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HARBOR POLICE EMPLOYEES' RETIREMENT SYSTEM

Independent Auditors' Reports for the
Years Ended June 30, 1988 and 1987:

- Financial Statements and Supplemental Schedules
- Compliance and Internal Control

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

Release Date: 02/18/10

**INDEPENDENT AUDITORS' REPORT****Board of Trustees
Harbor Police Employees' Retirement System**

We have audited the accompanying statements of plan net assets of the Retirement Plan for the Harbor Police Employees' Retirement System (the Plan), as of June 30, 1998 and 1997 and the related statements of changes in plan net assets for the years then ended. These financial statements are the responsibility of the Plan's management. Our responsibility is to express an opinion on these financial statements based on our audits.

We conducted our audits in accordance with generally accepted auditing standards and Government Auditing Standards, issued by the Comptroller General of the United States. These 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 audits provide a reasonable basis for our opinion.

In our opinion, such financial statements present fairly, in all material respects, the financial status of the Plan at June 30, 1998 and 1997, and the changes in its financial status for the years then ended in conformity with generally accepted accounting principles.

The required supplementary plan information on pages 6 and 7 is not a required part of the basic financial statements, but is supplementary information required by the Governmental Accounting Standards Board. This supplementary information is the responsibility of the Plan's management. We have applied certain limited procedures, which consisted principally of inquiries of management regarding the methods of measurement and presentation of the supplementary information. However, we did not audit such information and we do not express an opinion on it.

In accordance with Government Auditing Standards, we have also issued a report dated September 24, 1998 on our consideration of the Plan's internal control over financial reporting and our tests of its compliance with certain provisions of laws and regulations.

Deloitte & Touche LLP

September 24, 1998

HARBOR POLICE EMPLOYEES' RETIREMENT SYSTEM

STATEMENTS OF PLAN NET ASSETS JUNE 30, 1998 AND 1997

ASSETS	1998	1997
RECEIVABLES:		
Member contributions	\$ 8,893	\$ 6,658
Employer contributions	12,864	13,688
Accrued interest	<u>85,854</u>	<u>85,382</u>
Total receivables	106,611	105,731
INVESTMENTS (Note 3)	<u>10,818,217</u>	<u>10,247,156</u>
TOTAL ASSETS	11,824,828	10,352,887
LIABILITIES	<u>0</u>	<u>0</u>
NET ASSETS HELD IN TRUST FOR PENSION BENEFITS	<u>\$11,824,828</u>	<u>\$10,352,887</u>

See notes to financial statements.

HARBOR POLICE EMPLOYEES' RETIREMENT SYSTEM

STATEMENTS OF CHANGES IN PLAN NET ASSETS YEARS ENDED JUNE 30, 1996 AND 1997

	1996	1997
ADDITIONS:		
Contributions:		
Members	\$ 181,288	\$ 27,085
Employer	156,655	139,369
Fines received	24,625	34,340
Investment income	275,340	638,868
Realized and unrealized gains on investments	521,756	678,180
Total additions	<u>1,179,664</u>	<u>1,578,182</u>
DEDUCTIONS:		
Benefits paid	664,618	356,115
Refunds of contributions	72,365	14,487
Administrative expenses	66,920	56,617
Total deductions	<u>1,103,899</u>	<u>427,219</u>
NET INCREASE	675,765	946,963
NET ASSETS HELD IN TRUST FOR PENSION BENEFITS - BEGINNING OF YEAR	<u>10,348,892</u>	<u>9,401,928</u>
NET ASSETS HELD IN TRUST FOR PENSION BENEFITS - END OF YEAR	<u>\$11,024,657</u>	<u>\$10,348,892</u>

See notes to financial statements.

HARBOR POLICE EMPLOYEES' RETIREMENT SYSTEM

NOTES TO FINANCIAL STATEMENTS YEARS ENDED JUNE 30, 1998 AND 1997

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Reporting Entity - The Harbor Police Employees' Retirement System is a public corporation created to administer a retirement plan (the "Plan") for participating commissioned members of the Harbor Police Department of the Port of New Orleans (the "Police Department"). The Plan is administered by an eight member Board of Trustees. The Plan was created by Act 80 of 1973, as amended by various subsequent Acts, of the Louisiana Legislature (the "Act").

