

*City of Alexandria Employees'  
Retirement System*

*Alexandria, Louisiana*

*December 31, 2021*

**City of Alexandria Employees'  
Retirement System**

**December 31, 2021**

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PAYNE, MOORE & HERRINGTON, LLP

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Established 1945

## Independent Auditor's Report

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

### Report on the Audit of the Financial Statements

#### **Opinions**

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, 2021, 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.

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, 2021, 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.

#### **Basis for Opinion**

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. Our responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of the Financial Statements section of our report. We are required to be independent of the System and to meet our other ethical responsibilities, in accordance with the relevant ethical requirements relating to our audit. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinions.

#### **Responsibilities of Management for the Financial Statements**

Management is responsible for the preparation and fair presentation of the financial statements in accordance with accounting principles generally accepted in the United States of America, and for 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.

Rebecca B. Morris, C.P.A.  
Michael A. Juneau, C.P.A.  
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To the Board of Trustees  
City of Alexandria Employees' Retirement System

In preparing the financial statements, management is required to evaluate whether there are conditions or events, considered in the aggregate, that raise substantial doubt about the System's ability to continue as a going concern for twelve months beyond the financial statement date, including any currently known information that may raise substantial doubt shortly thereafter.

### ***Auditor's Responsibilities for the Audit of the Financial Statements***

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinions. Reasonable assurance is a high level of assurance but is not absolute assurance and therefore is not a guarantee that an audit conducted in accordance with generally accepted auditing standards and *Government Auditing Standards* will always detect a material misstatement when it exists. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control. Misstatements are considered material if there is a substantial likelihood that, individually or in the aggregate, they would influence the judgement made by a reasonable user based on the financial statements.

In performing an audit in accordance with generally accepted auditing standards and *Government Auditing Standards*, we:

- Exercise professional judgment and maintain professional skepticism throughout the audit.
- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, and design and perform audit procedures responsive to those risks. Such procedures include examining, on a test basis, evidence regarding the amounts and disclosures in the financial statements.
- Obtain an understanding of internal control relevant to the audit 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 System's internal control. Accordingly, no such opinion is expressed.
- Evaluate the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluate the overall presentation of the financial statements.
- Conclude whether, in our judgment, there are conditions or events, considered in the aggregate, that raise substantial doubt about the System's ability to continue as a going concern for a reasonable period of time.

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PAYNE, MOORE & HERRINGTON, LLP

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

We are required to communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit, significant audit findings, and certain internal control-related matters that we identified during the audit.

***Required Supplementary Information***

Accounting principles generally accepted in the United States of America require that the management's discussion and analysis on pages 5 through 8 and other required supplementary information on pages 20 through 23 be presented to supplement the basic financial statements. Such information is the responsibility of management and, 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.

***Supplementary Information***

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the City of Alexandria Employees' Retirement System's basic financial statements. The supplementary information, as listed in the table contents, is presented for purposes of additional analysis and is not a required part of the basic financial statements. Such information 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. The 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.



PAYNE, MOORE & HERRINGTON, LLP

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

**Other Reporting Required by Government Auditing Standards**

In accordance with *Government Auditing Standards*, we have also issued our report dated May 26, 2022, 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.

A handwritten signature in black ink that reads "Payne, Moore &amp; Herrington, LLP".

Certified Public Accountants  
Alexandria, Louisiana

May 26, 2022

**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, 2021**

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, 2021. 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, 2021.

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>2021</u>	<u>2020</u>	<u>Change</u>
Assets			
Cash	\$ 4,876,178	\$ 6,041,679	\$ (1,165,501)
Receivables	692,891	705,514	(12,623)
Investments, at fair value	224,192,620	201,861,694	22,330,926
Capital assets, net	<u>617</u>	<u>913</u>	<u>(296)</u>
Total Assets	229,762,306	208,609,800	21,152,506
Liabilities	<u>(780)</u>	<u>(780)</u>	<u>-</u>
Net position restricted for pensions	\$ 229,761,526	\$ 208,609,020	\$ 21,152,506



**City of Alexandria Employees' Retirement System  
Management's Discussion and Analysis  
Year Ended December 31, 2021**

As the table above indicates, the Net Position Restricted for Pensions increased by \$21,152,506, primarily due to investment market activity. The year ended December 31, 2021, showed strong investment performances. As a result, during the year 2021 there was a net change of \$21,152,506 in Plan Net Position when measured year over year at December 31<sup>st</sup>.

**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 \$1,165,501 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 2021 a total of \$1,846,466 was paid out in cash to DROP participants terminating employment (an increase of \$755,512 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 \$393,732. 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 \$10,872,779, 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 2021 this amounted to \$869,893, an increase of \$351,725 over the prior year. Cash payments for the DROP amounted to \$1,846,466 during the year 2021.

