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Financial Report

Police Pension and Relief Fund

City of Houma, Louisiana

December 31, 1999

Under provisions of state law, this report is a public document. A copy of this report is available to the entity and its management and 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 Aug 02, 2000

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Police Pension and Relief Fund

December 31, 1999

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Bourgeois Bennett

INDEPENDENT AUDITOR'S REPORT

To the Board of Trustees of the
Police Pension and Relief Fund,
City of Houma, Louisiana.

We have audited the accompanying general-purpose financial statements of the Police Pension and Relief Fund (the Pension Fund), a component unit of Terrebonne Parish Consolidated Government (the Parish), as of and for the year ended December 31, 1999, as listed in the table of contents. These general-purpose financial statements are the responsibility of the Pension Fund's management. Our responsibility is to express an opinion on these general-purpose financial statements based on our audit.

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. 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.

In our opinion, the general-purpose financial statements referred to above present fairly, in all material respects, the financial position of the Police Pension and Relief Fund as of December 31, 1999, and the results of its operations for the year then ended in conformity with generally accepted accounting principles.

In accordance with Government Auditing Standards, we have also issued our report dated February 23, 2000 on our consideration of the Police Pension and Relief Fund's internal control over financial reporting and our tests of its compliance with certain provisions of laws, regulations, contracts and grants.

Bourgeois Bennett, L.L.C.

Certified Public Accountants.

Houma, La.,
February 23, 2000.

STATEMENT OF PLAN NET ASSETS**Police Pension and Relief Fund**

December 31, 1999

Assets	
Cash	\$ 25,310
Investments, at fair value	<u>1,114,531</u>
Total assets	1,139,841
 Liabilities	
Accounts payable and accrued expenses	<u>24</u>
 Net Assets Held in Trust for Pension Benefits	<u><u>\$ 1,139,817</u></u>

See notes to financial statements.

STATEMENT OF CHANGES IN PLAN NET ASSETS**Police Pension and Relief Fund**

For the year ended December 31, 1999

Additions

Contributions - Terrebonne Parish Consolidated Government	\$ 34,101
Investment income:	
Net depreciation in fair value of investments	(7,457)
Interest	60,731
Total investment income	53,274
Total additions	87,375

Deductions

Benefits paid	139,427
Administrative expenses:	
Professional	2,590
Other	362
Total deductions	142,379

Net Decrease	(55,004)
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Net Assets Held in Trust for Pension Benefits

Beginning of year	1,194,821
End of year	<u>\$ 1,139,817</u>

See notes to financial statements.

NOTES TO FINANCIAL STATEMENTS**Police Pension and Relief Fund**

December 31, 1999

Note 1 - PLAN DESCRIPTION AND CONTRIBUTION INFORMATION

The following brief description of the City of Houma's Police Pension and Relief Fund (the Pension Fund) is provided for general information purposes only. Participants should refer to the applicable state statutes for more complete information.

a) Plan History

The Pension Fund was established for members of the City of Houma Police Department in 1951 under the provisions of City of Houma Ordinance No. 2038 (10/30/51) and revised Ordinance No. 3313 (5/27/80). On September 13, 1983, the City of Houma Board of Aldermen voted to enter into an agreement to merge the Plan with the Municipal Police Employees Retirement System of the State of Louisiana (MPERS). The merger was effective October 1, 1983. The Plan has been closed to new participants since October 1, 1983. The Board of Trustees is required to maintain funds to be used to provide retirement benefits as follows:

1. Retirement under the provisions of the Plan for those policemen not meeting the eligibility requirements of MPERS,
2. Retirement benefits for those policemen who retired prior to the first anniversary of the merger date, and
3. Benefits to be paid in excess of those provided by MPERS.

The remaining assets (approximately \$696,000) of the Plan were placed in the Police Pension Debt Service Fund to pay the liability (\$3,016,270) to MPERS in connection with the merger. During 1987, based on revised actuarial information, \$656,698 was transferred back to the Plan from the Police Pension Debt Service Fund.

Note 1 - PLAN DESCRIPTION AND CONTRIBUTION INFORMATION (Continued)

b) General

The Pension Fund (a defined benefit pension plan) is a single-employer Public Employee Retirement System (PERS) administered by a Board of Trustees (the Board). The Board consists of the Director of Finance for Terrebonne Parish Consolidated Government (the Parish), the Chief of Police of the City of Houma and one member elected from the Police Department of the City of Houma by a majority vote.

c) Plan Membership

At December 31, 1999, employee membership consisted of:

Retirees and beneficiaries currently receiving benefits	9
Current active members	<u>11</u>
Total employee members	<u>20</u>

d) Plan Benefits

Pension Benefits - Employees with twenty or more years of service regardless of age are entitled to annual pension benefits equal to two-thirds of the highest average monthly salary for any continuous twelve-month period of time worked prior to retirement, but the benefits shall not be less than \$100 per month. At age fifty, retirement benefits are assumed by MPERS.

