

*City of Alexandria Employees'  
Retirement System*

*Alexandria, Louisiana*

*December 31, 2020*

**City of Alexandria Employees'  
Retirement System**

**December 31, 2020**

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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, 2020, 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, 2020, 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, 2020, 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 7 and other required supplementary information on pages 20 through 22 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 25, 2021 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 25, 2021

**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, 2020**

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, 2020. 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, 2020.

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>2020</u>	<u>2019</u>	<u>Change</u>
<b>Assets</b>			
Cash	\$ 6,041,679	\$ 4,977,500	\$ 1,064,179
Receivables	705,514	716,641	(11,127)
Investments, at fair value	201,861,694	175,031,716	26,829,978
Capital assets, net	913	1,209	(296)
Total Assets	<u>208,609,800</u>	<u>180,727,066</u>	<u>27,882,734</u>
<b>Liabilities</b>	<u>(780)</u>	<u>(780)</u>	<u>-</u>
Net position restricted for pensions	\$ 208,609,020	\$ 180,726,286	\$ 27,882,734

As the table above indicates, the Net Position Restricted for Pensions increased by \$27,882,734, primarily due to investment market activity. The year ended December 31, 2020, showed an investment rebound with strong performances. As a result, during the year 2020 there was a net change of \$27,882,734 in Plan Net Position when measured year over year at December 31<sup>st</sup>.

**City of Alexandria Employees' Retirement System  
Management's Discussion and Analysis  
Year Ended December 31, 2020**

**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 increase of \$1,064,179 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 2020 a total of \$1,090,954 was paid out in cash to DROP participants terminating employment (an increase of \$265,689 paid in the prior year.) 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 \$660,993. 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 \$10,210,728, 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 2020 this amounted to \$518,168, an increase of \$49,671 over the prior year. Cash payments for the DROP amounted to \$1,090,954 during the year 2020.

**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, 2020 was investment wise much like the previous year; as a result, the System's investments ended the year with a net increase of fair value of assets of \$26,829,978. A positive rate of return of 18.9% was recorded at the end of the fiscal year, December 31, 2020. 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 30 years, when compared to the universe of systems covered by our actuary, has experienced a positive geometric return of 8.4%, 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, 2020**

**Condensed Statements of Changes in Plan Net Position**

	<u>2020</u>	<u>2019</u>	<u>Change</u>
<b>Additions</b>			
Employer	\$ 4,220,404	\$ 3,991,734	\$ 228,670
Plan members	1,954,355	1,935,419	18,936
Purchased service	80,906	-	80,906
Net investment income (loss)	<u>33,642,350</u>	<u>37,487,306</u>	<u>(3,844,956)</u>
Total Additions	39,898,015	43,414,459	(3,516,444)
<b>Deductions</b>			
Plan benefits	10,210,728	9,668,354	542,374
DROP benefits	1,090,954	825,265	265,689
Employee refunds	518,168	468,497	49,671
Administrative expenses	<u>195,431</u>	<u>165,687</u>	<u>29,744</u>
Total Deductions	<u>12,015,281</u>	<u>11,127,803</u>	<u>887,478</u>
<b>Net Increase (Decrease) in Plan Net Position</b>	<b>\$ 27,882,734</b>	<b>\$ 32,286,656</b>	<b>\$ (4,403,922)</b>

The table above indicates that the plan net position decreased by \$4,403,922 at the end of 2020.

**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 1<sup>st</sup>. Rates run for a 12-month period until the following April 30<sup>th</sup> with the current actuarial valuation determining any change in rate structure. The current employer contribution rate of 20.64% will be increased to 19.38% on May 1, 2021. This rate will be in effect until the close of the City's fiscal year of April 30, 2022. The actuary has recommended that the rate beginning May 1, 2022 be increased to 23.09%. This change is primarily due to a projected contribution shortfall and increased normal costs and administrative expenses.

