

POLICEMEN'S PENSION AND RELIEF FUND  
CITY OF ALEXANDRIA, LOUISIANA

APRIL 30, 1996

NOTES TO FINANCIAL STATEMENTS

1. PLAN DESCRIPTION

The Policemen's Pension and Relief Fund (the Fund) of the City of Alexandria, Louisiana, is the administrator of a single-employer defined benefit plan established by state law. The Fund is considered part of the City of Alexandria's financial reporting entity and is included in the City's financial report as a pension trust fund.

Effective September 1, 1983, members of the Fund were merged into the state-wide Municipal Police Employees' Retirement System of Louisiana. The Fund remains liable for possible benefits in the event of retirement of a member hired prior to August 1, 1976, who retires before reaching age fifty. Act 456, effective July 1, 1991, amended the law to state that the Fund is liable for possible benefits of members who retire with less than twenty-five years of service and before reaching age fifty. At April 30, 1996, Fund membership consisted of:

Current employees	
Vested	5
Nonvested	0
Retirees and survivors currently receiving benefits	<u>13</u>
Total	18

Retirement benefits vest after twenty years of creditable service. The plan provides normal retirement benefits after twenty years of service of two-thirds of the highest average monthly salary for any continuous twelve month period of time worked prior to retirement.

Covered employees are not required to contribute to the Fund. The City of Alexandria is required to contribute twenty percent of municipal court fines, ten percent of beer and alcohol licenses, and an amount equal to the current operating deficit of the Fund without regard for reserve requirements accruing or having accrued on an actuarial basis. Benefit and contribution provisions are established by state law and may be amended only by the Legislature of the State of Louisiana.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES AND PLAN ASSET MATTERS

Basis of Accounting - The Fund's financial statements are prepared using the accrual basis of accounting. Under this method, revenues are recorded when earned and expenses are recorded at the time liabilities are incurred.

Method Used to Value Investments - The Fund's investments are stated at cost. Interest income is recognized as earned.

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## Policemen's Pension and Relief Fund

City of Alexandria, Louisiana

April 30, 1996

Under provisions of state law, this report is a public document. A copy of the report has been submitted to the audited, or reviewed, entity and other appropriate public officials. The report is available for public inspection at the Baton Rouge office of the Legislative Auditor and, where appropriate, at the office of the parish clerk of court.

Release Date ~~NOV 13 1996~~  
~~NOV 13 1996~~

**Payne, Moore & Herrington, LLP**

Certified Public Accountants  
Alexandria, Louisiana

POLICEMEN'S PENSION AND RELIEF FUND  
CITY OF ALEXANDRIA, LOUISIANA

APRIL 30, 1996

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**INDEPENDENT AUDITOR'S REPORT**

The Honorable Mayor,  
City Council, and Board of Trustees  
Policemen's Pension and Relief Fund  
City of Alexandria, Louisiana

We have audited the accompanying financial statements of the Policemen's Pension and Relief Fund of the City of Alexandria, Louisiana, as of April 30, 1996, and for the year then ended. These financial statements are the responsibility of the City of Alexandria's management. Our responsibility is to express an opinion on these financial statements based on our audit.

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

As described more fully in Note 1, the financial statements present only the Policemen's Pension and Relief Fund and are not intended to present fairly the financial position and results of operations of the City of Alexandria, Louisiana, in conformity with generally accepted accounting principles.

In our opinion, the financial statements referred to in the first paragraph present fairly, in all material respects, the financial position of the Policemen's Pension and Relief Fund of the City of Alexandria, Louisiana, as of April 30, 1996, and the results of its operations for the year then ended in conformity with generally accepted accounting principles.

Our audit was conducted for the purpose of forming an opinion on the basic financial statements taken as a whole. The financial information listed in the foregoing table of contents as required supplemental information (required by the Governmental Accounting Standards Board) and additional information is presented

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POLICEMEN'S PENSION AND RELIEF FUND  
 CITY OF ALEXANDRIA, LOUISIANA  
 BALANCE SHEET  
 APRIL 30, 1996

EXHIBIT A

ASSETS

Cash in bank	\$ 50,308
Investments, certificates of deposit, at cost	99,029
Due from other funds of the City of Alexandria	
General Fund	68,003
Firemen's Pension and Relief Fund	130
Other assets	407
Total Assets	217,877

LIABILITIES

-0-

NET ASSETS AVAILABLE FOR BENEFITS

\$ 217,877

FUND BALANCE

Actuarial present value of projected benefits payable to current retirants and beneficiaries	\$ 686,320
Actuarial present value of credited projected benefits for active employees - Employer financed portion	65,362
Total actuarial present value of credited projected benefits	751,682
Unfunded actuarial present value of credited projected benefits	(533,805)

TOTAL FUND BALANCE

\$ 217,877

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





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

The Honorable Mayor,  
City Council, and Board of Trustees  
Policemen's Pension and Relief Fund  
City of Alexandria, Louisiana

We have audited the financial statements of the Policemen's Pension and Relief Fund (the Fund) of the City of Alexandria, Louisiana, as of and for the year ended April 30, 1996, and have issued our report thereon dated September 12, 1996.