Death and Disability Benefits - All death and disability benefits are assumed by MPERS.

e) Employer Contributions

Funding Policy - The Parish contributions are established biennially by an actuary in the valuation report for the Pension Fund. The Aggregate Actuarial Cost Method was used and the actuarial accrued liability is equal to the actuarial value of assets, therefore there is no unfunded actuarial accrued liability. It was determined that there was an unfunded present value of contingent benefits in excess of assets in the amount of \$162,558 based on the December 31, 1998 actuarial valuation.

Note 1 - PLAN DESCRIPTION AND CONTRIBUTION INFORMATION (Continued)

e) Employer Contributions (Continued)

Annual Pension Cost - The annual required contribution for the current year was determined to be \$33,082 as part of the December 31, 1998 actuarial valuation using the Aggregate Actuarial Cost Method. The actuarial assumptions included 6.00% investment rate of return (net of expenses). The Net Pension Asset as calculated by the actuary was \$13,300 for 1999. The amortization information was not made available by the actuary, but the amount is considered to be immaterial.

No new employees have entered into the Pension Fund since the merger with MPERS and no contributions by employees have been made since the merger.

Note 2 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The accounting policies of the Pension Fund conform to generally accepted accounting principles (GAAP) as applied to governmental units. The Governmental Accounting Standards Board (GASB) is the accepted standard setting body for establishing governmental accounting and financial reporting principles. The following is a summary of significant accounting policies:

a) Reporting Entity

The Pension Fund is a component unit of the Parish and, as such, these financial statements will be included in the comprehensive annual financial report (CAFR) of the Parish for the year ended December 31, 1999.

The Pension Fund has reviewed all of its activities and determined that there are no potential component units, which should be included in its financial statements.

b) Fund Accounting

The accounting system is organized and operated on a fund basis whereby a separate self-balancing set of accounts is maintained for the purpose of carrying on specific activities or attaining certain objectives in accordance with special regulations, restrictions or limitations.

Note 2 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

b) Fund Accounting (Continued)

The accounts of the Pension Fund are organized on the basis of a Trust Fund. Trust Funds are used to account for assets held in a trustee capacity or as an agent for individuals, private organizations, other governments and/or other funds.

c) Basis of Accounting

Trust Funds are accounted for using the accrual method of accounting. Revenues are recognized when they are earned and expenses are recognized when they are incurred.

d) Use of Estimates

The preparation of financial statements in conformity with generally accepted accounting principles requires management to make estimates and assumptions that affect certain reported amounts and disclosures. Accordingly, actual results could differ from those estimates.

e) Method Used to Value Investments

Investments are reported at fair value except for the Louisiana Asset Management Pool (LAMP). Short-term investments are reported at market value when published prices are available, or at cost, which approximates fair value. Investments during the year consisted of Federal Home Loan Mortgage Corporation Notes, Federal National Mortgage Association Notes, Tennessee Valley Authority Bonds and LAMP. LAMP is an external pool, which is operated in a manner consistent with the SEC's Rule 2a7 of the Investment Company Act of 1940. Rule 2a7 allows SEC-registered mutual funds to use amortized cost rather than market value to report net assets to compute share prices if certain conditions are met.

Note 3 - DEPOSITS AND INVESTMENTS

Bank Deposits:

State law requires deposits (cash) of all political subdivisions to be fully collateralized at all times. Acceptable collateralization includes FDIC insurance and the market value of securities purchased and pledged to the political subdivision. Obligations of the United States, the State of Louisiana and certain political subdivisions are allowed as security for deposits. Obligations furnished as security must be held by the political subdivision, or with an unaffiliated bank or trust company for the account of the political subdivision.

Cash and deposits are categorized into three categories of credit risk.

Category 1 includes deposits covered by federal depository insurance or by collateral held by the Pension Fund or its agent in the Pension Fund's name.

Category 2 includes deposits covered by collateral held by the pledging financial institution's trust department or its agent in the Pension Fund's name.

Category 3 includes deposits covered by collateral held by the pledging financial institution or its trust department or agent but not in the Pension Fund's name and deposits which are uninsured or uncollateralized.