**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, 2021 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 \$22,330,926. A positive rate of return of 14.5% was recorded at the end of the fiscal year, December 31, 2021. 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 8.3%, 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, 2021**

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

	<u>2021</u>	<u>2020</u>	<u>Change</u>
<b>Additions</b>			
Employer	\$ 4,001,269	\$ 4,220,404	\$ (219,135)
Plan members	1,836,726	1,954,355	(117,629)
Purchased service	113,153	80,906	32,247
Net investment income (loss)	<u>29,541,096</u>	<u>33,642,350</u>	<u>(4,101,254)</u>
Total Additions	35,492,244	39,898,015	(4,405,771)
<b>Deductions</b>			
Plan benefits	10,872,779	10,210,728	662,051
DROP benefits	1,846,466	1,090,954	755,512
Employee refunds	869,893	518,168	351,725
Transfers to other systems	571,009	-	571,009
Administrative expenses	<u>179,591</u>	<u>195,431</u>	<u>(15,840)</u>
Total Deductions	<u>14,339,738</u>	<u>12,015,281</u>	<u>2,324,457</u>
<b>Net Increase (Decrease) in Plan Net Position</b>	<b>\$ 21,152,506</b>	<b>\$ 27,882,734</b>	<b>\$ (6,730,228)</b>

The table above indicates that the plan's net position decreased by \$6,730,228 at the end of 2021.

**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 19.38% will be increased to 23.09% on May 1, 2022. This rate will be in effect until the close of the City's fiscal year of April 30, 2023. The actuary has recommended that the rate beginning May 1, 2023 be decreased to 22.43%. 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, 2021.

**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, 2021**

**Exhibit A**

**Assets**

Cash		\$ 4,876,178
Accrued interest and dividends receivable		692,891
Investments, at fair value:		
Domestic fixed income securities		
Corporate bonds (amortized cost \$64,969,041)	75,664,892	
U.S. government agency notes (amortized cost \$488,648)	468,493	
Domestic equities		
Preferred stocks (cost \$2,819,690)	2,860,090	
Common stocks (cost \$90,741,193)	145,199,145	
Total Investments (cost \$159,018,572)		224,192,620
Furniture, fixtures, and equipment, net of depreciation		617
Total Assets		229,762,306

**Liabilities**

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

**\$ 229,761,526**

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, 2021**

**Exhibit B**

**Additions**

Contributions	
Employer	\$ 4,001,269
Plan members	1,836,726
Purchased service, transfers, and/or repayment of refunds	113,153
Total Contributions	5,951,148
Investment income (loss)	
Interest	2,484,148
Dividends	2,842,092
Net appreciation (depreciation) in fair value of investments	24,214,856
Total Investment Income (Loss)	29,541,096
Total Additions	35,492,244

**Deductions**

Benefit payments, excluding DROP benefits	10,872,779
DROP benefits	1,846,466
Employee refunds	869,893
Transfers to other systems	571,009
Administrative expenses	179,591
Total Deductions	14,339,738

**Net Increase (Decrease)** 21,152,506

**Net Position Restricted for Pensions, Beginning of Year** 208,609,020

**Net Position Restricted for Pensions, End of Year** \$ 229,761,526

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

**Notes to Financial Statements**

**City of Alexandria Employees' Retirement System  
December 31, 2021**

**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, 2021, pension plan membership consisted of:

Inactive plan members or beneficiaries currently receiving benefits	393
Inactive plan members entitled to but not yet receiving benefits	186
Active plan members	<u>479</u>
Total	1,058

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

**City of Alexandria Employees' Retirement System  
December 31, 2021**

**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, 2021**

**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, 2021**

**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, 2021, the annual money-weighted rate of return on pension plan investments, net of pension plan investment expense, was 14.5%. 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, 2021**

**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 \$393,732.

**3. Investments**

As of December 31, 2021, 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	\$ 75,664,892	\$ -	\$ 430,819	\$3,694,768	\$71,539,305
U.S. government agency notes	468,493	-	-	-	468,493
Total Interest-Bearing	76,133,385	\$ -	\$ 430,819	\$3,694,768	\$72,007,798
Preferred stocks	2,860,090				
Common stocks	145,199,145				
Total Investments	\$ 224,192,620				

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	\$ 59,363,522
Baa	16,769,863
Less than Baa	-
	<u>\$ 76,133,385</u>

**City of Alexandria Employees' Retirement System  
December 31, 2021**

**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	(11,099)	(296)	-	(11,395)
Net	\$ 913	\$ (296)	\$ -	\$ 617

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, 2021, amounted to \$296.

**5. Net Pension Liability**

The components of the net pension liability of the System, at December 31, 2021, were as follows:

Total pension liability	\$ 211,865,099
Plan fiduciary net position	<u>229,761,526</u>
Net pension liability (asset)	\$ (17,896,427)

Plan fiduciary net position as a percentage of total pension liability (asset) (108.45%)

*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, 2021 and were based on December 31, 2021 data. The current year actuarial assumptions utilized for this report are based on the assumptions used in the December 31, 2021 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	5.80%
Salary increases, including inflation and merit increases	4.90%
Inflation	2.20%

**City of Alexandria Employees' Retirement System  
December 31, 2021**

**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 scale 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 5.80%. 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 5.80%. For the fiscal year ending December 31, 2020, the discount rate used was 6.25%.