We conducted our audit in accordance with generally accepted auditing standards and *Government Auditing Standards*, issued by the Comptroller General of the United States. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement.

The management of the Policemen's Pension and Relief Fund of the City of Alexandria, Louisiana, is responsible for establishing and maintaining an internal control structure. In fulfilling this responsibility, estimates and judgments by management are required to assess the expected benefits and related costs of internal control structure policies and procedures. The objectives of an internal control structure are to provide management with reasonable, but not absolute, assurance that assets are safeguarded against loss from unauthorized use or disposition, and that transactions are executed in accordance with management's authorization and recorded properly to permit the preparation of financial statements in accordance with generally accepted accounting principles. Because of inherent limitations in any internal control structure, errors or irregularities may nevertheless occur and not be detected. Also, projection of any evaluation of the structure to future periods is subject to the risk that procedures may become inadequate because of changes in conditions or that the effectiveness of the design and operation of policies and procedures may deteriorate.

In planning and performing our audit of the financial statements of Policemen's Pension and Relief Fund of the City of Alexandria, Louisiana, for the year ended April 30, 1996, we obtained an understanding of the internal control structure. With respect to the internal control structure, we obtained an understanding of the

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PAYNE, MOORE & HERRINGTON, LLP

The Honorable Mayor,  
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Policemen's Pension and Relief Fund  
City of Alexandria, Louisiana

for purposes of additional analysis and is not a required part of the basic financial statements of the Policemen's Pension and Relief Fund of the City of Alexandria, Louisiana. Such information has been subjected to the auditing procedures applied in the audit of the basic financial statements and, in our opinion is fairly stated in all material respects in relation to the financial statements taken as whole.

In accordance with *Government Auditing Standards*, we have also issued a report, dated September 12, 1996, on our consideration of the Policemen's Pension and Relief Fund's internal control structure and a report dated September 12, 1996, on its compliance with laws and regulations.

*Payne Moore & Herrington, LLP*  
Certified Public Accountants

September 12, 1996

POLICEMEN'S PENSION AND RELIEF FUND  
 CITY OF ALEXANDRIA, LOUISIANA  
 STATEMENT OF REVENUES, EXPENSES, AND CHANGES IN FUND BALANCE  
 YEAR ENDED APRIL 30, 1996

EXHIBIT B

OPERATING REVENUES	
Employer contributions	\$293,003
Interest earned	<u>6,854</u>
Total Operating Revenues	299,857
OPERATING EXPENSES	
Plan benefits	298,285
Administrative expenses	<u>1,572</u>
Total Operating Expenses	<u>299,857</u>
NET OPERATING INCOME	-0-
FUND BALANCE, BEGINNING OF YEAR	<u>217,877</u>
<u>FUND BALANCE, END OF YEAR</u>	<u>\$217,877</u>

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



POLICEMEN'S PENSION AND RELIEF FUND  
CITY OF ALEXANDRIA, LOUISIANA

APRIL 30, 1996

NOTES TO FINANCIAL STATEMENTS

At April 30, 1996, the unfunded pension benefit obligation was \$533,805 computed as follows:

Pension benefit obligation	
Retirees and beneficiaries currently receiving benefits	\$ 686,320
Current employees	<u>65,362</u>
Total pension benefit obligation	751,682
Net assets available for benefits at cost	<u>(217,877)</u>
Unfunded Pension Benefit Obligation	\$ 533,805

4. CONTRIBUTIONS REQUIRED AND CONTRIBUTIONS MADE

The Fund's funding policy, established by state law, provides for periodic employer contributions sufficient to pay current benefits and expenses when due. The statutes make no provision for the funding of the unfunded pension benefit obligation. Statutes do not require that contributions be actuarially determined. An actuary has determined as of April 30, 1996, the unfunded pension benefit obligation as required by GASB Statement No. 5.

The City of Alexandria made contributions to the Fund totaling \$293,003 (226% of covered payroll) in accordance with the above funding policy for the year ended April 30, 1996.

