	2,535,623	3,638,460
Devon Energy Corporation	25,000	1,720,343	649,250
Dow Inc	19,401	790,302	1,061,817
DowDuPont Incorporated	19,401	1,148,111	1,245,544
Emerson Electric Company	39,500	1,262,579	3,012,270
Exxon Mobil Corporation	57,000	3,282,089	3,977,460
Fluor Corporation	20,000	1,050,365	377,600
Frank's International N.V.	20,000	625,220	103,400
Freeport-McMoran, Inc.	45,000	1,963,975	590,400
Frontier Communications Company	320	34,358	285
General Motors Company	26,879	2,419,291	983,771
Gilead Sciences, Inc.	44,500	3,786,378	2,891,610
Halliburton	30,000	929,112	734,100
Honeywell International, Inc.	20,000	1,158,741	3,540,000
ING Groep, N.V.	7,000	285,258	84,350
International Business Machines	35,300	5,435,606	4,731,612
Johnson & Johnson	22,000	1,532,833	3,209,140
JPMorgan Chase & company	26,872	3,101,940	3,745,957
Kraft Heinz Company	10,500	965,709	337,365
Lowes Companies, Inc.	24,000	2,689,788	2,874,240

**City of Alexandria Employees' Retirement System
Investments - Common Stocks
December 31, 2019**

**Schedule 8
(Concluded)**

Description	Number of Shares	Cost	Fair Value
Lumentum Holdings Incorporated	587	325,338	46,549
Marathon Pete Corporation	7,000	550,748	421,750
Medtronic	33,250	3,011,254	3,772,213
Microsoft Corporation	55,400	3,281,147	8,736,580
Nuance Communications, Inc.	135,000	2,410,292	2,407,050
Nvidia Corp	7,500	1,501,778	1,764,750
Pfizer, Inc	20,000	874,417	783,600
Procter & Gamble Company	36,625	2,054,129	4,574,462
Red River BancShares	6,000	301,862	336,360
Target	29,000	2,541,421	3,718,090
Union Pacific Corporation	21,000	503,843	3,796,590
United Parcel	21,500	2,162,460	2,516,790
US Bancorp	44,000	1,346,497	2,608,760
Viavi Solutions	2,937	465,556	44,055
Walt Disney Company	22,500	548,467	3,254,175
Totals		\$ 82,437,589	\$ 109,422,344

See independent auditor's report.

**City of Alexandria Employees' Retirement System
Schedule of Compensation, Benefits, and
Other Payments to Chief Executive Officer
Year Ended December 31, 2019**

Schedule 9

Chief Executive Officer: Richard G. Moriarty

Purpose	Amount
Salary	\$ 51,851
Benefits-insurance	-
Benefits-retirement	-
Benefits-other	-
Car allowance	-
Vehicle provided by government	-
Per diem	-
Reimbursements	-
Travel	-
Registration fees	-
Conference travel	-
Continuing professional education fees	-
Housing	-
Unvouchered expenses	-
Special meals	-
Total	\$ 51,851

See independent auditor's report.

**Other Report Required by
*Government Auditing Standards***



PAYNE, MOORE & HERRINGTON, LLP

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

To the Board of Trustees
City of Alexandria Employees' Retirement System
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 statements of fiduciary net position and changes in fiduciary net position of the City of Alexandria Employees' Retirement System (the System) as of and for the year ended December 31, 2019, and the related notes to the financial statements, which collectively comprise the System's basic financial statements, and have issued our report thereon dated June 11, 2020.

Internal Control Over Financial Reporting

In planning and performing our audit of the financial statements, we considered the System'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 opinion on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of the System's internal control. Accordingly, we do not express an opinion on the effectiveness of the System'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. Given these limitations, during our audit we did not identify any deficiencies in internal control that we consider to be material weaknesses. However, material weaknesses may exist that have not been identified.



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To the Board of Trustees
City of Alexandria Employees' Retirement System

Compliance and Other Matters

As part of obtaining reasonable assurance about whether the System'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 System'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 System's internal control and compliance. Accordingly, this communication is not suitable for any other purpose.

Payne, Moore & Herrington, LLP

Certified Public Accountants
Alexandria, Louisiana

June 11, 2020

Rebecca B. Morris, C.P.A.
Michael A. Juneau, C.P.A.
Cindy L. Humphries, C.P.A.
Deborah R. Dunn, C.P.A.

Rebecca G. Nation, C.P.A.
Evelyn T. Renfrow, C.P.A.
Kayla G. Holloway, C.P.A.



Schedule of Findings and Responses

**City of Alexandria Employees' Retirement System
 Schedule of Findings and Responses
 Year Ended December 31, 2019**

Part I - Summary of Auditor's Results

Financial Statements

Type of auditor's report issued:

Unmodified

Internal control over financial reporting:

Material weakness(es) identified?

