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POLICEMEN'S PENSION AND RELIEF FUND

CITY OF ALEXANDRIA, LOUISIANA

APRIL 30, 2004

Under provisions of state law, this report is a public document. A copy of the report has been submitted to the 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 11-10-04

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

APRIL 30, 2004

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PAYNE, MOORE & HERRINGTON, LLP

CERTIFIED PUBLIC ACCOUNTANTS

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, 2004, and for the year then ended as listed in the table of contents. 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 auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free 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 discussed in Note 1, these 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 accounting principles generally accepted in the United States of America.

In our opinion, the financial statements referred to above 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, 2004, and the changes in financial position for the year then ended in conformity with accounting principles generally accepted in the United States of America.

Management's discussion and analysis on pages 3 through 5 is not a required part of the financial statements but is supplementary information required by the Governmental Accounting Standards Board. We have applied certain limited procedures, which considered principally of inquiries of management regarding the methods of measurement and presentation of the supplementary information. However, we did not audit the information and express no opinion on it.

MARVIN A. JUNEAU, C.P.A.
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PAYNE, MOORE & HERRINGTON, LLP

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

The Policemen's Pension and Relief Fund has not presented the *Schedule of Funding Progress* and the *Schedule of Employer Contributions* that the Governmental Accounting Standards Board has determined is necessary to supplement, although not required to be part of, the financial statements.

In accordance with *Government Auditing Standards*, we have also issued our report dated July 28, 2004, on our consideration of the Policemen's Pension and Relief Fund's internal control over financial reporting and our tests of its compliance with certain provisions of laws and regulations. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* and should be read in conjunction with this report in considering the results of our audit.

Our audit was conducted for the purpose of forming an opinion on the financial statements taken as a whole. The accompanying financial information listed as additional information in the table of contents is presented for the purpose of additional analysis and is not a required part of the financial statements. Such information has been subjected to the auditing procedures applied in the audit of the financial statements and, in our opinion, is fairly stated in all material respects in relation to the financial statements taken as a whole.

Payne, Moore & Herrington, LLP
Certified Public Accountants

July 28, 2004

REQUIRED SUPPLEMENTAL INFORMATION
MANAGEMENT'S DISCUSSION AND ANALYSIS

**POLICEMEN'S PENSION AND RELIEF FUND
CITY OF ALEXANDRIA, LOUISIANA
APRIL 30, 2004**

**MANAGEMENT'S DISCUSSION AND ANALYSIS
(CONTINUED)**

The following is management's discussion and analysis of the financial performance of the City of Alexandria's Policemen's Pension and Relief Fund. It is presented as a narrative overview and analysis for the purpose of assisting the reader with interpreting key elements of the financial statements, notes to the financial statements, required supplementary information, and supporting schedules for the current year.

FINANCIAL HIGHLIGHTS

The net assets held in trust for pension benefits are unchanged when compared to the prior year. This is because the Fund receives a transfer from the City's General Fund equal to its deficit each year.

Interest revenue decreased by \$869 or 33%. This is due to the detrimental interest market seen in the last year. Employer contribution (transfer from General Fund) decreased \$12,223, or 43%.

Benefits paid to retirees decreased by \$13,233 or 43%. This is the result of the Fund going from membership of four recipients to two in 2004.

OVERVIEW OF THE FINANCIAL STATEMENTS

Management's discussion and analysis is intended to serve as an introduction to the Policemen's Pension and Relief Fund's financial statements, required supplemental information, and the supporting schedules as described below:

Statement of Plan Net Assets – This statement reports the Fund's assets, liabilities and the resultant net assets held in trust for pension benefits. This statement should be read with the understanding that it discloses the Fund's financial position as of April 30, 2004.

Statement of Changes in Plan Net Assets – This statement reports the results of operations during the year, categorically disclosing the additions to and deduction from plan net assets.