The year end bank balance of deposits and the carrying amounts are as follows:

	Category			Book Balance
	1	2	3	
Cash	<u>\$20,249</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$25,310</u>

At December 31, 1999, cash was not in excess of the FDIC insurance.

Investments:

According to Louisiana Revised Statute 11:3509, the Board may invest the permanent fund or any portion thereof in the name of the "Board of Trustees of the Police Pension and Relief Fund" in interest-bearing bonds or securities issued or backed by the United States, the state of Louisiana, or the municipality in which the Board is located or in certificates of deposit in banks of the United States and/or the State of Louisiana. All securities shall be deposited with the treasurer, subject to the orders of the board.

Note 3 - DEPOSITS AND INVESTMENTS (Continued)

The Pension Fund's investments are categorized to give an indication of the level of risk assumed by the entity at year end.

Category 1 includes investments that are insured or registered or for which the securities are held by the Pension Fund or its agent in the Pension Fund's name.

Category 2 includes uninsured and unregistered investments for which the securities are held by the counterparty's trust department or agent in the Pension Fund's name.

Category 3 includes uninsured and unregistered investments for which the securities held by the counterparty or by its trust department or agent, but not in the Pension Fund's name.

At year end the carrying amount (market value) of investments are as follows:

	Risk Category			Carrying Amount (Fair Value)
	1	2	3	
Investments subject to categorization:				
Federal National Mortgage Association (FNMA) Notes	\$ 13,556	\$ -	\$ -	\$ 13,556
Federal Home Loan Mortgage Corporation (FHLMC) Notes	123,568	-	-	123,568
Tennessee Valley Authority Bonds (TVA)	<u>146,865</u>	<u>-</u>	<u>-</u>	<u>146,865</u>
Totals	<u>\$283,989</u>	<u>\$ -</u>	<u>\$ -</u>	\$ 283,989
Investments not subject to categorization:				
Louisiana Asset Management Pool (LAMP)				<u>830,542</u>
Total investments				<u>\$1,114,531</u>

Investments in the Louisiana Asset Management Pool are not categorized as to credit risk because they are not evidenced by securities that exist in physical or book entry form.

Note 3 - DEPOSITS AND INVESTMENTS (Continued)

The FNMA and FHLMC Notes are not guaranteed as to principal and interest by the full faith and credit of the United States. The FNMA and FHLMC Notes are held in trust by third-party banks in the Pension Fund's name.

Note 4 - COMPENSATION OF BOARD MEMBERS

Members of the Pension Fund Board serve without compensation.

Note 5 - REQUIRED SUPPLEMENTARY INFORMATION

In accordance with Statements No. 25, required supplementary information can be found in the attached schedules.

REQUIRED SUPPLEMENTARY INFORMATION

SCHEDULE OF EMPLOYER CONTRIBUTIONS**Police Pension and Relief Fund**

December 31, 1999

<u>Year Ended December 31</u>	<u>Annual Required Contributions</u>	<u>Actual Contributions</u>	<u>Percentage Contributed</u>
1994	\$34,263	\$34,263	100%
1995	\$38,895	\$34,263	88%
1996	\$38,895	\$38,895	100%
1997	\$35,109	\$35,109	100%
1998	\$34,101	\$34,101	100%
1999	\$33,082	\$34,101	103%

ACTUARIAL METHODS AND ASSUMPTIONS**Police Pension and Relief Fund**

December 31, 1999

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

Valuation date	December 31, 1998.
Actuarial cost method	Aggregate Actuarial Cost Method, level % of pay.
Amortization method	This method does not identify or separately amortize unfunded actuarial liabilities.
Asset valuation method	Market value.
Actuarial assumptions:	
Investment rate of return	6% per year compounded annually.
Mortality	Based on the 1983 Group Annuity Mortality Table for Males and Females.
Termination, disability and retirement	Rates of withdrawal and termination from active service before retirement for reasons other than death (based on a table in the actuarial report which is used in similar systems) and rates of disability (based on the Eleventh Actuarial Valuation of the Railroad Retirement System).
Salary increases	Vary according to age ranging from 3% (age 55) to 6.1% (age 25) per year compounded annually.
Cost-of-living adjustments	Adjusted for projected increases in the standard of living.

SUPPLEMENTARY INFORMATION SECTION



Bourgeois Bennett

INDEPENDENT AUDITOR'S REPORT ON ADDITIONAL INFORMATION

To the Board of Trustees,
Police Pension and Relief Fund,
City of Houma, Louisiana.