Yes No

Significant deficiency(ies) identified not considered to be material weaknesses?

Yes None reported

Noncompliance material to the financial statements noted?

Yes No

Federal Awards

Not Applicable

Management's Summary Schedule of Prior Year Audit Findings

Not Applicable

Management's Corrective Action Plan

Not Applicable

Other Comments and Recommendations

Not Applicable

Part II - Findings Related to the Financial Statements

None

Part III - Findings and Questioned Costs for Federal Awards

Not Applicable

*City of Alexandria Employees' Retirement
System*

*Statewide Agreed-Upon Procedures
Report*

Alexandria, Louisiana

December 31, 2019



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Independent Accountant's Report on Applying Agreed-Upon Procedures

To the Board of Trustees
City of Alexandria Employees' Retirement System
and the Louisiana Legislative Auditor

We have performed the procedures enumerated below, which were agreed to by the City of Alexandria Employees' Retirement System (Entity) and the Louisiana Legislative Auditor (LLA) on the control and compliance (C/C) areas identified in the LLA's Statewide Agreed-Upon Procedures (SAUPs) for the fiscal period January 1, 2019 through December 31, 2019. The Entity's management is responsible for those C/C areas identified in the SAUPs.

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

The procedures and associated results are as follows:

Written Policies and Procedures

1. **Procedure:** Obtain and inspect the Entity's written policies and procedures and observe that they address each of the following categories and subcategories (if applicable to public funds and the Entity's operations):
 - a) **Budgeting**, including preparing, adopting, monitoring, and amending the budget.
 - b) **Purchasing**, including (1) how purchases are initiated; (2) how vendors are added to the vendor list; (3) the preparation and approval process of purchase requisitions and purchase orders; (4) controls to ensure compliance with the public bid law; and (5) documentation required to be maintained for all bids and price quotes.
 - c) **Disbursements**, including processing, reviewing, and approving.
 - d) **Receipts/Collections**, including receiving, recording, and preparing deposits. Also, policies and procedures should include management's actions to determine the completeness of all collections for each type of revenue or agency fund additions (e.g. periodic confirmation with outside parties, reconciliation to utility billing after cutoff procedures, reconciliation of traffic ticket number sequences, agency fund forfeiture monies confirmation).

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City of Alexandria Employees' Retirement System
and the Louisiana Legislative Auditor

- e) **Payroll/Personnel**, including (1) payroll processing, and (2) reviewing and approving time and attendance records, including leave and overtime worked.
- f) **Contracting**, including (1) types of services requiring written contracts, (2) standard terms and conditions, (3) legal review, (4) approval process, and (5) monitoring process.
- g) **Credit Cards (and debit cards, fuel cards, P-Cards, if applicable)**, including (1) how cards are to be controlled, (2) allowable business uses, (3) documentation requirements, (4) required approvers of statements, and (5) monitoring card usage (e.g., determining the reasonableness of fuel card purchase).
- h) **Travel and expense reimbursement**, including (1) allowable expenses, (2) dollar thresholds by category of expense, (3) documentation requirements, and (4) required approvers.
- i) **Ethics**, including (1) the prohibitions as defined in Louisiana Revised Statute 42:1111-1121, (2) actions to be taken if an ethics violation takes place, (3) system to monitor possible ethics violations, and (4) requirement that all employees, including elected officials, annually attest through signature verification that they have read the entity's ethics policy.
- j) **Debt Service**, including (1) debt issuance approval, (2) continuing disclosure/EMMA reporting requirements, (3) debt reserve requirements, and (4) debt service requirements.
- k) **Disaster Recovery/Business Continuity**, including (1) identification of critical data and frequency of data backups, (2) storage of backups in a separate physical location isolated from the network, (3) periodic testing/verification that backups can be restored, (4) use of antivirus software on all systems, (5) timely application of all available system and software patches/updates, and (6) identification of personnel, processes, and tools needed to recover operations after a critical event.

Results: In our examination of written policies and procedures, we found that the Entity did not have formal written policies and procedures for the following areas: purchasing, disbursements, receipts/collections, payroll/personnel, contracting, ethics, or disaster recovery/business continuity.

Management's Response: The retirement system maintains written procedures relative to the areas of computer systems operations; investment policy; rules pertaining to the administration of the law delineated in the Revised Statutes that established and defined the various operations of the system. Insofar as rules relating to purchasing, it is not practical to develop such as the system's purchases are so small in scope and financial expense. The reporting of receipts, disbursements and payroll costs are adequately handled through the general ledger accounting system ACCPAC



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City of Alexandria Employees' Retirement System
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and the costs are accounted for accurately through that process. The retirement system has developed a procedures manual to cover all aspects of the payroll system. There are no contracts utilized by the retirement system except for that of the auditors, actuary and the office lease. The retirement system office follows the Revised Statutes regarding ethics and the attendance of annual meetings pertaining to the same.