*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 5.80%, 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 (4.80%) or one percentage point higher (6.80%) than the current rate (assuming all other assumptions remain unchanged):

	1% Decrease (4.80%)	Current Discount Rate (5.80%)	1% Increase (6.80%)
Net Pension Liability (Asset)	\$ 6,907,202	\$ (17,896,427)	\$ (38,715,496)

**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

	2021	2020	2019	2018	2017	2016	2015	2014
<b>Total Pension Liability</b>								
Service cost	\$ 4,029,079	\$ 3,617,187	\$ 3,508,934	\$ 3,444,992	\$ 3,218,971	\$ 2,975,969	\$ 3,263,636	\$ 2,914,694
Interest	12,389,240	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	1,984,131	-	-	369,833	-	-	1,249,682	1,182,575
Differences between expected and actual experience	(3,202,937)	1,017,964	(918,159)	760,132	(3,522,240)	(857,021)	(1,157,889)	(2,470,911)
Changes in assumptions	9,596,766	10,942,477	-	-	8,726,019	3,553,024	3,124,571	3,597,304
Benefit payments	(12,719,245)	(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	(869,893)	(518,168)	(468,497)	(300,012)	(596,958)	(352,340)	(353,939)	(343,118)
Other	(457,856)	80,906	-	(83,881)	47,822	(42,820)	146,848	132,725
<b>Net Change in Total Pension Liability</b>	<b>10,749,285</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>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>142,842,335</b>
<b>Total Pension Liability - Ending (a)</b>	<b>\$ 211,865,099</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	\$ 1,836,726	\$ 1,954,355	\$ 1,935,419	\$ 1,890,978	\$ 1,873,690	\$ 1,830,452	\$ 1,790,965	\$ 1,731,666
Employer	4,001,269	4,220,404	3,991,734	4,609,374	4,734,943	4,580,596	4,858,476	5,178,813
Net investment income	29,541,096	33,642,350	37,487,306	(9,882,707)	17,882,012	11,143,790	(4,378,349)	13,260,045
Benefit payments	(12,719,245)	(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	(869,893)	(518,168)	(468,497)	(300,012)	(596,958)	(352,340)	(353,939)	(343,118)
Administrative expenses	(179,591)	(195,431)	(165,687)	(163,269)	(155,590)	(149,330)	(150,777)	(140,687)
Other	(457,856)	80,906	-	(83,881)	47,822	(42,820)	146,848	132,725
<b>Net Change in Plan Fiduciary Net Position</b>	<b>21,152,506</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>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>135,659,419</b>
<b>Plan Fiduciary Net Position - Ending (b)</b>	<b>\$ 229,761,526</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 (Asset) - Ending ((a) - (b))</b>	<b>\$ (17,896,427)</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>	108.45%	103.73%	97.50%	81.55%	92.00%	88.87%	88.11%	97.78%
<b>Covered Payroll</b>	<b>\$ 20,208,429</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 Payroll</b>	-88.56%	-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**

	<u>2021</u>	<u>2020</u>	<u>2019</u>	<u>2018</u>	<u>2017</u>	<u>2016</u>	<u>2015</u>	<u>2014</u>
Actuarially determined contribution	\$ 4,001,269	\$ 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	4,001,269	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 payroll	\$ 20,208,429	\$ 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 payroll	19.80%	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.

	<u>2021</u>	<u>2020</u>	<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	4.90%	5.00%	4.50%	4.50%	4.50%	4.75%	4.75%	5.50%
Investment rate of return, net of investment expense	5.80%	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. The Pub-2010 Public Retirement Plans Mortality Table for 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 scale 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 projections using the appropriate MP-2020 improvement scale was selected for disabled annuitants.

See independent auditor's report.



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

**Schedule 3**

	<u>2021</u>	<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	14.5%	18.9%	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.

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See independent auditor's report.

**Supplementary Information**

**City of Alexandria Employees' Retirement System  
Schedule of Cash Receipts and Cash Disbursements  
Year Ended December 31, 2021**

**Schedule 4**

**Cash Receipts**

Employer contributions	\$ 4,001,269
Member contributions	1,836,726
Purchased service, transfers, and/or repayment of refunds	113,153
Interest received	2,486,149
Dividends received	2,852,713
Proceeds from sale or redemption of investments	<u>50,037,402</u>
Total Cash Receipts	<u>61,327,412</u>

**Cash Disbursements**

Benefit payments, excluding DROP benefits	10,872,779
DROP benefits	1,846,466
Employee refunds	869,893
Transfers to other systems	571,009
Administrative expenses	179,293
Purchase of investments	<u>48,153,473</u>
Total Cash Disbursements	<u>62,492,913</u>

**Net Increase (Decrease) in Cash** (1,165,501)

**Cash, Beginning of Year** 6,041,679

**Cash, End of Year** \$ 4,876,178

See independent auditor's report.

**City of Alexandria Employees' Retirement System**  
**Investments - Corporate Bonds**  
**December 31, 2021**

Schedule 5  
(Continued)