Plan Administrator - The Board of Trustees has engaged a third party to provide actuarial services and to assist with certain administrative functions of the Plan.

Basis of Accounting - The Plan's financial statements are prepared on the accrual basis of accounting in accordance with generally accepted accounting principles.

Investments - As required by GASB No. 25, investments are reported at fair value. Short-term investments are reported at market value when published prices are available, or at cost, when it approximates fair value. Investments that do not have an established market are reported at estimated fair value.

Excludes investments in the U.S. Government and Federal Agency obligations, the Plan had no investment in any one organization which represented more than 3% of the net assets available for benefits.

2. DESCRIPTION OF THE PLAN

The following brief description of the Plan is provided for general information purposes only. Participants should refer to the Plan agreement for a more complete description of the Plan's provisions.

General - The Plan is a defined benefit, contributory plan that covers all commissioned officers of the Police Department, who were under the age of 50 on the date of employment.

Membership - At June 30, 1998 there were 63 active members of the Plan (4 of whom were fully vested) and 80 inactive members, including 35 retirees and beneficiaries presently receiving benefits.

Benefits - The Plan, as amended by a 1999 act of the Louisiana Legislature, allows for members to retire at age 60 with 10 years of service, at age 55 with 12 years of service, at age 45 with 18 years of service, and at any age with 25 years of service.

Member benefits are equal to 3-10% of average final compensation, as defined, multiplied by creditable service years, not to exceed 180% of final salary. The Plan also provides benefits for surviving spouses and disabled members as outlined in the Act. If a member resigns from the Police Department before retirement, accumulated employer contributions are refunded to the employee.

3. INVESTMENTS

The Plan invests funds received in accordance with guidelines established by the Act, which specifies that funds are to be invested in accordance with the same terms and conditions imposed by the State of Louisiana upon domestic life insurance companies, as set forth in Louisiana Revised Statutes Section 22:241.

The Plan's investments are categorized below to give an indication of the level of risk assumed at year-end. Category 1 includes investments that are insured or registered or for which the securities are held by the Plan or its agent in the Plan's name. Category 2 includes uninsured and unregistered investments for which the securities are held by the counterpart's trust department or agent in the Plan's name. Category 3 includes uninsured and unregistered investments for which the securities are held by the counterpart, or by its trust department or agent, but not in the Plan's name.

Investments at June 30, 1998 and 1997 were as follows:

Securities	Credit Risk Category			Carrying Amount (Fair Value) 6/30/98	Carrying Amount (Fair Value) 6/30/97
	1	2	3		
U. S. Government	\$ 2,718,297	\$ -	\$ -	\$ 2,790,257	\$ 2,894,887
Federal Agencies	4,308,940			4,189,948	3,482,872
Corporate Bonds	123,208			123,208	162,372
Money Market					
Mutual Funds	688,972			688,972	811,289
Equity Securities	<u>3,278,262</u>			<u>3,278,262</u>	<u>3,652,842</u>
Total Investments	<u>\$10,818,737</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$10,910,737</u>	<u>\$10,347,156</u>

Investments in corporate bonds primarily consist of bonds issued under Title 31 of the Ship Financing Act of 1972, which are secured by the full faith and credit of the United States Government.

4. CONTRIBUTIONS REQUIRED AND CONTRIBUTIONS MADE

Funding of the Plan is provided from contributions from members and the Port of New Orleans (the "Port"), as specified in the Act. Members contribute, by payroll deduction, 7% of base salaries.

The Port is required to make contributions to the Plan at actuarially-determined rates expressed as a percentage of members' covered payroll, not to exceed 17%. Level percentages of payroll employer contribution rates are determined using the entry age normal actuarial method until assets exceed accrued actuarial liabilities, at which point the aggregate actuarial method is used. As assets were in excess of actuarial liabilities, the aggregate method was applicable for fiscal years 1998 and 1997. This method produced a required employer contribution level of 17% of covered payroll for 1998 and 1997, which the Port directly funded at a rate of 10% of covered payroll and further funded by remitting to the Plan fees collected by any court, official or agency from violators or offenders of ordinances of the City of New Orleans applicable to the wharves, landings and riverfront or ordinances of the Board of Commissioners of the Port of New Orleans, as provided for by statute.