Notes to the Financial Statements – The financial statement notes provide additional information that is essential to a complete understanding of the data set forth in the financial statements. They are considered an integral part of the financial statements. A description of the information provided in the notes follows:

Note 1 (Plan Description) provides a general description of the Fund, rules for eligibility, and its related history. This note also discloses significant accounting policies which convey to the reader accounting basis, accounting principles, estimates and other data used in the formulation of the financial statements.

Note 2 (Cash and Investments) shows the reader the liquid assets of the Fund and the ratio of cash to investments.

Note 3 (Contributions Required and Contributions Made) describes the funding policies and the Fund's compliance with these policies.

**POLICEMEN'S PENSION AND RELIEF FUND
CITY OF ALEXANDRIA, LOUISIANA
APRIL 30, 2004**

**MANAGEMENT'S DISCUSSION AND ANALYSIS
(CONTINUED)**

Note 4 (Contingency) elaborates on the merger with the Municipal Police Employees' Retirement System (MPERS) and the resulting contingent liability on this Fund from the "No Loss of Benefit Guarantee" agreement. Essentially, the Fund could be liable in the future for additional benefits to retired police officers and/or their beneficiaries from this, but the amount and timing of such liability cannot be determined at this point.

Additional Information – shows the Schedule of Cash Receipts and Cash Disbursements. This simply shows the reader the sources and uses of cash flowing through the Fund in a given year.

FINANCIAL ANALYSIS

Due to the merger, the Fund will continue to reduce its benefits paid with the passage of time as recipients merge into the MPERS. In 2004, the number of recipients dropped from two persons to one. This is the only major use of assets in the Fund. The only source of assets is interest revenue and the deficit support transfer from the City's General Fund. Whatever the future may hold for interest revenue, the combination of use of existing net assets combined with the deficit support from the City's General Fund ensure that this Fund will have sufficient sources to fulfill its purpose until the last recipient is no longer eligible.

REQUEST FOR INFORMATION

This financial report for the Policemen's Pension and Relief Fund is designed to provide a general overview of the Fund's finances for interested parties. Any request for additional information should be directed to the City of Alexandria, P.O. Box 71, Alexandria, LA 71309.

FINANCIAL STATEMENTS

**POLICEMEN'S PENSION AND RELIEF FUND
CITY OF ALEXANDRIA, LOUISIANA
STATEMENT OF PLAN NET ASSETS
APRIL 30, 2004**

EXHIBIT A

ASSETS

Cash	\$ 5,836
Accrued interest receivable	103
Investments, at fair value	
Certificates of deposit	100,043
Due from General Fund of the City of Alexandria	<u>111,895</u>
Total Assets	217,877

LIABILITIES

-

NET ASSETS HELD IN TRUST FOR PENSION BENEFITS

\$ 217,877

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

**POLICEMEN'S PENSION AND RELIEF FUND
CITY OF ALEXANDRIA, LOUISIANA
STATEMENT OF CHANGES IN PLAN NET ASSETS
YEAR ENDED APRIL 30, 2004**

EXHIBIT B

ADDITIONS

Employer contributions	\$ 16,394
Investment income	<u>1,639</u>
Total Additions	18,033

DEDUCTIONS

Plan benefits	<u>18,033</u>
---------------	---------------

NET INCREASE

-

**NET ASSETS HELD IN TRUST FOR PENSION BENEFITS,
BEGINNING OF YEAR**

217,877

**NET ASSETS HELD IN TRUST FOR PENSION BENEFITS,
END OF YEAR**

\$ 217,877

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

**POLICEMEN'S PENSION AND RELIEF FUND
CITY OF ALEXANDRIA, LOUISIANA
APRIL 30, 2004**

NOTES TO FINANCIAL STATEMENTS

1. PLAN DESCRIPTION AND SIGNIFICANT ACCOUNTING POLICIES

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.

The financial statements contained herein 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 accounting principles generally accepted in the United States of America.