Our report on our audit of the general-purpose financial statements of the Police Pension and Relief Fund (the Pension Fund) for the year ended December 31, 1999, appears on page 1. That audit was conducted for the purpose of forming an opinion on such financial statements taken as a whole. The information contained in the schedule of additions and deductions and graphs of additions and deductions for the year ended December 31, 1999 is presented for purposes of additional analysis and is not a required part of the general-purpose financial statements. Such information has been subjected to the auditing procedures applied in the audit of the general-purpose financial statements and, in our opinion, is fairly stated in all material respects in relation to the general-purpose financial statements for the year ended December 31, 1999, taken as a whole.

We also have previously audited, 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, the statements of net assets of the Police Pension and Relief Fund as of December 31, 1998 and 1997, and the related statements of changes in plan net assets for each of the two years in the period ended December 31, 1998 (none of which is presented herein), and we expressed unqualified opinions on those financial statements. In our opinion, the information presented in the schedule of additions and deductions and graphs of additions and deductions for the years ended December 31, 1998 and 1997 is fairly stated in all material respects in relation to the general-purpose financial statements from which it has been derived.

Bourgeois Bennett, L.L.C.

Certified Public Accountants.

Houma, La.,
February 23, 2000.

SCHEDULE OF ADDITIONS AND DEDUCTIONS**Police Pension and Relief Fund**

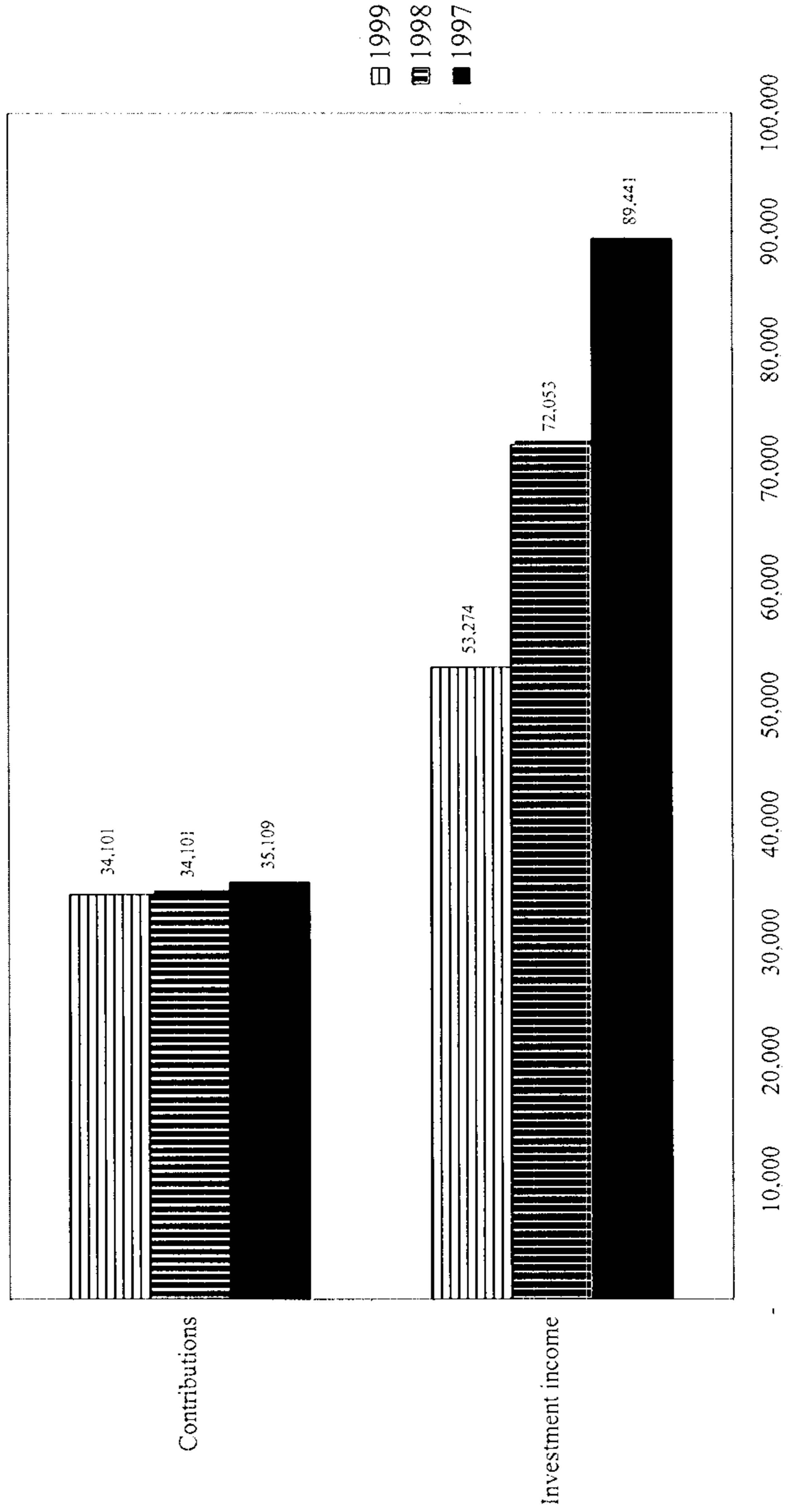
For the years ended December 31, 1999, 1998 and 1997