**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, 2020.

**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, 2020**

**Exhibit A**

**Assets**

Cash		\$ 6,041,679
Accrued interest and dividends receivable		705,514
Investments, at fair value:		
Domestic fixed income securities		
Corporate bonds (amortized cost \$56,755,026)	71,357,977	
GNMA notes (amortized cost \$5)	5	
Domestic equities		
Preferred stocks (cost \$252,550)	266,800	
Common stocks (cost \$91,249,406)	130,236,912	
Total Investments (cost \$148,256,987)	201,861,694	
Furniture, fixtures, and equipment, net of depreciation		913
Total Assets		208,609,800

**Liabilities**

Payroll taxes withheld		780
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**Net Position Restricted for Pensions**

**\$ 208,609,020**

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, 2020**

**Exhibit B**

**Additions**

Contributions	
Employer	\$ 4,220,404
Plan members	1,954,355
Purchased service, transfers, and/or repayment of refunds	80,906
Total Contributions	6,255,665
Investment income (loss)	
Interest	2,454,731
Dividends	2,470,999
Net appreciation (depreciation) in fair value of investments	28,716,620
Total Investment Income (Loss)	33,642,350
Total Additions	39,898,015

**Deductions**

Benefit payments, excluding DROP benefits	10,210,728
DROP benefits	1,090,954
Employee refunds	518,168
Administrative expenses	195,431
Total Deductions	12,015,281

<b>Net Increase (Decrease)</b>	27,882,734
<b>Net Position Restricted for Pensions, Beginning of Year</b>	180,726,286
<b>Net Position Restricted for Pensions, End of Year</b>	\$ 208,609,020

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

## **Notes to Financial Statements**

**City of Alexandria Employees' Retirement System  
December 31, 2020**

**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 11:3017), 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, 2020, pension plan membership consisted of:

Inactive plan members or beneficiaries currently receiving benefits	374
Inactive plan members entitled to but not yet receiving benefits	181
Active plan members	<u>486</u>
Total	1,041

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

**City of Alexandria Employees' Retirement System  
December 31, 2020**

**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

**City of Alexandria Employees' Retirement System  
December 31, 2020**

**Notes to Financial Statements**

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

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

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



**City of Alexandria Employees' Retirement System  
December 31, 2020**

**Notes to Financial Statements**

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.

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, 2020, the annual money-weighted rate of return on pension plan investments, net of pension plan investment expense, was 18.9%. 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.

**City of Alexandria Employees' Retirement System  
December 31, 2020**

**Notes to Financial Statements**

**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 \$660,993.

**3. Investments**

As of December 31, 2020, the System had the following investments and maturities.

Investment Type	Fair Value	Investment Maturities (in Years)			
		Less Than 1	1-5	6-10	More Than 10
Corporate bonds	\$ 71,357,977	\$ -	\$ -	\$4,299,693	\$67,058,284
GNMA notes	5	5	-	-	-
Total Interest-Bearing	71,357,982	\$ 5	\$ -	\$4,299,693	\$67,058,284
Preferred stocks	266,800				
Common stocks	130,236,912				
Total Investments	\$ 201,861,694				

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	\$ 54,550,488
Baa	16,807,489
Less than Baa	-
	<u>\$ 71,357,977</u>

**City of Alexandria Employees' Retirement System  
December 31, 2020**

**Notes to Financial Statements**

*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.

**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	6,074	-	-	6,074
Total	12,012	-	-	12,012
Accumulated depreciation	(10,803)	(296)	-	(11,099)
Net	\$ 1,209	\$ (296)	\$ -	\$ 913

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, 2020, amounted to \$296.

**5. Net Pension Liability**

The components of the net pension liability of the System, at December 31, 2020, were as follows:

Total pension liability	\$ 201,115,814
Plan fiduciary net position	208,609,020
Net pension liability (asset)	\$ (7,493,206)

Plan fiduciary net position as a percentage of total pension liability (asset) (103.73%)

*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, 2020 and were based on December 31, 2020 data. The current year actuarial assumptions utilized for this report are based on the assumptions used in the December 31, 2020 actuarial funding valuation, which were based on results of an actuarial experience study for the period January 1, 2015 – December 31, 2019, unless otherwise specified in this report.