Plan Description

On August 19, 1983, the City of Alexandria entered into a merger contract with the Municipal Police Employees' Retirement System (MPERS). The purpose of the merger was to transfer all active policemen who were currently participating in the City's Policemen's Pension and Relief Fund into the state-wide Municipal Police Employees' Retirement System in accordance with Act 577 of the 1981 Legislative Session. In addition to the active policemen, all retirees, widows, and survivors were also merged. All full-time policemen hired after July 12, 1977 were directly enrolled in the MPERS through legislative mandate.

In conjunction with the merger of active policemen with the MPERS, the City entered into a private agreement, "No Loss in Benefit Guarantee," with the local policemen which guaranteed that no member would lose any rights or benefits that the member would have been entitled to under Policemen's Pension and Relief Fund of the City of Alexandria. Specifically, the Policemen's Pension and Relief Fund provided a retirement eligibility requirement of 20 years of service at any age. These eligibility requirements were more liberal than those of MPERS in that benefits are not payable until age 50 with 20 years of service, age 55 with a minimum of 12 years of service, or at any age with 25 years of service. Therefore, if a policeman retires prior to age 50, the agreement guarantees that the City will pay the benefit until age 50 at which time MPERS will commence retirement benefit payments.

As a result of the merger, all active policemen are now subject to the benefit formula and retirement eligibility requirements prescribed by MPERS. In addition, all retirees, widows, and survivors were guaranteed to continue receiving their current benefits regardless of MPERS' benefit provisions.

At April 30, 2004, Fund membership consisted of:

Current employees	
Vested (20 years of service and age less than 50)	0
Retirees and survivors currently receiving benefits	1
	<hr/> 1

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.

**POLICEMEN'S PENSION AND RELIEF FUND
CITY OF ALEXANDRIA, LOUISIANA
APRIL 30, 2004**

NOTES TO FINANCIAL STATEMENTS

Covered employees are not required to contribute to the Fund. The City of Alexandria is required to contribute 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.

Significant Accounting Policies

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.

Required Supplemental Information Not Disclosed - Management has elected to omit the two schedules of historical trend information, a *Schedule of Funding Progress* and a *Schedule of Employer Contributions*, that Government Accounting Standards Board has determined is necessary to supplement, although not required to be part of, the financial statements. Management believes that such historical trend information would not be useful since, subsequent to the merger, the Fund only remains liable for certain retirement payments in accordance with the merger agreement as discussed above.

Estimates - The preparation of financial statements in conformity with accounting principles generally accepted in the United States of America 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.

Investments - Statutes allow the Fund to invest in securities issued, guaranteed, or insured by the United States government, certificates of deposit of state banks organized under the laws of Louisiana, and national banks having their principal office in the State of Louisiana.

Investments, which consist of certificates of deposit, are valued at cost, which equals fair value.

Short-term Interfund Receivables/Payables - During the course of operations, numerous transactions occur between individual funds. These receivables are classified as "due from other funds" on the Statement of Plan Net Assets.

2. CASH AND INVESTMENTS

Cash and investments, at April 30, 2004, consisted of the following:

Cash in bank	\$ 5,836
Certificates of deposit	<u>100,043</u>
	\$ 105,879

**POLICEMEN'S PENSION AND RELIEF FUND
CITY OF ALEXANDRIA, LOUISIANA
APRIL 30, 2004**

NOTES TO FINANCIAL STATEMENTS

The above amounts are classified into the following categories of credit risk:

Insured by federal depository insurance	\$ 105,836
Uninsured and uncollateralized	<u>43</u>
	\$ 105,879

3. CONTRIBUTIONS REQUIRED AND CONTRIBUTIONS MADE

The Fund's funding policy provides for employee contributions sufficient to pay any current deficit. The policy makes no provision for the funding of the pension benefit obligation and does not require that the contribution be actuarially determined. Employer contributions of \$16,394 were made during the year ending April 30, 2004.

4. CONTINGENCY

As discussed above, on August 19, 1983, the City of Alexandria entered into a merger contract with the Municipal Police Employees' Retirement System (MPERS). The purpose of the merger was to transfer all active policemen who were then participating in the City's Policemen's Pension and Relief Fund into the state-wide retirement system. In conjunction with the merger of active policemen with MPERS, the City entered into a private agreement, "No Loss of Benefit Guarantee," with the local policemen which guaranteed that no member would lose any rights or benefits that the member would have been entitled to under the Policemen's Pension and Relief Fund.