5. HISTORICAL TREND INFORMATION

Historical trend information designed to provide information about the Fund's progress made in accumulating sufficient assets to pay benefits when due is presented in Schedules 1 and 2 in the Required Supplemental Information section of this report (pages 9 and 10).

**REQUIRED SUPPLEMENTAL INFORMATION**

POLICEMEN'S PENSION AND RELIEF FUND  
 CITY OF ALEXANDRIA, LOUISIANA  
 REQUIRED SUPPLEMENTAL INFORMATION  
 ANALYSIS OF FUNDING PROGRESS

SCHEDULE 1

FISCAL YEAR	(1)	(2)	(3)	(4)	(5)	UNFUNDED PENSION BENEFIT OBLIGATION AS A PERCENTAGE OF COVERED PAYROLL
	NET ASSETS AVAILABLE FOR BENEFITS*	PENSION BENEFIT OBLIGATION	PERCENT FUNDED (1) / (2)	UNFUNDED PENSION BENEFIT (2) - (1)	ANNUAL COVERED PAYROLL	
1990	\$217,877	\$1,369,118	16%	\$1,151,241	\$824,310	140%
1991	217,877	1,241,678	18%	1,023,801	800,929	128%
1992	217,877	1,090,976	20%	873,099	769,663	113%
1993	217,877	824,085	26%	606,208	629,836	96%
1994	217,877	669,399	33%	451,522	448,424	101%
1995	217,877	991,695	22%	773,818	397,447	195%
1996	217,877	751,682	29%	533,805	129,373	413%

Analysis of the dollar amounts of net assets available for benefits, pension benefit obligation, and unfunded pension benefit obligation in isolation can be misleading. Expressing the net assets available for benefits as a percentage of the pension benefit obligation provides one indication of the Fund's funding status on a going-concern basis. Analysis of this percentage over time indicates whether the Fund is becoming financially stronger or weaker. Generally, the greater this percentage, the stronger the Fund. Trends in unfunded pension benefit obligation and annual covered payroll are both affected by inflation. Expressing the unfunded pension benefit obligation as a percentage of annual covered payroll approximately adjusts for the effects of inflation and aids analysis of the Fund's progress made in accumulating sufficient assets to pay benefits when due. Generally, the smaller this percentage, the stronger the Fund.

\* At cost (See Note 2)

See independent auditor's report.

POLICEMEN'S PENSION AND RELIEF FUND  
 CITY OF ALEXANDRIA, LOUISIANA  
 REQUIRED SUPPLEMENTAL INFORMATION  
 REVENUES BY SOURCE AND EXPENSES BY TYPE

SCHEDULE 2

REVENUES BY SOURCE

<u>FISCAL</u> <u>YEAR</u>	<u>EMPLOYER</u> <u>CONTRIBUTIONS</u>	<u>INVESTMENT</u> <u>INCOME</u>	<u>OTHER</u>	<u>TOTAL</u>
1990	\$234,414	\$8,124	\$2,759	\$245,297
1991	262,034	7,643	2,328	272,005
1992	204,748	8,329	381	213,458
1993	228,603	6,009	45	234,657
1994	271,206	5,953	10	277,169
1995	261,768	5,821	-0-	267,589
1996	293,003	6,854	-0-	299,857

EXPENSES BY TYPE

<u>FISCAL</u> <u>YEAR</u>	<u>PLAN</u> <u>BENEFITS</u>	<u>ADMINISTRATIVE</u> <u>AND OTHER</u> <u>EXPENSES</u>	<u>TOTAL</u>
1990	\$232,005	\$13,292	\$245,297
1991	261,991	10,014	272,005
1992	209,296	4,162	213,458
1993	205,709	28,948	234,657
1994	248,673	28,496	277,169
1995	264,409	3,180	267,589
1996	298,285	1,572	299,857

Contributions were not made in accordance with actuarial determined contribution requirements.

See independent auditor's report.

**ADDITIONAL INFORMATION**



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



PAYNE, MOORE & HERRINGTON, LLP

The Honorable Mayor,  
City Council, and Board of Trustees  
Policemen's Pension and Relief Fund  
City of Alexandria, Louisiana

design of relevant policies and procedures and whether they have been placed in operation, and we assessed control risk in order to determine our auditing procedures for the purpose of expressing our opinion on the financial statements and not to provide an opinion on the internal control structure. Accordingly, we do not express such an opinion.