HARBOR POLICE EMPLOYEES' RETIREMENT SYSTEM

REQUIRED SUPPLEMENTARY INFORMATION

SCHEDULE OF CONTRIBUTIONS FROM EMPLOYEES AND EMPLOYER

Fiscal Year Ended June 30	Employee Contributions	Employer Contributions	Employee and Employer Contributions as a Percentage of Amount Required
1993	\$ 82,998	\$ 138,825	100 %
1994	81,362	134,921	100 %
1995	82,112	132,734	100 %
1996	82,180	132,088	100 %
1997	87,083	138,269	100 %
1998	181,388	136,629	100 %

HARBOR POLICE EMPLOYEES' RETIREMENT SYSTEM

REQUIRED SUPPLEMENTARY INFORMATION - ACTUARIAL METHODS AND ASSUMPTIONS JUNE 30, 1988

The information presented in the required supplementary schedule was determined as part of the actuarial valuation at the dates indicated. Additional information as of the latest actuarial valuation follows:

Valuation date	June 30, 1988
Actuarial cost method	Aggregate actuarial cost method, a method which does not identify or separately measure unfunded actuarial liabilities
Asset valuation method	Market related value
Actuarial assumptions:	
Investment rate of return	7% per annum
Mortality	Mortality rates were projected based on the Group Annuity Mortality Table, male and female five years for females.
Termination, disability and retirement	Termination rates were similar to the experience of other police plans throughout the state. Disability rates were based on the Elworth-Actuarial Valuation of the Railroad Retirement System. Retirement rates were based on the percentage of people eligible for retirement prior to the traditional age of 65 which is dependent on intangible things such as the economy, health, financial ability, the Social Security System, and work patterns.
Salary increases	Salary increases were projected to be 5% per year (2.5% increase for inflation and 2.5% increase for seniority and merit raises).
Cost-of-living adjustments	Cost-of-living adjustments, which were 2% to retirees under age 65 and 3% to those 65 or older, can only be granted if the fund has no unfunded liability on an entry age normal basis and cannot exceed 5% of the prior year's benefit, or 5% if over age 65.

**INDEPENDENT AUDITORS' REPORT ON COMPLIANCE AND ON INTERNAL CONTROL
OVER FINANCIAL REPORTING BASED UPON THE AUDIT PERFORMED IN
ACCORDANCE WITH GOVERNMENT AUDITING STANDARDS****Board of Trustees
Harbor Police Employees' Retirement System**

We have audited the financial statements of the Retirement Plan for the Harbor Police Employees' Retirement System (the "Plan"), as of and for the year ended June 30, 1998, and have issued our report thereon dated September 24, 1998. We conducted our audit in accordance with generally accepted auditing standards and the standards applicable to financial audits contained in Government Auditing Standards, issued by the Comptroller General of the United States.

Compliance

As part of obtaining reasonable assurance about whether the Plan's financial statements are free of material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts, and grants, noncompliance with which could have a direct and material effect on the determination of financial statement amounts. However, providing an opinion on compliance with these provisions was not an objective of our audit and accordingly, we do not express such an opinion. The results of our tests disclosed no instances of noncompliance that are required to be reported under Government Auditing Standards.

Internal Control Over Financial Reporting

In planning and performing our audit, we considered the Plan's internal control over financial reporting in order to determine our auditing procedures for the purpose of expressing our opinion on the financial statements and not to provide assurance on the internal control over financial reporting. Our consideration of the internal control over financial reporting would not necessarily disclose all matters in the internal control over financial reporting that might be material weaknesses. A material weakness is a condition in which the design or operation of one or more of the internal control components does not reduce to a relatively low level the risk that misstatements in amounts that would be material in relation to the financial statements being audited may occur and not be detected within a timely period by employees in the normal course of performing their assigned functions. We noted no matters involving the internal control over financial reporting and its operation that we consider to be material weaknesses.

This report is intended for the information of the Board of Trustees, management, and the Legislative Audity of the State of Louisiana. However, this report is a matter of public record and its distribution is not limited.

Deloitte & Touche LLP

September 24, 1998