There are potential claims where certain retired employees may file an action against the City as a result of this merger. The essence of the unasserted claims is the position of certain retired police officers that some have a significant difference in benefits received from MPERS and the benefits that would have been received under the old Policemen's Pension and Relief Fund due to the fact that under MPERS overtime is not considered in computing retirement benefits. The amount of these potential claims, if any, can not presently be determined.

ADDITIONAL INFORMATION

POLICEMEN'S PENSION AND RELIEF FUND
CITY OF ALEXANDRIA, LOUISIANA
SCHEDULE OF CASH RECEIPTS AND CASH DISBURSEMENTS
FOR THE YEAR ENDED APRIL 30, 2004

SCHEDULE 1

CASH RECEIPTS	
Employer contributions	\$ 10,000
Interest received	<u>1,780</u>
Total Cash Receipts	11,780
 CASH DISBURSEMENTS	
Plan benefits paid	<u>18,033</u>
Total Cash Disbursements	<u>18,033</u>
 NET INCREASE (DECREASE) IN CASH	 (6,253)
 CASH, BEGINNING OF YEAR	 <u>12,089</u>
 <u>CASH, END OF YEAR</u>	 <u>\$ 5,836</u>

See independent auditor's report.

**REPORT REQUIRED BY
GOVERNMENT AUDITING STANDARDS
AND LOUISIANA GOVERNMENTAL AUDIT GUIDE**

**REPORT ON COMPLIANCE AND ON INTERNAL CONTROL OVER
FINANCIAL REPORTING BASED ON AN AUDIT OF
FINANCIAL STATEMENTS PERFORMED IN
ACCORDANCE WITH *GOVERNMENT AUDITING STANDARDS***



PAYNE, MOORE & HERRINGTON, LLP

CERTIFIED PUBLIC ACCOUNTANTS

REPORT ON COMPLIANCE AND ON INTERNAL CONTROL OVER FINANCIAL REPORTING 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 of the City of Alexandria, Louisiana, as of and for the year ended April 30, 2004, and have issued our report thereon dated July 28, 2004. 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.

Compliance

As part of obtaining reasonable assurance about whether the Policemen's Pension and Relief Fund financial statements are free of material misstatement, we performed tests of its compliance with certain provisions of laws and regulations, noncompliance with which could have a direct and material effect on the determination of financial statement amounts. 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 material 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 Policemen's Pension and Relief Fund'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.

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PAYNE, MOORE & HERRINGTON, LLP

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

This report is intended solely for the information and use of the Honorable Mayor, City Council, Board of Trustees, management of the Policemen's Pension and Relief Fund of the City of Alexandria, Louisiana and the *Legislative Auditor's office of the State of Louisiana* and is *not intended to be and should not be used* by anyone other than these specified parties. However, under Louisiana Revised Statute 21:513, this report is in fact a public document.

Payne, Moore & Herrington, LLP

Certified Public Accountants

July 28, 2004

SCHEDULE OF FINDINGS AND QUESTIONED COSTS

**POLICEMEN'S PENSION AND RELIEF FUND
CITY OF ALEXANDRIA, LOUISIANA
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
YEAR ENDED APRIL 30, 2004**

SECTION I - SUMMARY OF AUDITOR'S RESULTS

Financial Statements

Type of auditor's report issued: Unqualified

Internal control over financial reporting:

Material weaknesses identified? Yes x No

Reportable conditions identified
that are not considered to be
material weaknesses? Yes x None reported

Noncompliance material to financial
statements noted? Yes x No

Prior Year Audit Findings None

Management's Corrective Action Plan Not applicable

Federal Awards Not applicable

SECTION II - FINANCIAL STATEMENT FINDINGS

None.

SECTION III - FEDERAL AWARD FINDINGS AND QUESTIONED COSTS

Not applicable.