Board or Finance Committee

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

Results: Not applicable-no prior year exceptions noted.

Bank Reconciliations

3. **Procedure:** Obtain a listing of client bank accounts for the fiscal period from management and management's representation that the listing is complete. Ask management to identify the Entity's main operating account. Select the Entity's main operating account and randomly select four (4) additional accounts [or all accounts if less than five (5)]. Randomly select one (1) month from the fiscal period, obtain and inspect the corresponding bank statement and reconciliation for each selected account, and observe that:



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

Results: In our examination of bank reconciliations, we noted that the bank reconciliations tested were not reviewed by management or a board member with no involvement in the transactions associated with the bank account.

Management's Response: The retirement office is a two person staff. Normally one staff person initiates the work resulting in expenditures of monies, and the other person in the office completes the work associated with that transaction. In that way, there usually is the involvement of the two members of the office staff in transactions resulting in a check and balance in the work.

Collections (excluding EFTs)

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

Results: No exceptions noted.

5. **Procedure:** For each deposit site selected, obtain a listing of collection locations and management's representation that the listing is complete. Randomly select one (1) collection location for each deposit site [i.e. five (5) collection locations for five (5) deposit sites], obtain and inspect written policies and procedures relating to employee job duties (if no written policies or procedures, inquire of employees about their job duties) at each collection location, and observe that job duties are properly segregated at each collection location such that:

- a) Employees that are responsible for cash collections do not share drawers/registers.
- b) Each employee responsible for collecting cash is not responsible for preparing/making bank deposits, unless another employee/official is responsible for reconciling collection documentation (e.g. pre-numbered receipts) to the deposit.



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City of Alexandria Employees' Retirement System
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- c) Each employee responsible for collecting cash is not responsible for posting collection entries to the general ledger or subsidiary ledgers, unless another employee/official is responsible for reconciling ledger postings to each other and to the deposit.
- d) The employee(s) responsible for reconciling cash collections to the general ledger and/or subsidiary ledgers, by revenue source and/or agency fund additions are not responsible for collecting cash, unless another employee verifies the reconciliation.

Results: In our examination of collections we noted the following:

- a) The Entity does not have a written policy specifically stating that the employee responsible for collecting cash is not responsible for depositing the cash in the bank, recording the related transaction, or reconciling the bank statement.
- b) The Entity does not have a written policy specifically stating the employee responsible for reconciling cash collection to the general ledger is not responsible for collecting cash.

Management's Response: There is no cash handled by the retirement office. All transactions are by check and ACH transactions. In the last several years, the volume of work in the handling of monies has been reduced to both a debit and credit ACH, all of which is initiated by the investment firm with whom the system deals. The only check of consequence received is for the employer and employee contributions each pay period received from the parent organization [City]. These checks are balanced against the payroll registers received from the City Payroll department, and then deposited on the date received. Both of these transactions are audited by the system auditors at year end. Written policies in this instance are not of necessity to carry out the work.

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

Results: No exceptions noted.

- 7. **Procedure:** Randomly select two (2) deposit dates for each of the five (5) bank accounts selected for procedure #3 under "Bank Reconciliations" above (select the next deposit date chronologically if no deposits were made on the dates randomly selected and randomly select a deposit if multiple deposits are made on the same day). *Alternatively, the practitioner may use a source document other than bank statements when selecting the deposit dates for testing, such as a cash collection log, daily revenue report, receipt book, etc.* Obtain supporting documentation for each of the ten (10) deposits and:

- a) Observe that receipts are sequentially pre-numbered.



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City of Alexandria Employees' Retirement System
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- b) Trace sequentially pre-numbered receipts, system reports, and other related collection documentation to the deposit slip.
- c) Trace the deposit slip total to the actual deposit per the bank statement.
- d) Observe that the deposit was made within one (1) business day of receipt at the collection location (within one (1) week if the depository is more than ten (10) miles from the collection location or the deposit is less than \$100).
- e) Trace the actual deposit per the bank statement to the general ledger.

Results: No exceptions noted.

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

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

Results: No exceptions noted.

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

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

[Note: Exceptions to controls that constrain the legal authority of certain public officials (e.g., mayor of a Lawrason Act municipality); should not be reported.]



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City of Alexandria Employees' Retirement System
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Results: We noted the following:

- a) The Entity does not use a requisition/purchase order or electronic equivalent system.
- b) The employee responsible for processing payments is the same employee who is responsible for mailing the payments.

Management's Response: All expenditures of funds are governed by and through an operating budget which is adopted by the Board of Trustees of the Retirement System at the beginning of the fiscal year. The retirement system does not have need for, nor does it utilize an electronic purchasing system.

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

Results: No exceptions noted.