Our consideration of the internal control structure would not necessarily disclose all matters in the internal control structure that might be material weaknesses under standards established by the American Institute of Certified Public Accountants. A material weakness is a condition in which the design or operation of one or more of the internal control structure elements does not reduce to a relatively low level the risk that errors and irregularities in amounts that would be material in relation to the financial statements being audited may occur and not be detected within a timely period by employees in the normal course of performing their assigned functions. We noted no matters involving the internal control structure and its operation that we consider to be material weaknesses as defined above.

This report is intended for the information of the management, the Mayor and City Council of the City of Alexandria, Louisiana, and the Board of Trustees of the Fund. However, this report is a matter of public record and its distribution is not limited.

*Payne, Moore & Herrington, LLP*  
Certified Public Accountants

September 12, 1996

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



PAYNE, MOORE & HERRINGTON, LLP

CERTIFIED PUBLIC ACCOUNTANTS

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

The Honorable Mayor, City Council, and Board of Trustees Policemen's Pension and Relief Fund City of Alexandria, Louisiana

We have audited the financial statements of the Policemen's Pension and Relief Fund (the Fund) of the City of Alexandria, Louisiana, as of and for the year ended April 30, 1996, and have issued our report thereon dated September 12, 1996.

We conducted our audit in accordance with generally accepted auditing standards and Government Auditing Standards, issued by the Comptroller General of the United States. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement.

Compliance with laws and regulations applicable to the Fund is the responsibility of the management of the Policemen's Pension and Relief Fund of the City of Alexandria, Louisiana. As part of obtaining reasonable assurance about whether the financial statements are free of material misstatement, we performed tests of the Fund's compliance with certain provisions of laws and regulations. However, the objective of our audit of the financial statements was not to provide an opinion on overall compliance with such provisions. Accordingly, we do not express such an opinion.

The results of our tests disclosed no instances of noncompliance that are required to be reported under Government Auditing Standards.

This report is intended for the information of management, the Mayor and City Council of the City of Alexandria, Louisiana, and the Board of Trustees of the Fund. However, this report is a matter of public record, and its distribution is not limited.

Payne, Moore & Herrington, LLP Certified Public Accountants

September 12, 1996

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POLICEMEN'S PENSION AND RELIEF FUND  
CITY OF ALEXANDRIA, LOUISIANA

APRIL 30, 1996

NOTES TO FINANCIAL STATEMENTS

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

Investments - The Fund may invest in interest-bearing bonds or securities issued or backed by the United States, the State of Louisiana, the City of Alexandria, or in certificates of deposit in banks of the United States and/or the State of Louisiana.

The Fund's investments at April 30, 1996, consisted of certificates of deposit with carrying and market values of \$99,029. The certificates of deposit at year-end were entirely covered by federal depository insurance.

The Fund's investments are with the Alexandria Municipal Employees Credit Union and represent forty-five (45) percent of net assets available for benefits.

Estimates - The preparation of financial statements in conformity with generally accepted accounting principles requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities at the date of the financial statements and the reported amounts of revenues and expenses during the reporting period. Actual results could differ from those estimates.

**3. FUNDING STATUS AND PROGRESS**

The amount shown below as "pension benefit obligation" is a standardized disclosure measure of the present value of pension benefits estimated to be payable in the future as a result of employee service to date. The measure is the actuarial present value of credited projected benefits and is intended to help users assess the Fund's funding status on a going-concern basis, assess progress made in accumulating sufficient assets to pay benefits when due, and make comparisons among public employee retirement systems. The measure is independent of the method used to determine contributions to the Fund discussed in Note 4.

The pension benefit obligation was determined as part of an actuarial valuation at April 30, 1996. Significant actuarial assumptions used include (a) a rate of return on investment earnings of seven percent, net of expenses and (b) annual salary growth based on Technical Paper #16 "Present Value of Estimated Lifetime Earnings" for Clerical and Kindred Workers published by the U.S. Department of Commerce with an additional two percent increase above these rates during the first ten years of employment.



POLICEMEN'S PENSION AND RELIEF FUND  
 CITY OF ALEXANDRIA, LOUISIANA  
 SCHEDULE OF CASH RECEIPTS AND DISBURSEMENTS  
 YEAR ENDED APRIL 30, 1996

SCHEDULE 3

CASH IN BANK, MAY 1, 1995		\$ 57,687
Receipts		
Employer contributions	285,624	
Interest Received	<u>6,854</u>	
Total Receipts		<u>292,478</u>
 TOTAL CASH AVAILABLE		 350,165
Disbursements		
Plan benefits	298,285	
Administrative and other expenses	<u>1,572</u>	
Total Disbursements		<u>299,857</u>
 <u>CASH IN BANK, APRIL 30, 1996</u>		 <u>\$ 50,308</u>

See independent auditor's report.

