

RECEIVED
 LEASING DIVISION
 87 OCT -1 PM 2:41

OFFICIAL
 FILE COPY

DO NOT REMOVE

(This message
 covers items to be
 kept and placed
 back in file)

HARBOR POLICE EMPLOYEES' RETIREMENT SYSTEM

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

- Financial Statements and Supplemental Schedules
- Internal Control Structure
- Compliance with Laws and Regulations

Under provisions of state law, this report is a public document. A copy of the report has been submitted to the auditor, or reviewing 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: OCT 08 1988



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, 1997 and 1996 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 as of June 30, 1997 and 1996, and the changes in its financial status for the years then ended in conformity with generally accepted accounting principles.

As discussed in Note 1 to the financial statements, in 1997 the Plan adopted Governmental Accounting Standards Board Statement No. 25, *Financial Reporting for Defined Benefit Pension Plans and Note Disclosures for Defined Contribution Plans* and, retroactively, restated the 1996 financial statements for the change.

The required supplementary plan information on pages 7 and 8 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 17, 1997 on our consideration of the Plan's internal control structure and a report dated September 17, 1997 on its compliance with laws and regulations.

Deloitte & Touche LLP

September 17, 1997

HARBOR POLICE EMPLOYEES' RETIREMENT SYSTEM

STATEMENTS OF PLAN NET ASSETS

JUNE 30, 1997 AND 1996

ASSETS	1997	1996
RECEIVABLES:		
Member contributions	\$ 6,658	\$ 6,364
Employer contributions	10,608	10,217
Accrued interest	<u>83,743</u>	<u>106,660</u>
Total receivables	100,740	117,241
INVESTMENTS (Note 3)	<u>10,247,104</u>	<u>9,285,611</u>
TOTAL ASSETS	10,347,844	9,402,854
LIABILITIES	<u>-</u>	<u>-</u>
NET ASSETS HELD IN TRUST FOR PENSION BENEFITS	<u>\$10,347,844</u>	<u>\$9,402,854</u>

See notes to financial statements.

HARBOR POLICE EMPLOYEES' RETIREMENT SYSTEM

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

	1997	1996
ADDITIONS:		
Contributions:		
Members	\$ 87,885	\$ 82,186
Employer	158,269	210,688
Fines received	24,240	48,740
Investment income	618,868	817,130
Realized and unrealized gains on investments	474,582	769,487
Total additions	<u>1,373,182</u>	<u>1,148,171</u>
DEDUCTIONS:		
Benefits paid	396,113	347,434
Refunds of contributions	24,487	4,318
Administrative expenses	55,617	52,836
Total deductions	<u>476,217</u>	<u>404,588</u>
NET INCREASE	896,965	743,583
NET ASSETS HELD IN TRUST FOR PENSION BENEFITS - BEGINNING OF YEAR	<u>9,402,834</u>	<u>8,659,251</u>
NET ASSETS HELD IN TRUST FOR PENSION BENEFITS - END OF YEAR	<u>\$10,299,799</u>	<u>\$9,402,834</u>

See notes to financial statements.

HARBOR POLICE EMPLOYEES' RETIREMENT SYSTEM

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

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 1978, 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.

Change in Accounting Principle - In November 1994, the Governmental Accounting Standards Board ("GASB") issued Statement No. 25, *Financial Reporting for Defined Benefit Pension Plans and Non-Exchange for Defined Contribution Plans* ("GASB No. 25"). This Statement established financial reporting standards for defined-benefit pension plans and required the Plan to restate its financial statements for all prior periods presented. All prior years' effects resulting from this Statement are reported as a restatement of the "Net assets held in trust for pension benefits - beginning of year" for the earliest period restated. The Net assets held in trust for pension benefits at the beginning of the 1994 fiscal year, which were \$3,185,704, have been restated to \$9,402,838, in order to reflect application of GASB No. 25.

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.

Besides investments in the U.S. Government and Federal Agency obligations, the Plan had no investment in any one organization which represented more than 5% 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 30 on the date of employment.

Membership - At June 30, 1997 there were 55 active members of the Plan (4 of whom were fully vested) and 65 inactive members, including 36 retirees and beneficiaries presently receiving benefits.