Description	Maturity Date	Interest Rate	Face Value	Amortized Cost	Fair Value
Wells Fargo & Company	10/23/2026	3.000%	\$ 410,000	\$ 404,773	\$ 430,819
The Walt Disney Company	6/15/2027	2.950%	400,000	399,095	426,536
GTE Corporation	4/15/2028	6.940%	500,000	501,327	632,987
Wells Fargo & Company	5/15/2028	2.100%	1,000,000	1,000,000	982,415
The Coca-Cola Company	9/15/2028	6.750%	500,000	499,195	645,348
Georgia-Pacific	4/30/2030	2.300%	1,000,000	1,011,700	1,007,481
Atlantic Richfield Company	3/1/2032	8.750%	100,000	100,000	152,056
The Goldman Sachs Group, Inc.	2/15/2033	6.125%	250,000	250,000	330,384
The Goldman Sachs Group, Inc.	2/15/2033	6.125%	500,000	499,500	660,769
Loews Corporaton	2/1/2035	6.000%	500,000	497,827	668,499
Walmart Inc.	9/1/2035	5.250%	1,000,000	998,398	1,365,966
Verizon Communications Inc.	9/15/2035	5.850%	540,000	548,059	722,765
Lowe's Companies, Inc.	10/15/2035	5.500%	600,000	568,439	783,554
JPMorgan Chase & Co.	11/25/2035	3.500%	400,000	400,000	407,432
Wyeth LLC	2/15/2036	6.000%	300,000	296,869	418,633
Comcast Corporation	7/15/2036	3.200%	500,000	500,000	530,229
JPMorgan Chase & Co.	7/29/2036	3.000%	500,000	500,000	509,244
Gilead Sciences, Inc.	9/1/2036	4.000%	500,000	499,958	575,308
Honeywell International Inc.	3/15/2037	5.700%	500,000	511,644	685,784
Duke Energy Carolinas, LLC	4/15/2038	6.050%	750,000	750,000	1,040,060
Consolidated Edison Company of New York, Inc.	12/1/2039	5.500%	500,000	501,797	646,828
PepsiCo, Inc.	1/15/2040	5.500%	300,000	307,201	422,789
Cisco Systems, Inc.	1/15/2040	5.500%	500,000	499,509	697,685
Cisco Systems, Inc.	1/15/2040	5.500%	500,000	531,508	697,686
Southern California Edison Company	3/15/2040	5.500%	500,000	506,064	629,117
Pfizer Inc.	5/28/2040	2.550%	1,000,000	999,811	994,600
Pfizer Inc.	5/28/2040	2.550%	400,000	400,000	397,840
The Coca-Cola Company	6/1/2040	2.500%	1,000,000	991,474	1,005,555
Merck & Co., Inc	6/24/2040	2.350%	1,000,000	974,383	955,978
Merck & Co., Inc	6/24/2040	2.350%	400,000	387,158	382,391
Walmart Inc.	7/8/2040	4.875%	500,000	491,761	656,443
Mars, Incorporated	7/16/2040	2.375%	1,000,000	965,326	957,317
Alphabet Inc.	8/15/2040	1.900%	600,000	549,047	547,202
Bristol Myers Squibb	11/13/2040	2.350%	680,000	649,935	645,786
Bristol Myers Squibb	11/13/2040	2.350%	1,000,000	964,076	949,685
Apple Inc.	2/8/2041	2.375%	1,000,000	966,199	970,019
Microsoft Corporation	2/8/2041	5.300%	500,000	504,987	697,471
Honeywell International Inc.	3/1/2041	5.375%	300,000	303,746	416,530
Bank of America Corporation	6/19/2041	2.676%	1,000,000	971,329	963,929
Amgen Inc.	10/1/2041	4.950%	300,000	291,488	378,842
Philip Morris International Inc.	11/15/2041	4.375%	300,000	299,170	343,741
Philip Morris International Inc.	11/15/2041	4.375%	250,000	249,196	286,450
UnitedHealth Group Incorporated	11/15/2041	4.625%	300,000	298,860	379,514
Halliburton Company	11/15/2041	4.500%	300,000	303,950	331,125
Halliburton Company	11/15/2041	4.500%	750,000	733,259	827,812
Florida Power & Light	2/1/2042	4.125%	500,000	500,255	594,080
PepsiCo, Inc.	3/5/2042	4.000%	1,000,000	999,076	1,196,477
Duke Energy Indiana, LLC	3/15/2042	4.200%	500,000	499,699	571,632
Southern California Edison Company	3/15/2042	4.050%	500,000	495,797	542,078
UnitedHealth Group Incorporated	3/15/2042	4.375%	500,000	492,611	612,481
Mississippi Power Company	3/15/2042	4.250%	1,000,000	982,591	1,159,723
Philip Morris International Inc.	3/20/2042	4.500%	505,000	512,407	584,591
Berkshire Hathaway Inc.	5/15/2042	4.400%	670,000	653,397	818,781
International Business Machines Corporation	6/20/2042	4.000%	1,000,000	953,732	1,149,884
Target Corporation	7/1/2042	4.000%	500,000	506,680	611,362
Target Corporation	7/1/2042	4.000%	1,000,000	994,685	1,222,724

**City of Alexandria Employees' Retirement System**  
**Investments - Corporate Bonds**  
**December 31, 2021**

Schedule 5  
(Concluded)