Actuarial assumptions:

Investment rate of return, net of investment expense, including inflation	6.25%
Salary increases, including inflation and merit increases	5.00%
Inflation	2.30%

**City of Alexandria Employees' Retirement System  
December 31, 2020**

**Notes to Financial Statements**

*Mortality Rates:* In the case of mortality, a study of system mortality was conducted in 2021. The data for the study was collected over the period January 1, 2015, through December 31, 2019. The data was then assigned credibility weighting and combined with a standard table to produce current levels of mortality. The Pub-2010 Public Retirement Plans Mortality Table for General Healthy Retirees multiplied by 125% for males and 120% for females each with full generational projection using the appropriate MP-2020 improvement scale was selected for annuitant and beneficiary mortality. For employees, the Pub-2010 Public Retirement Plans Mortality Table for General Employees multiplied by 125% for males and 120% for females each with full generational projection using the appropriate MP-2020 improvement scales was selected. The Pub-2010 Public Retirement Plans Mortality Table for General Disabled Retirees multiplied by 125% for males and 120% for females each with full generational projection using the appropriate MP-2020 improvement scale was selected for disabled annuitants.

*Discount rate:* The discount rate used to measure the total pension liability was 6.25%. 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 6.25%. For the fiscal year ending December 31, 2019, the discount rate used was 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 6.25%, 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 (5.25%) or one percentage point higher (7.25%) than the current rate (assuming all other assumptions remain unchanged):

	1% Decrease (5.25%)	Current Discount Rate (6.25%)	1% Increase (7.25%)
Net Pension Liability (Asset)	\$ 15,719,001	\$(7,493,206)	\$ (27,019,455)