Benefits - The Plan, as amended by a 1993 act of the Louisiana Legislature, allows for members to retire at age 68 with 18 years of service, at age 55 with 12 years of service, at age 45 with 30 years of service, and at any age with 25 years of service.

Member benefits are equal to 2-10% of average final compensation, as defined, multiplied by creditable service years, not to exceed 100% 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 employee 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 ER insurance companies, as set forth in Louisiana Revised Statutes Section 22:841.

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 as 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 company'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 company, or by its trust department or agent, but not in the Plan's name.

Investments at June 30, 1997 and 1996 were as follows:

Securities Type	Credit Risk Category			Carrying Amount (Fair Value) 6/30/97	Carrying Amount (Fair Value) 6/30/96
	I	II	III		
U. S. Government	\$ 3,094,817	\$ -	\$ -	\$ 3,094,817	\$ 3,814,103
Federal Agencies	3,482,812			3,482,812	3,700,001
Corporate Bonds	162,372			162,372	217,908
Money Market					
Mutual Funds	811,380			811,380	556,316
Fixed Equity	2,695,643			2,695,643	964,818
Total Investments	\$10,747,156	\$ -	\$ -	\$10,747,156	\$9,253,136

Investments in corporate bonds primarily consist of bonds issued under Title II of the Ship Financing Act of 1992, 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 12%. 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 1997 and 1998. This method produced a required employer contribution level of 12% of covered payroll for 1997 and 1998, 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 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 *** Percentage of Amount Required
1982	\$ 76,639	\$ 145,136	100 %
1983	82,468	138,933	100 %
1984	91,282	124,921	100 %
1985	82,112	125,736	100 %
1986	82,186	131,088	100 %
1987	87,083	139,168	100 %

HARBOR POLICE EMPLOYEES' RETIREMENT SYSTEM

REQUIRED SUPPLEMENTARY INFORMATION - ACTUARIAL METHODS AND ASSUMPTIONS JUNE 30, 1997

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, 1997
Actuarial cost method	Aggregate method, a method which does not identify or separately amortize 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, made up back 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 Eleventh Actuarial Valuation of the National 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 7% per year.
Cost-of-living adjustments	Cost-of-living adjustments, which were 2% to retirees under age 65 and 7% to those 65 or older, can only be granted if the fund has an unfunded liability on that date; age increase basis and cannot exceed 2% of the prior year's benefit, or 3% if over age 65.

**INDEPENDENT AUDITORS' REPORT ON THE INTERNAL CONTROL STRUCTURE
BASED ON THE AUDIT OF THE FINANCIAL STATEMENTS****Board of Trustees
Harbor Police Employees' Retirement System**

We have audited the financial statements of the Harbor Police Employees' Retirement System as of and for the year ended June 30, 1997, and have issued our report thereon dated September 17, 1997.

We conducted our audit 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.

The management of the Harbor Police Employees' Retirement System is responsible for establishing and maintaining the 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 the Harbor Police Employees' Retirement System for the year ended June 30, 1997, we obtained an understanding of the internal control structure. With respect to the internal control structure, we obtained an understanding of the 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 specific internal control structure elements does not reduce to a relatively low level the risk that errors or irregularities in accounts 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 Board of Trustees, management, and the Legislative Auditor of the State of Louisiana. However, this report is a matter of public record and its distribution is not limited.

Deloitte + Touche LLP

September 17, 2007



**INDEPENDENT AUDITORS' REPORT ON COMPLIANCE
BASED ON THE AUDIT OF FINANCIAL STATEMENTS**

Board of Trustees
Harbor Police Employees' Retirement System

We have audited the financial statements of the Harbor Police Employees' Retirement System as of June 30, 1997 and for the year then ended, and have issued our report thereon dated September 17, 1997.

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, regulations and contracts applicable to the Harbor Police Employees' Retirement System is the responsibility of the management of the Harbor Police Employees' Retirement System. As part of obtaining reasonable assurance about whether the financial statements are free of material misstatement, we performed tests of the Harbor Police Employees' Retirement System's compliance with certain provisions of laws, regulations and contracts. 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 herein under Government Auditing Standards.

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

Deloitte & Touche LLP

September 17, 1997