Description	Maturity Date	Interest Rate	Face Value	Amortized Cost	Fair Value
Anheuser-Busch InBev	7/15/2042	3.750%	250,000	241,822	273,304
Anheuser-Busch InBev	7/15/2042	3.750%	250,000	245,871	273,304
MetLife, Inc.	8/13/2042	4.125%	1,000,000	985,187	1,183,039
MetLife, Inc.	8/13/2042	4.125%	500,000	484,626	591,519
Caterpillar Inc.	8/15/2042	3.803%	1,000,000	1,003,013	1,176,287
The Estee Lauder Companies Inc.	8/15/2042	3.700%	700,000	660,375	794,272
Merck & Co., Inc	9/15/2042	3.600%	800,000	803,709	905,716
AstraZeneca PLC	9/18/2042	4.000%	500,000	506,236	598,265
Intel Corporaton	12/15/2042	4.250%	1,000,000	1,001,144	1,219,664
Archer-Daniels-Midland Company	4/16/2043	4.016%	650,000	650,000	786,210
Archer-Daniels-Midland Company	4/16/2043	4.016%	600,000	587,370	725,732
NIKE, Inc.	5/1/2043	3.625%	600,000	588,252	688,763
Loews Corporaton	5/15/2043	4.125%	700,000	650,555	810,389
The Walt Disney Company	6/1/2044	4.125%	720,000	706,408	862,654
Apple Inc.	2/9/2045	3.450%	250,000	229,290	280,093
Apple Inc.	2/9/2045	3.450%	500,000	482,621	560,186
Microsoft Corporation	2/12/2045	3.750%	650,000	626,656	769,231
Eli Lilly and Company	3/1/2045	3.700%	500,000	499,584	586,918
BellSouth Telecommunications, Inc.	11/15/2045	5.850%	800,000	761,635	995,071
BellSouth Telecommunications, Inc.	11/15/2045	5.850%	750,000	702,350	932,879
Wells Fargo & Company	6/14/2046	4.400%	500,000	506,246	588,926
The Boeing Company	6/15/2046	3.375%	500,000	498,000	481,596
Comcast Corporation	7/15/2046	3.400%	600,000	552,155	633,151
Oracle Corporation	7/15/2046	4.000%	500,000	488,950	521,368
Oracle Corporation	7/15/2046	4.000%	300,000	305,128	312,821
The Walt Disney Company	7/30/2046	3.000%	680,000	660,371	697,396
Apple Inc.	8/4/2046	3.850%	500,000	499,954	592,018
Union Pacific Corporation	8/15/2046	3.350%	1,000,000	918,319	1,080,184
Shell International Finance B.V.	9/12/2046	3.750%	1,000,000	997,833	1,128,407
Shell International Finance B.V.	9/12/2046	3.750%	500,000	494,804	564,204
PepsiCo, Inc.	10/6/2046	3.450%	600,000	581,814	679,340
Aflac Incorporated	10/15/2046	4.000%	1,000,000	986,302	1,175,883
United Parcel Service, Inc.	11/15/2046	3.400%	550,000	536,155	622,529
Pfizer Inc.	12/15/2046	4.125%	600,000	602,216	743,454
Gilead Sciences, Inc.	3/1/2047	4.150%	500,000	485,733	591,721
Gilead Sciences, Inc.	3/1/2047	4.150%	600,000	581,781	710,065
The Progressive Corporation	4/15/2047	4.125%	600,000	593,265	731,068
Lowe's Companies, Inc.	5/3/2047	4.050%	600,000	579,672	696,201
QUALCOMM Incorporated	5/20/2047	4.300%	500,000	477,156	624,145
The Travelers Companies, Inc.	5/30/2047	4.000%	500,000	495,602	600,461
UnitedHealth Group Incorporated	10/15/2047	3.750%	1,000,000	955,540	1,143,400
Target Corporation	11/15/2047	3.900%	600,000	597,556	743,438
United Parcel Service, Inc.	11/15/2047	3.750%	950,000	921,581	1,132,570
Oracle Corporation	11/15/2047	4.000%	530,000	525,239	551,863
Oracle Corporation	11/15/2047	4.000%	400,000	391,747	416,500
The Travelers Companies, Inc.	3/7/2048	4.050%	1,000,000	981,370	1,217,454
Shell International Finance B.V.	11/7/2049	3.125%	900,000	928,947	933,656
International Business Machines Corporation	5/15/2050	2.950%	500,000	489,814	490,610
Berkshire Hathaway Inc.	10/15/2050	2.850%	500,000	485,894	494,333
BP Capital Markets America, Inc.	6/4/2051	2.939%	500,000	469,937	485,400
JPMorgan Chase & Co.	4/22/2052	3.328%	500,000	509,508	540,650
Intel Corporaton	2/15/2060	3.100%	500,000	484,800	504,167
<b>Totals</b>			<b>\$ 66,035,000</b>	<b>\$ 64,969,041</b>	<b>\$ 75,664,892</b>

See independent auditor's report.

**City of Alexandria Employees' Retirement System  
Investments - U.S. Government Agency Notes  
December 31, 2021**

**Schedule 6**

<u>Description</u>	<u>Maturity Date</u>	<u>Yield</u>	<u>Face Value</u>	<u>Amortized Cost</u>	<u>Fair Value</u>
Federal Home Loan Bank Debenture	02/25/41	2.000%	<u>\$ 500,000</u>	<u>\$ 488,648</u>	<u>\$ 468,493</u>
<b>Totals</b>			<u>\$ 500,000</u>	<u>\$ 488,648</u>	<u>\$ 468,493</u>

Yield represents yield to maturity.

See independent auditor's report.

**City of Alexandria Employees' Retirement System  
Investments - Preferred Stocks  
December 31, 2021**

**Schedule 7**

<b>Description</b>	<b>Number of Shares</b>	<b>Cost</b>	<b>Fair Value</b>
Entergy Arkansas, Inc	5,000	\$ 126,750	\$ 128,350
Entergy Louisiana, LLC	5,000	125,800	126,500
Bank of America	34,000	856,790	864,535
US Bancorp	34,000	848,663	856,705
Southern Company	34,000	861,687	884,000
<b>Totals</b>		<b>\$ 2,819,690</b>	<b>\$ 2,860,090</b>

See independent auditor's report.