	<u>1999</u>	<u>1998</u>	<u>1997</u>
ADDITIONS			
Contributions	\$ 34,101	\$ 34,101	\$ 35,109
Investment income	<u>53,274</u>	<u>72,053</u>	<u>89,441</u>
Total additions	<u>\$ 87,375</u>	<u>\$ 106,154</u>	<u>\$ 124,550</u>
DEDUCTIONS			
Benefits paid	\$ 139,427	\$ 50,745	\$ 60,373
Professional	2,590	1,200	4,100
Other	<u>362</u>	<u>146</u>	<u>472</u>
Total deductions	<u>\$ 142,379</u>	<u>\$ 52,091</u>	<u>\$ 64,945</u>

ADDITIONS

Police Pension and Relief Fund

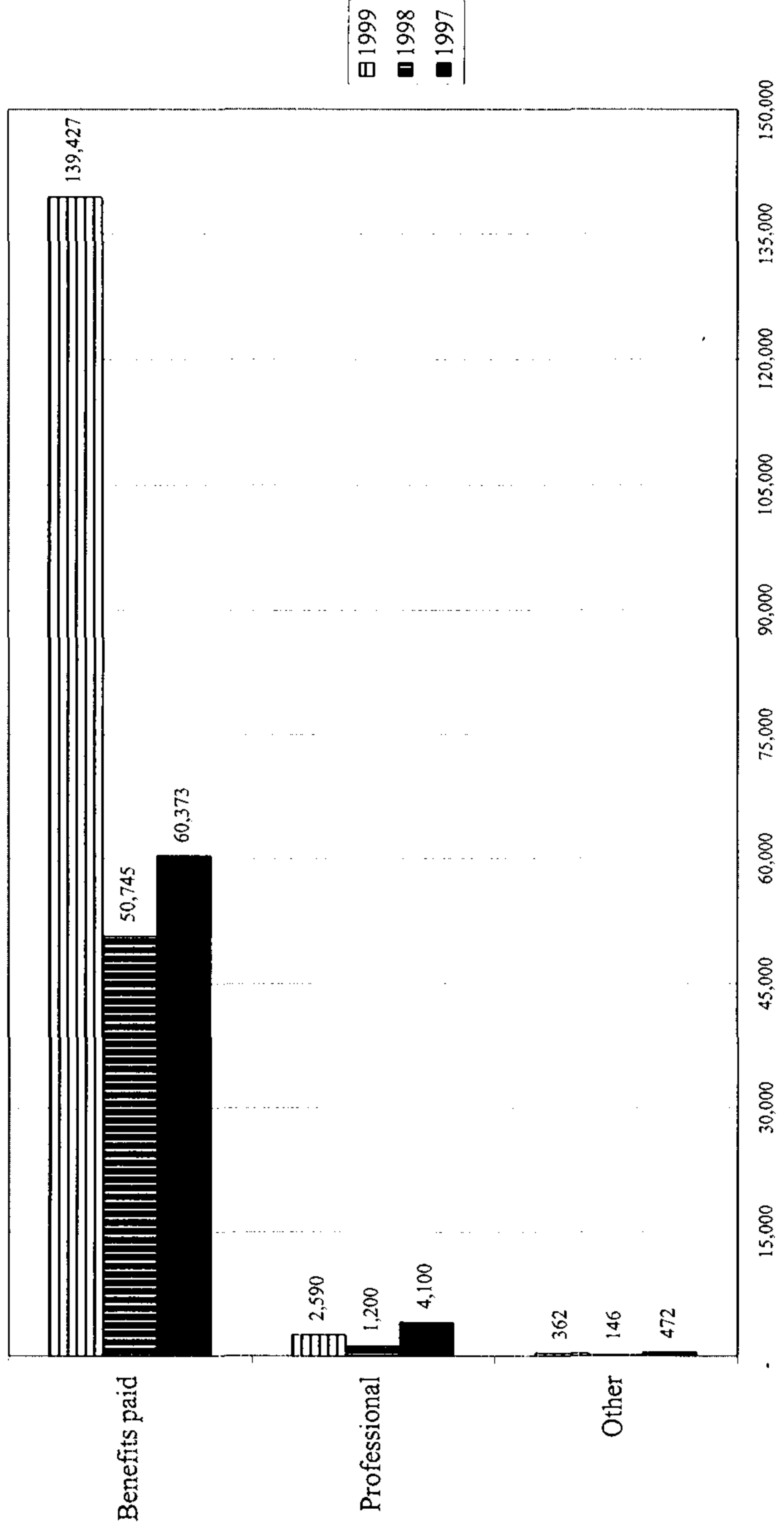
For the years ended December 31, 1999, 1998 and 1997