**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**

	2020	2019	2018	2017	2016	2015	2014
<b>Total Pension Liability</b>							
Service cost	\$ 3,617,187	\$ 3,508,934	\$ 3,444,992	\$ 3,218,971	\$ 2,975,969	\$ 3,263,636	\$ 2,914,694
Interest	11,908,564	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	1,017,964	(918,159)	760,132	(3,522,240)	(857,021)	(1,157,889)	(2,470,911)
Changes in assumptions	10,942,477	-	-	8,726,019	3,553,024	3,124,571	3,597,304
Benefit payments	(11,301,682)	(10,493,619)	(9,855,151)	(9,240,582)	(9,042,968)	(9,004,033)	(8,676,473)
Refunds of member contributions	(518,168)	(468,497)	(300,012)	(596,958)	(352,340)	(353,939)	(343,118)
Other	80,906	-	(83,881)	47,822	(42,820)	146,848	132,725
<b>Net Change in Total Pension Liability</b>	<b>15,747,248</b>	<b>3,338,063</b>	<b>5,694,169</b>	<b>10,154,260</b>	<b>7,609,936</b>	<b>8,434,778</b>	<b>7,295,025</b>
<b>Total Pension Liability - Beginning</b>	<b>185,368,566</b>	<b>182,030,503</b>	<b>176,336,334</b>	<b>166,182,074</b>	<b>158,572,138</b>	<b>150,137,360</b>	<b>142,842,335</b>
<b>Total Pension Liability - Ending (a)</b>	<b>\$ 201,115,814</b>	<b>\$ 185,368,566</b>	<b>\$ 182,030,503</b>	<b>\$ 176,336,334</b>	<b>\$ 166,182,074</b>	<b>\$ 158,572,138</b>	<b>\$ 150,137,360</b>
<b>Plan Fiduciary Net Position</b>							
Contributions							
Member	\$ 1,954,355	\$ 1,935,419	\$ 1,890,978	\$ 1,873,690	\$ 1,830,452	\$ 1,790,965	\$ 1,731,666
Employer	4,220,404	3,991,734	4,609,374	4,734,943	4,580,596	4,858,476	5,178,813
Net investment income	33,642,350	37,487,306	(9,882,707)	17,882,012	11,143,790	(4,378,349)	13,260,045
Benefit payments	(11,301,682)	(10,493,619)	(9,855,151)	(9,240,582)	(9,042,968)	(9,004,033)	(8,676,473)
Refunds of member contributions	(518,168)	(468,497)	(300,012)	(596,958)	(352,340)	(353,939)	(343,118)
Administrative expenses	(195,431)	(165,687)	(163,269)	(155,590)	(149,330)	(150,777)	(140,687)
Other	80,906	-	(83,881)	47,822	(42,820)	146,848	132,725
<b>Net Change in Plan Fiduciary Net Position</b>	<b>27,882,734</b>	<b>32,286,656</b>	<b>(13,784,668)</b>	<b>14,545,337</b>	<b>7,967,380</b>	<b>(7,090,809)</b>	<b>11,142,971</b>
<b>Plan Fiduciary Net Position - Beginning</b>	<b>180,726,286</b>	<b>148,439,630</b>	<b>162,224,298</b>	<b>147,678,961</b>	<b>139,711,581</b>	<b>146,802,390</b>	<b>135,659,419</b>
<b>Plan fiduciary Net Position - Ending (b)</b>	<b>\$ 208,609,020</b>	<b>\$ 180,726,286</b>	<b>\$ 148,439,630</b>	<b>\$ 162,224,298</b>	<b>\$ 147,678,961</b>	<b>\$ 139,711,581</b>	<b>\$ 146,802,390</b>
<b>Net Pension Liability - Ending ((a) - (b))</b>	<b>\$ (7,493,206)</b>	<b>\$ 4,642,280</b>	<b>\$ 33,590,873</b>	<b>\$ 14,112,036</b>	<b>\$ 18,503,113</b>	<b>\$ 18,860,557</b>	<b>\$ 3,334,970</b>
<b>Plan Fiduciary Net Position as a Percentage of the Total Pension Liability</b>	103.73%	97.50%	81.55%	92.00%	88.87%	88.11%	97.78%
<b>Covered-Employee Payroll</b>	<b>\$ 21,379,959</b>	<b>\$ 20,736,281</b>	<b>\$ 20,368,422</b>	<b>\$ 19,894,718</b>	<b>\$ 19,384,664</b>	<b>\$ 18,643,423</b>	<b>\$ 18,364,585</b>
<b>Net Pension Liability (Asset) as a Percentage of Covered-Employee Payroll</b>	-35.05%	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

	2020	2019	2018	2017	2016	2015	2014
Actuarially determined contribution	\$ 4,220,404	\$ 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	4,220,404	3,991,734	4,609,374	4,734,943	4,580,596	4,858,476	5,178,813
Contribution Deficiency (Excess)	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Covered-employee payroll	\$ 21,379,959	\$ 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	19.74%	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 Frozen Entry Age Normal actuarial cost method until January 1, 2018 when the method was changed to the Aggregate Actuarial Cost Method.

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.

	2020	2019	2018	2017	2016	2015	2014
Salary increases, including inflation and merit increases	5.00%	4.50%	4.50%	4.50%	4.75%	4.75%	5.50%
Investment rate of return, net of investment expense	6.25%	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 2021. The data for the study was collected over the period January 1, 2015 through December 31, 2019. The data was then assigned credibility weighting and combined with a standard table to produce current levels of mortality. 125% of the Pub G-2010 Employee Table for males and 120% of the Pub G-2010 Employee Table for females, each with full generational projection using the MP2020 scale was used for active members. 125% of the Pub G-2010 Healthy Retiree Table for males and 120% of the Pub G-2010 Healthy Retiree Table for females, each with full generational projection using the MP2020 scale was used for annuitants and beneficiaries.

See independent auditor's report.