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

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

Results: This procedure is not applicable because the Entity does not have credit cards, debit cards, fuel cards, or P-cards.

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



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

Results: This procedure is not applicable because the Entity does not have credit cards, debit cards, fuel cards, or P-cards.

13. **Procedure:** Using the monthly statements or combined statements selected under #12 above, excluding fuel cards, randomly select ten (10) transactions [or all transactions if less than ten (10)] from each statement, and obtain supporting documentation for the transactions [i.e. each card should have ten (10) transactions subject to testing]. For each transaction, observe that it is supported by (1) an original itemized receipt that identifies precisely what was purchased, (2) written documentation of the business/public purpose, and (3) documentation of the individuals participating in meals (for meal charges only). For missing receipts, the practitioner should describe the nature of the transaction and note whether management had a compensating control to address missing receipts, such as a "missing receipt statement" this is subject to increased scrutiny.

Results: This procedure is not applicable because the Entity does not have credit cards, debit cards, fuel cards, or P-cards.

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

14. **Procedure:** Obtain from management a listing of all travel and travel-related expense reimbursements during the fiscal period and management's representation that the listing or general ledger is complete. Randomly select five (5) reimbursements, obtain the related expense reimbursement forms/prepaid expense documentation of each selected reimbursement, as well as the supporting documentation. For each of the five (5) reimbursements selected:
- a) If reimbursed using a per diem, agree the reimbursement rate to those rates established either by the State of Louisiana or the U.S. General Services Administration (www.gsa.gov).
 - b) If reimbursed using actual costs, observe that the reimbursement is supported by an original itemized receipt that identifies precisely what was purchased.



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City of Alexandria Employees' Retirement System
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- c) Observe that each reimbursement is supported by documentation of the business/public purpose (for meal charges, observe that the documentation includes the names of those individuals participating) and other documentation required by written policy (procedure #1h).
- d) Observe that each reimbursement was reviewed and approved, in writing, by someone other than the person receiving reimbursement.

Results: This procedure is not applicable because the Entity did not have travel and travel-related expense reimbursements during the fiscal period.

Contracts

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

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

Results: Not applicable-no prior year exceptions noted.

Payroll and Personnel

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

Results: No exceptions noted.



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17. **Procedure:** Randomly select one pay period during the fiscal period. For the five (5) employees/officials selected under #16 above, obtain attendance records and leave documentation for the pay period, and:
- a) Observe that all selected employees/officials documented their daily attendance and leave (e.g., vacation, sick, compensatory). (Note: Generally, an elected official is not eligible to earn leave and does not document his/her attendance and leave. However, if the elected official is earning leave according to policy and/or contract, the official should document his/her daily attendance and leave.)
 - b) Observe that supervisors approved the attendance and leave of the selected employees/officials.
 - c) Observe that any leave accrued or taken during the pay period is reflected in the Entity's cumulative leave records.

Results: We found that the Entity does not keep written documentation on daily attendance and leave.

Management's Response: The retirement office is not under civil service, and its personnel are at will employees. The salaries approved by the Board of Trustees in the budget process are for annual salaries, paid on a semi-monthly basis. Leave is not delineated by the Board of Trustees and the Secretary-Treasurer is delegated operational authority.

18. **Procedure:** Obtain a listing of those employees/officials that received termination payments during the fiscal period and management's representation that the list is complete. Randomly select two (2) employees/officials, obtain related documentation of the hours and pay rates used in management's termination payment calculations, agree the hours to the employee/officials' cumulative leave records, and agree the pay rates to the employee/officials' authorized pay rates in the employee/officials' personnel files.

Results: The procedure is not applicable because the Entity incurred no employee/official terminations during the fiscal period.

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

Results: No exceptions noted.



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Ethics

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

Results: Not applicable-no prior year exceptions noted.

Debt Service

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

Results: This procedure is not applicable because the Entity does not have any debt.

- 22. Procedure:** Obtain a listing of bonds/notes outstanding at the end of the fiscal period and management's representation that the listing is complete. Randomly select one (1) bond/note, inspect debt covenants, obtain supporting documentation for the reserve balance and payments, and agree actual reserve balances and payments to those required by debt covenants (including contingency funds, short-lived asset funds, or other funds required by the debt covenants).

Results: This procedure is not applicable because the Entity does not have any debt.

Other

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

Results: Not applicable-no prior year exceptions noted.



PAYNE, MOORE & HERRINGTON, LLP

To the Board of Trustees
City of Alexandria Employees' Retirement System
and the Louisiana Legislative Auditor

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

Results: Not applicable-no prior year exceptions noted.

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

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

A handwritten signature in black ink that reads "Payne, Moore & Herrington, LLP". The signature is written in a cursive, flowing style.

Payne, Moore & Herrington, LLP
Alexandria, Louisiana

June 11, 2020