DEDUCTIONS

Police Pension and Relief Fund

For the years ended December 31, 1999, 1998 and 1997



SPECIAL REPORTS OF CERTIFIED PUBLIC ACCOUNTANTS



Bourgeois Bennett

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

To the Board of Trustees,
Police Pension and Relief Fund,
City of Houma, Louisiana.

We have audited the general-purpose financial statements of the Police Pension and Relief Fund (the Pension Fund), a component unit of Terrebonne Parish Consolidated Government, as of and for the year ended December 31, 1999, and have issued our report thereon dated February 23, 2000. 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 Pension Fund's general-purpose 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 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 that are required to be reported under Government Auditing Standards.

Internal Control Over Financial Reporting

In planning and performing our audit, we considered the Pension Fund's internal control over financial reporting in order to determine our auditing procedures for the purpose of expressing our opinion on the general-purpose 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 operations that we consider to be material weaknesses.

This report is intended for the information of the Board of Trustees, management, the State of Louisiana and the Legislative Auditor for the State of Louisiana and is not intended to be and should not be used by anyone other than these specified parties.

Bourgeois Bennett, L.L.C.

Certified Public Accountants.

Houma, La.,
February 23, 2000.

SCHEDULE OF FINDINGS

Police Pension and Relief Fund

For the year ended December 31, 1999

Section I Summary of Auditor's Results

a) Financial Statements

Type of auditor's report issued: unqualified

Internal control over financial reporting:

- Material weakness(es) identified? yes no
- Reportable condition(s) identified that are not
 considered to be material weaknesses? yes none reported

Noncompliance material to financial statements noted? yes no

b) Federal Awards

The Police Pension and Relief Fund did not receive federal awards during the year ended December 31, 1999.

Section II Financial Statement Findings

No financial statement findings were noted during the audit for the year ended December 31, 1999.

Section III Federal Award Findings and Questioned Costs

Not applicable.

REPORTS BY MANAGEMENT

SCHEDULE OF PRIOR YEAR FINDINGS

Police Pension and Relief Fund

For the year ended December 31, 1999

Section I Internal Control and Compliance Material to the General-Purpose Financial Statements

Internal Control

No material weaknesses were reported during the audit for the year ended December 31, 1998.
No reportable conditions were reported during the audit for the year ended December 31, 1998.

Compliance

No compliance findings material to the general-purpose financial statements were noted during the audit for the year ended December 31, 1998.

Section II Internal Control and Compliance Material to Federal Awards

The Police Pension and Relief Fund did not receive federal awards during the year ended December 31, 1998.

Section III Management Letter

A management letter was not issued in connection with the audit for the year ended December 31, 1998.

MANAGEMENT'S CORRECTIVE ACTION PLAN

Police Pension and Relief Fund

For the year ended December 31, 1999

Section I Internal Control and Compliance Material to the General-Purpose Financial Statements

Internal Control

No material weaknesses were reported during the audit for the year ended December 31, 1999.
No reportable conditions were reported during the audit for the year ended December 31, 1999.

Compliance

No compliance findings material to the general-purpose financial statements were noted during the audit for the year ended December 31, 1999.

Section II Internal Control and Compliance Material to Federal Awards

The Police Pension and Relief Fund did not receive federal awards during the year ended December 31, 1999.

Section III Management Letter

A management letter was not issued in connection with the audit for the year ended December 31, 1999.