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

**Schedule 3**

	<u>2020</u>	<u>2019</u>	<u>2018</u>	<u>2017</u>	<u>2016</u>	<u>2015</u>	<u>2014</u>
Annual money-weighted rate of return, net of investment expense	18.9%	25.7%	-6.2%	12.2%	8.1%	-3.0%	9.9%

**22 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, 2020**

**Schedule 4**

**Cash Receipts**

Employer contributions	\$ 4,220,404
Member contributions	1,954,355
Purchased service, transfers, and/or repayment of refunds	80,906
Interest received	2,507,663
Dividends received	2,482,781
Proceeds from sale or redemption of investments	33,996,270
Total Cash Receipts	45,242,379

**Cash Disbursements**

Benefit payments, excluding DROP benefits	10,210,728
DROP benefits	1,090,954
Employee refunds	518,168
Administrative expenses	195,135
Purchase of investments	32,163,215
Total Cash Disbursements	44,178,200

**Net Increase (Decrease) in Cash** 1,064,179

**Cash, Beginning of Year** 4,977,500

**Cash, End of Year** \$ 6,041,679

See independent auditor's report.

**City of Alexandria Employees' Retirement System**  
**Investments - Corporate Bonds**  
**December 31, 2020**

Schedule 5  
(Continued)

Description	Maturity Date	Interest Rate	Face Value	Amortized Cost	Fair Value
Wells Fargo & Company	10/23/2026	3.00%	\$ 410,000	\$ 403,727	\$ 454,540
The Walt Disney Company	6/15/2027	2.95%	400,000	398,944	444,484
GTE Corporation	4/15/2028	6.94%	500,000	501,531	650,672
Wells Fargo & Company	5/15/2028	2.10%	1,000,000	1,000,000	1,000,704
Coca Cola Enterprises, Inc.	9/15/2028	6.75%	500,000	499,080	684,134
Georgia Pacific	4/30/2030	2.30%	1,000,000	1,013,000	1,065,158
JPMorgan Chase & Co.	4/29/2031	3.00%	500,000	500,000	502,346
Atlantic Richfield	3/1/2032	8.75%	100,000	100,000	160,543
Goldman Sachs Group, Inc.	2/15/2033	6.13%	250,000	250,000	359,832
Goldman Sachs Group, Inc.	2/15/2033	6.13%	500,000	499,458	719,663
Loews Corporaton	2/1/2035	6.00%	500,000	497,672	721,770
The Boeing Company	3/1/2035	3.30%	500,000	503,797	500,133
Wal-Mart Stores, Inc.	9/1/2035	5.25%	1,000,000	998,284	1,453,097
Verizon Global Funding Corp.	9/15/2035	5.85%	540,000	548,635	770,227
Lowes Companies	10/15/2035	5.50%	600,000	566,184	825,707
JPMorgan Chase & Co.	11/25/2035	3.50%	400,000	400,000	414,462
Wyeth	2/15/2036	6.00%	300,000	296,660	446,973
Comcast Corporation	7/15/2036	3.20%	500,000	500,000	566,833