**City of Alexandria Employees' Retirement System**  
**Investments - Common Stocks**  
**December 31, 2021**

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

Description	Number of Shares	Cost	Fair Value
AbbVie Inc.	35,000	\$ 3,474,993	\$ 4,739,000
Advanced Micro Devices, Inc.	21,000	1,639,123	3,021,900
Alnylam Pharmaceuticals, Inc.	13,000	1,831,464	2,204,540
American Well Corporation	50,000	1,321,872	302,000
Amgen Inc.	18,000	1,475,675	4,049,460
APA Corporation	10,000	745,381	268,900
Apple Inc.	40,000	1,134,247	7,102,800
Bank of America Corporation	39,500	1,342,546	1,757,355
Blackstone Inc.	15,000	1,050,538	1,940,850
Caterpillar, Inc	18,300	2,010,641	3,783,342
Chevron Corporation	10,000	1,148,825	1,173,500
Cisco Systems, Inc.	50,000	2,439,030	3,168,500
The Coca-Cola Company	79,500	2,733,368	4,707,195
ConocoPhillips	15,000	1,225,104	1,082,700
CVS Health Corporation	28,750	1,997,030	2,965,850
Deere & Company	13,000	1,557,998	4,457,570
Devon Energy Corporation	45,000	2,457,270	1,982,250
DuPont de Nemours, Inc.	19,401	1,148,111	1,567,213
Dow Inc.	19,401	790,302	1,100,425
Emerson Electric Co.	48,000	1,818,913	4,462,560
Expro Group Holdings N.V.	3,333	625,214	47,829
FedEx Corporation	8,500	1,511,005	2,198,440
Fluor Corporation	20,000	1,050,365	495,400
Ford Motor Company	25,000	457,587	519,250
General Motors Company	44,879	3,422,146	2,631,256
Gilead Sciences, Inc.	55,300	4,509,636	4,015,333
Halliburton Company	30,000	929,112	686,100
The Hershey Company	28,000	4,961,047	5,417,160
Honeywell International Inc.	20,000	1,158,741	4,170,200
ING Groep N.V.	7,000	285,258	97,440
Intellia Therapeutics, Inc.	27,000	3,826,724	3,192,480
International Business Machines Corporation	46,300	6,448,253	6,188,458
Johnson & Johnson	22,000	1,532,833	3,763,540
JPMorgan Chase & Co.	40,372	4,438,022	6,392,906
The Kraft Heinz Company	10,500	965,709	376,950
Kyndryl Holdings	9,260	321,168	167,606
Lowe's Companies, Inc.	27,500	3,261,123	7,108,200
Lumentum Holdings Inc.	587	325,338	62,087
Marathon Petroleum Corporation	7,000	550,748	447,930
Medtronic plc	33,250	3,011,254	3,439,712
Merck & Co., Inc.	10,000	880,187	766,400



**City of Alexandria Employees' Retirement System  
Investments - Common Stocks  
December 31, 2021**

**Schedule 8  
(Concluded)**

Description	Number of Shares	Cost	Fair Value
Microsoft Corporation	29,400	1,722,945	9,887,808
NVIDIA Corporation	10,000	1,886,564	2,941,100
Oracle Corporation	35,000	2,435,032	3,052,350
The Procter & Gamble Company	36,625	2,054,128	5,991,117
QUALCOMM Incorporated	20,000	1,786,074	3,657,400
Red River Bancshares, Inc.	6,000	301,862	321,000
Union Pacific Corporation	21,000	503,843	5,290,530
United Parcel Service, Inc.	11,500	1,177,126	2,464,910
Viatis Inc.	2,481	45,695	33,568
Viavi Solutions Inc.	2,937	465,556	51,750
The Walt Disney Company	22,500	548,467	3,485,025
<b>Totals</b>		<u>\$90,741,193</u>	<u>\$ 145,199,145</u>

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, 2021**

**Schedule 9**

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

<b>Purpose</b>	<b>Amount</b>
Salary	\$ 53,945
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>\$ 53,945</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, 2021, and the related notes to the financial statements, which collectively comprise the System's basic financial statements, and have issued our report thereon dated May 26, 2022.

**Report on 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 opinions 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 were not 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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To the Board of Trustees  
City of Alexandria Employees' Retirement System

### **Report on 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, flowing style.

Certified Public Accountants  
Alexandria, Louisiana

May 26, 2022

**Schedule of Findings and Responses**

**City of Alexandria Employees' Retirement System  
 Schedule of Findings and Responses  
 Year Ended December 31, 2021**

**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, 2021*





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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 on the control and compliance (C/C) areas identified in the Louisiana Legislative Auditor's (LLA) Statewide Agreed-Upon Procedures (SAUPs) for the fiscal period January 1, 2021 through December 31, 2021. The City of Alexandria Employees' Retirement System's (Entity) management is responsible for those C/C areas identified in the SAUPs.

The Entity has agreed to and acknowledged that the procedures performed are appropriate to meet the intended purpose of the engagement, which is to perform specified procedures on the C/C areas identified in the LLA's SAUPs for the fiscal period January 1, 2021 through December 31, 2021. Additionally, LLA has agreed to and acknowledged that the procedures performed are appropriate for its purposes. This report may not be suitable for any other purpose. The procedures performed may not address all the items of interest to a user of this report and may not meet the needs of all users of this report and, as such, users are responsible for determining whether the procedures performed are appropriate for their purposes.

The procedures and associated results are as follows:

### **Written Policies and Procedures**

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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.

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

- d) **Receipts/Collections**, including receiving, recording, and preparing deposits. Also, policies and procedures should include management's actions to determine the completeness of all collections for each type of revenue or agency fund additions (e.g. periodic confirmation with outside parties, reconciliation to utility billing after cutoff procedures, reconciliation of traffic ticket number sequences, agency fund forfeiture monies confirmation).
- e) **Payroll/Personnel**, including (1) payroll processing, (2) reviewing and approving time and attendance records, including leave and overtime worked, and (3) approval process for employee(s) rate of pay or approval and maintenance of pay rate schedules.
- f) **Contracting**, including (1) types of services requiring written contracts, (2) standard terms and conditions, (3) legal review, (4) approval process, and (5) monitoring process.
- g) **Credit Cards (and debit cards, fuel cards, P-Cards, if applicable)**, including (1) how cards are to be controlled, (2) allowable business uses, (3) documentation requirements, (4) required approvers of statements, and (5) monitoring card usage (e.g., determining the reasonableness of fuel card purchases).
- h) **Travel and expense reimbursement**, including (1) allowable expenses, (2) dollar thresholds by category of expense, (3) documentation requirements, and (4) required approvers.
- i) **Ethics**, including (1) the prohibitions as defined in Louisiana Revised Statute (R.S.) 42:1111-1121, (2) actions to be taken if an ethics violation takes place, (3) system to monitor possible ethics violations, and (4) a requirement that documentation is maintained to demonstrate that all employees and officials were notified of any changes to 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) **Information Technology 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.
- l) **Sexual Harassment**, including R.S. 42:342-344 requirements for (1) agency responsibilities and prohibitions, (2) annual employee training, and (3) annual reporting.



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

**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, information technology disaster recovery/business continuity, or sexual harassment.

**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 define 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 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***

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2. **Procedure:** Obtain and inspect the board/finance committee minutes for the fiscal period, as well as the board's enabling legislation, charter, bylaws, or equivalent document in effect during the fiscal period, and:
  - a) 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, quarterly budget-to-actual, at a minimum, on proprietary funds, and semi-annual budget-to-actual, at a minimum, on all special revenue funds. *Alternately, for those entities reporting on the nonprofit accounting model, observe that the minutes referenced or included financial activity relating to public funds if those public funds comprised more than 10% of the entity's collections during the fiscal period.*



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

- 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:** No exceptions noted.

### ***Bank Reconciliations***

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3. **Procedure:** Obtain a listing of Entity 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:
  - a) Bank reconciliations include evidence that they were prepared within two (2) months of the related statement closing date (e.g., initialed and dated or 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 or 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.



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

***Collections (excluding electronic funds transfers)***

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4. **Procedure:** Obtain a listing of deposit sites for the fiscal period where deposits for cash/checks/money orders (cash) are prepared and management's representation that the listing is complete. Randomly 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 cash drawers/registers.
- b) Each employee responsible for collecting cash is not responsible for preparing/making bank deposits, unless another employee/official is responsible for reconciling collection documentation (e.g., pre-numbered receipts) to the deposit.
- c) Each employee responsible for collecting cash is not responsible for posting collection entries to the general ledger or subsidiary ledgers, unless another employee/official is responsible for reconciling ledger postings to each other and to the deposit.
- d) The employee(s) responsible for reconciling cash collections to the general ledger and/or subsidiary ledgers, by revenue source and/or agency fund additions are not responsible for collecting cash, unless another employee/official verifies the reconciliation.

**Results:** In our examination of collections, we noted that employees responsible for collecting cash also prepare and make bank deposits, post collection entries to the general ledger, and reconcile the cash collections to the general ledger.

**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.



PAYNE, MOORE & HERRINGTON, LLP

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

6. **Procedure:** Obtain from management a copy of the bond or insurance policy for theft covering all employees who have access to cash. Observe that the bond or insurance policy for theft was enforced during the fiscal period.

**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). *Alternately, the practitioner may use a source document other than bank statements when selecting the deposit dates for testing, such as a cash collection log, daily revenue report, receipt book, etc.* Obtain supporting documentation for each of the ten (10) deposits and:

- a) Observe that receipts are sequentially pre-numbered.
- 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 and the cash is stored securely in a locked safe or drawer].
- 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)***

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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.





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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 (2) employees are involved in initiating a purchase request, approving a purchase, and placing an order/making the purchase.
- b) At least two (2) 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); these instances should not be reported.]

**Results:** In our examination of non-payroll disbursements, we noted that 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.

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 itemized invoice and that supporting documentation indicates that deliverables included on the invoice were received by the entity.
- 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.



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

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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 numbers and the names of the persons 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 (1) monthly statement or combined statement for each card [for a debit card, randomly select one (1) monthly bank statement], obtain supporting documentation, and:

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 (or electronically approved), 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" that 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.





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

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- 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, observe that the approved reimbursement rate is no more than those rates established either by the State of Louisiana or the U.S. General Services Administration ([www.gsa.gov](http://www.gsa.gov)).
  - b) If reimbursed using actual costs, observe that the reimbursement is supported by an original itemized receipt that identifies precisely what was purchased.
  - 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***

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- 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).