JPMorgan Chase & Co.	7/29/2036	3.00%	500,000	500,000	517,320
Gilead Sciences, Inc.	9/1/2036	4.00%	500,000	499,956	603,412
Honeywell International	3/15/2037	5.70%	500,000	512,372	714,069
Duke Energy Carolinas, LLC	4/15/2038	6.05%	750,000	750,000	1,126,781
Consolidated Edison Co. of New York	12/1/2039	5.50%	500,000	501,897	683,538
Cisco Systems, Inc.	1/15/2040	5.50%	500,000	499,483	749,008
Cisco Systems, Inc.	1/15/2040	5.50%	500,000	533,167	749,008
Pepsico Capital Resources, Inc	1/15/2040	5.50%	300,000	307,580	449,405
Southern California Edison Company	3/15/2040	5.50%	500,000	506,383	664,604
Wal-Mart Stores, Inc.	7/8/2040	4.88%	500,000	491,328	700,584
Microsoft Corporation	2/8/2041	5.30%	500,000	505,236	750,365
Honeywell International	3/1/2041	5.38%	300,000	303,933	433,291
Amgen, Inc.	10/1/2041	4.95%	300,000	291,062	397,254
Halliburton Company	11/15/2041	4.50%	300,000	304,148	324,375
Halliburton Company	11/15/2041	4.50%	750,000	732,422	810,938
Philip Morris International, Inc.	11/15/2041	4.38%	300,000	299,129	373,829
Philip Morris International, Inc.	11/15/2041	4.38%	250,000	249,155	311,524
Unitedhealth Group, Inc	11/15/2041	4.63%	300,000	298,803	407,369
Florida Power and Light	2/1/2042	4.13%	500,000	500,268	634,484
McDonalds Corporation	2/15/2042	3.70%	1,000,000	983,023	1,166,562
Pepsico Capital Resources, Inc	3/5/2042	4.00%	1,000,000	999,032	1,286,664
Duke Energy Indiana, Inc	3/15/2042	4.20%	500,000	499,685	603,939
Mississippi Power Company	3/15/2042	4.25%	1,000,000	981,762	1,217,553
Southern California Edison Company	3/15/2042	4.05%	500,000	495,596	571,278
Unitedhealth Group, Inc	3/15/2042	4.38%	500,000	492,260	653,021
Philip Morris International, Inc.	3/20/2042	4.50%	505,000	512,743	637,374
Berkshire Hathaway Finance Corporation	5/15/2042	4.40%	670,000	652,607	886,495
International Business Machines Corporation	6/20/2042	4.00%	1,000,000	951,475	1,236,561
Target Corporation	7/1/2042	4.00%	500,000	506,990	668,993
Target Corporation	7/1/2042	4.00%	1,000,000	994,426	1,337,985
Anheuser-Busch Inbev Worldwide, Inc	7/15/2042	3.75%	250,000	241,433	281,631
Anheuser-Busch Inbev Worldwide, Inc	7/15/2042	3.75%	250,000	245,675	281,631
Metlife, Inc.	8/13/2042	4.13%	1,000,000	984,498	1,269,347
Metlife, Inc.	8/13/2042	4.13%	500,000	483,894	634,673
Caterpillar, Inc.	8/15/2042	3.80%	1,000,000	1,003,156	1,265,132

**City of Alexandria Employees' Retirement System**  
**Investments - Corporate Bonds**  
**December 31, 2020**

**Schedule 5**  
**(Concluded)**

Description	Maturity Date	Interest Rate	Face Value	Amortized Cost	Fair Value
The Estee Lauder Companies, Inc.	8/15/2042	3.70%	700,000	658,488	772,386
Merck, Sharp & Dohme Corporation	9/15/2042	3.60%	800,000	803,886	985,330
Astrazeneca	9/18/2042	4.00%	500,000	506,523	617,199
Intel Corporaton	12/15/2042	4.25%	1,000,000	1,001,196	1,280,391
Archer-Daniels-Midland Company	4/16/2043	4.02%	650,000	650,000	821,092
Archer-Daniels-Midland Company	4/16/2043	4.02%	600,000	586,796	757,931
Nike, Inc.	5/1/2043	3.63%	600,000	587,718	729,005
Loews Corporaton	5/15/2043	4.13%	700,000	648,308	830,290
Walt Disney	6/1/2044	4.13%	720,000	705,817	910,122
Apple, Inc.	2/9/2045	3.45%	250,000	228,427	302,008
Apple, Inc.	2/9/2045	3.45%	500,000	481,897	604,016
Microsoft Corporation	2/12/2045	3.75%	650,000	625,683	835,492
Eli Lilly & Co	3/1/2045	3.70%	500,000	499,567	608,758
The Boeing Company	3/1/2045	3.50%	600,000	583,838	586,988
Bell South Telecommunications, Inc.	11/15/2045	5.85%	800,000	760,037	911,977
Bell South Telecommunications, Inc.	11/15/2045	5.85%	750,000	700,365	854,978
Occidental Petroleum Corporation	4/15/2046	4.40%	500,000	507,198	432,500
Wells Fargo & Company	6/14/2046	4.40%	500,000	506,496	624,578
The Boeing Company	6/15/2046	3.38%	500,000	497,920	486,082
Comcast Corporation	7/15/2046	3.40%	600,000	550,241	693,098
Oracle Corporation	7/15/2046	4.00%	500,000	488,508	612,162
Oracle Corporation	7/15/2046	4.00%	300,000	305,333	367,297
The Walt Disney Company	7/30/2046	3.00%	680,000	659,585	744,701
Apple, Inc.	8/4/2046	3.85%	500,000	499,952	643,718
Union Pacific Corporation	8/15/2046	3.35%	1,000,000	915,116	1,114,618
Shell International Finance B.V.	9/12/2046	3.75%	1,000,000	997,747	1,208,840
Shell International Finance B.V.	9/12/2046	3.75%	500,000	494,596	604,420
Pepsico Capital Resources, Inc	10/6/2046	3.45%	600,000	581,086	720,698
AFLAC, Inc	10/15/2046	4.00%	1,000,000	985,764	1,213,319
United Parcel Service, Inc.	11/15/2046	3.40%	550,000	535,601	661,627
Pfizer, Inc	12/15/2046	4.13%	600,000	602,302	789,078
Gilead Sciences, Inc.	3/1/2047	4.15%	500,000	485,163	614,388
Gilead Sciences, Inc.	3/1/2047	4.15%	600,000	581,081	737,265
Progressive Corp	4/15/2047	4.13%	600,000	593,006	791,251
Lowe's Companies	5/3/2047	4.05%	600,000	578,890	742,870
Qual Comm Inc	5/20/2047	4.30%	500,000	476,277	677,627
Travelers Co	5/30/2047	4.00%	500,000	495,433	649,845
Unitedhealth Group, Inc	10/15/2047	3.75%	1,000,000	953,830	1,236,424
Oracle Corporation	11/15/2047	4.00%	530,000	525,059	651,572
Oracle Corporation	11/15/2047	4.00%	400,000	391,429	491,753
Target Corporation	11/15/2047	3.90%	600,000	597,462	784,329
United Parcel Service, Inc.	11/15/2047	3.75%	950,000	918,621	1,191,806
Travelers Co	3/7/2048	4.05%	1,000,000	980,680	1,323,813
Shell International Finance B.V.	11/7/2049	3.13%	900,000	930,555	999,060
<b>Totals</b>			<b>\$ 57,555,000</b>	<b>\$ 56,755,026</b>	<b>\$ 71,357,977</b>

See independent auditor's report.

**City of Alexandria Employees' Retirement System  
Investments - GNMA Notes  
December 31, 2020**

**Schedule 6**

<u>Description</u>	<u>Interest Rate</u>	<u>Principal Balance</u>	<u>Amortized Cost</u>	<u>Fair Value</u>
GNMA Notes	9.00%	\$ 5	\$ 5	\$ 5
<b>Totals</b>		<u>\$ 5</u>	<u>\$ 5</u>	<u>\$ 5</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, 2020**

Schedule 7

Description	Number of Shares	Cost	Fair Value
Entergy Arkansas, Inc	5,000	\$ 126,750	\$ 132,150
Entergy Louisiana, LLC	5,000	125,800	134,650
<b>Totals</b>		\$ 252,550	\$ 266,800

See independent auditor's report.