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- c) If the contract was amended (e.g., change order), observe that the original contract terms provided for such an amendment and that amendments were made in compliance with the contract terms (e.g., if approval is required for any amendment was approval documented).
- d) Randomly select one (1) 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:** No exceptions noted.

#### ***Payroll and Personnel***

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

**Results:** No exceptions noted.

- 17. Procedure:** Randomly select one (1) pay period during the fiscal period. For the five (5) employees or officials selected under #16 above, obtain attendance records and leave documentation for the pay period, and:
- a) Observe that all selected employees or officials documented their daily attendance and leave (e.g., vacation, sick, compensatory). (Note: Generally, officials are not eligible to earn leave and do not document their attendance and leave. However, if the official is earning leave according to a 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 or officials.
  - c) Observe that any leave accrued or taken during the pay period is reflected in the Entity's cumulative leave records.
  - d) Observe the rate paid to the employees or officials agree to the authorized salary/pay rate found within the personnel file.

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



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**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 or officials that received termination payments during the fiscal period and management's representation that the list is complete. Randomly select two employees or officials, obtain related documentation of the hours and pay rates used in management's termination payment calculations and the Entity's policy on termination payments. Agree the hours to the employee or officials' cumulative leave records, agree the pay rates to the employee or officials' authorized pay rates in the employee or officials' personnel files, and agree the termination payment to Entity policy.

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

19. **Procedure:** Obtain management's representation that employer and employee portions of third-party payroll related amounts (e.g., payroll taxes, retirement contributions, health insurance premiums, garnishments, workers' compensation premiums, etc.) have been paid, and any associated forms have been filed, by required deadlines.

**Results:** No exceptions noted.

### ***Ethics***

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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 (1) hour of ethics training during the fiscal period.
  - b) Observe that the Entity maintains documentation which demonstrates each employee and official were notified of any changes to the Entity's ethics policy during the fiscal period, as applicable.

**Results:** No exceptions noted.



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### ***Debt Service***

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

### ***Fraud Notice***

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**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:** No exceptions noted.

**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:** No exceptions noted.

### ***Information Technology Disaster Recovery/Business Continuity***

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**25. Procedure:** Perform the following procedures.

a) Obtain and inspect the Entity's most recent documentation that it has backed up its critical data (if no written documentation, inquire of personnel responsible for backing up critical data) and observe that such backup occurred within the past week. If backups are stored on a physical medium (e.g., tapes, CDs), observe evidence that backups are encrypted before being transported.



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- b) Obtain and inspect the Entity's most recent documentation that it has tested/verified that its backups can be restored (if no written documentation, inquire of personnel responsible for testing/verifying backup restoration) and observe evidence that the test/verification was successfully performed within the past three (3) months.
- c) Obtain a listing of the Entity's computers currently in use and their related locations, and management's representation that the listing is complete. Randomly select five (5) computers and observe while management demonstrates that the selected computers have current and active antivirus software and that the operating system and accounting system software in use are currently supported by the vendor.

**Results:** We performed the procedure and discussed the results with management.

### ***Sexual Harassment***

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26. **Procedure:** Using the five (5) randomly selected employees/officials from procedure #16 under "Payroll and Personnel" above, obtain sexual harassment training documentation from management, and observe that the documentation demonstrates each employee/official completed at least one (1) hour of sexual harassment training during the calendar year.

**Results:** The employees did not complete sexual harassment training in 2021.

**Management's Response:** We were not aware of a requirement to complete a course in this area until our auditor called it to our attention. Both persons in our office subsequently took the online course on preventing sexual harassment for supervisors offered by the LA State Civil Service on February 16, 2022 and completed it.

27. **Procedure:** Observe that the Entity has posted its sexual harassment policy and compliant procedure on its website (or in a conspicuous location on the Entity's premises if the Entity does not have a website).

**Results:** No exceptions noted.

28. **Procedure:** Obtain the Entity's annual sexual harassment report for the current fiscal period, observe that the report was dated on or before February 1, and observe that it includes the applicable requirements of R.S. 42:344:

- a) Number and percentage of public servants in the agency who have completed the training requirements;



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- b) Number of sexual harassment complaints received by the agency;
- c) Number of complaints which resulted in a finding that sexual harassment occurred;
- d) Number of complaints in which the finding of sexual harassment resulted in discipline or corrective action; and
- e) Amount of time it took to resolve each complaint.

**Results:** The Entity does not have an annual sexual harassment report for 2021.

**Management's Response:** We were not aware of a requirement to complete a course in this area until our auditor called it to our attention. Both persons in our office subsequently took the online course on preventing sexual harassment for supervisors offered by the LA State Civil Service on February 16, 2022 and completed it.

We were engaged by the City of Alexandria Employees' Retirement System to perform this agreed-upon procedures engagement and conducted our engagement in accordance with attestation standards established by the American Institute of Certified Public Accountants and applicable standards of *Government Auditing Standards*. We were not engaged to and did not conduct an examination or review engagement, 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.

We are required to be independent of the City of Alexandria Employees' Retirement System and to meet other ethical responsibilities, in accordance with the relevant ethical requirements related to our agreed-upon procedures engagement.

This report is intended 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.

*Payne, Moore & Herrington, LLP*

Certified Public Accountants  
Alexandria, Louisiana

May 26, 2022