**City of Alexandria Employees' Retirement System**  
**Investments - Common Stocks**  
**December 31, 2020**

**Schedule 8**  
**(Continued)**

Description	Number of Shares	Cost	Fair Value
AbbVie Inc.	17,400	\$ 1,431,089	\$ 1,864,410
Amylin Pharmaceuticals, Inc	26,000	3,337,503	3,379,220
American Well Corporation	50,000	1,321,872	1,266,500
Amgen, Inc.	18,000	1,475,675	4,138,560
Apache Corporation	10,000	745,381	141,900
Apple, Inc.	50,000	1,415,295	6,634,500
Boeing Company	10,000	1,717,832	2,140,600
Bristol-Myers Squibb Company	20,000	42,600	13,800
Bristol-Myers Squibb Company	48,500	2,918,067	3,008,455
Caterpillar, Inc	18,300	2,010,641	3,330,966
Cisco Systems, Inc.	42,000	1,972,166	1,864,380
Coco-Cola Company	79,500	2,733,368	4,359,780
ConocoPhillips	15,000	1,225,104	599,850
CVS Health Corporation	57,500	4,458,106	3,927,250
Deere & Company	13,000	1,557,998	3,497,650
Devon Energy Corporation	25,000	1,720,343	395,250
Dow Inc.	19,401	790,302	1,076,755
DuPont de Nemours, Inc.	19,401	1,148,111	1,379,605
Emerson Electric Company	48,000	1,818,913	3,857,760
FedEx Corporation	8,500	1,511,005	2,206,770
Fluor Corporation	20,000	1,050,365	319,400
Frank's International N.V.	20,000	625,220	54,800
Freeport-McMoRan, Inc.	45,000	1,963,975	1,170,900
Frontier Communications Corp	320	34,358	29
General Electric Company	70,000	737,123	756,000
General Motors Company	26,879	2,419,291	1,119,242
Gilead Sciences, Inc.	55,300	4,509,636	3,221,778
Halliburton Company	30,000	929,112	567,000
Honeywell International Inc.	20,000	1,158,741	4,254,000
ING Group, N.V.	7,000	285,258	66,080
International Business Machines Corporation	40,300	6,058,228	5,072,964
Johnson & Johnson	22,000	1,532,833	3,462,360
JPMorgan Chase & Co.	40,372	4,438,022	5,130,070

**City of Alexandria Employees' Retirement System**  
**Investments - Common Stocks**  
**December 31, 2020**

**Schedule 8**  
**(Concluded)**

Description	Number of Shares	Cost	Fair Value
Kansas City Southern	13,000	2,020,079	2,653,690
Kraft Heinz Company	10,500	965,709	363,930
Lowe's Companies, Inc.	27,500	3,261,123	4,414,025
Lumentum Holdings Inc.	587	325,338	55,648
Marathon Petroleum Corporation	7,000	550,748	289,520
Medtronic	33,250	3,011,254	3,894,905
Microsoft Corporation	34,400	1,951,911	7,651,248
Nuance Communications, Inc.	115,000	1,992,499	5,070,350
NVIDIA Corporation	6,700	1,645,531	3,498,740
PepsiCo, Inc.	11,500	1,602,664	1,705,450
Procter & Gamble Company	36,625	2,054,128	5,096,002
QUALCOMM Incorporated	25,000	2,232,592	3,808,500
Raytheon Technologies Corporation	18,500	1,093,610	1,322,935
Red River BancShares, Inc.	6,000	301,862	297,300
Union Pacific Corporation	21,000	503,843	4,372,620
United Parcel Service, Inc.	21,500	2,162,460	3,620,600
Viatis Inc	2,481	45,695	46,494
Viavi Solutions Inc.	2,937	465,556	43,996
Wal-Mart, Inc.	25,500	3,420,804	3,675,825
Walt Disney Company	22,500	548,467	4,076,550
<b>Totals</b>		<b>\$ 91,249,406</b>	<b>\$ 130,236,912</b>

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, 2020**

**Schedule 9**

**Chief Executive Officer: Richard G. Moriarty**

<b>Purpose</b>	<b>Amount</b>
Salary	\$ 52,888
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	-
<b>Total</b>	<b>\$ 52,888</b>

See independent auditor's report.

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



PAYNE, MOORE & HERRINGTON, LLP

CERTIFIED PUBLIC ACCOUNTANTS

Established 1945

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

To the 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, 2020, 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 25, 2021.

**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) as a basis for designing 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.

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.

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PAYNE, MOORE & HERRINGTON, LLP

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 financial statements. 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.

A handwritten signature in black ink that reads "Payne, Moore &amp; Herrington, LLP". The signature is written in a cursive style and is positioned above the printed name of the firm.

Certified Public Accountants  
Alexandria, Louisiana

June 25, 2021

## **Schedule of Findings and Responses**

**City of Alexandria Employees' Retirement System  
Schedule of Findings and Responses  
Year Ended December 31, 2020**

**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