

*City of Alexandria Employees'
Retirement System*

Alexandria, Louisiana

December 31, 2023

**City of Alexandria Employees'
Retirement System**

December 31, 2023

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PAYNE, MOORE & HERRINGTON, LLP

CERTIFIED PUBLIC ACCOUNTANTS

Established 1945

Independent Auditor's Report

To the Board of Trustees
City of Alexandria Employees' Retirement System
Alexandria, Louisiana

Report on the Audit of the Financial Statements

Opinions

We have audited the accompanying statement of fiduciary net position of the City of Alexandria Employees' Retirement System (the System), Alexandria, Louisiana, (a pension trust fund of the City of Alexandria, Louisiana) as of December 31, 2023, and the related statement of changes in fiduciary net position for the year then ended and the related notes to the financial statements, which collectively comprise the System's basic financial statements as listed in the table of contents.

In our opinion, the financial statements referred to above present fairly, in all material respects, the fiduciary net position of the System, as of December 31, 2023, and the respective changes in fiduciary net position thereof for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Basis for Opinions

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. Our responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of the Financial Statements section of our report. We are required to be independent of the System and to meet our other ethical responsibilities, in accordance with the relevant ethical requirements relating to our audit. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinions.

Responsibilities of Management for the Financial Statements

Management is responsible for the preparation and fair presentation of the financial statements in accordance with accounting principles generally accepted in the United States of America, and for the design, implementation, and maintenance of internal control relevant to the preparation and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error.

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PAYNE, MOORE & HERRINGTON, LLP

To the Board of Trustees
City of Alexandria Employees' Retirement System

In preparing the financial statements, management is required to evaluate whether there are conditions or events, considered in the aggregate, that raise substantial doubt about the System's ability to continue as a going concern for twelve months beyond the financial statement date, including any currently known information that may raise substantial doubt shortly thereafter.

Auditor's Responsibilities for the Audit of the Financial Statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinions. Reasonable assurance is a high level of assurance but is not absolute assurance and therefore is not a guarantee that an audit conducted in accordance with generally accepted auditing standards and *Government Auditing Standards* will always detect a material misstatement when it exists. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control. Misstatements are considered material if there is a substantial likelihood that, individually or in the aggregate, they would influence the judgment made by a reasonable user based on the financial statements.

In performing an audit in accordance with generally accepted auditing standards and *Government Auditing Standards*, we:

- Exercise professional judgment and maintain professional skepticism throughout the audit.
- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, and design and perform audit procedures responsive to those risks. Such procedures include examining, on a test basis, evidence regarding the amounts and disclosures in the financial statements.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the System's internal control. Accordingly, no such opinion is expressed.
- Evaluate the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluate the overall presentation of the financial statements.
- Conclude whether, in our judgment, there are conditions or events, considered in the aggregate, that raise substantial doubt about the System's ability to continue as a going concern for a reasonable period of time.



PAYNE, MOORE & HERRINGTON, LLP

To the Board of Trustees
City of Alexandria Employees' Retirement System

We are required to communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit, significant audit findings, and certain internal control-related matters that we identified during the audit.

Required Supplementary Information

Accounting principles generally accepted in the United States of America require that the management's discussion and analysis on pages 5 through 8 and other required supplementary information on pages 20 through 26 be presented to supplement the basic financial statements. Such information is the responsibility of management and, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. We have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

Supplementary Information

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the City of Alexandria Employees' Retirement System's basic financial statements. The supplementary information, as listed in the table contents, is presented for purposes of additional analysis and is not a required part of the basic financial statements. Such information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the basic financial statements. The information has been subjected to the auditing procedures applied in the audit of the basic financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the basic financial statements or to the basic financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the supplementary information, as listed in the table of contents, is fairly stated, in all material respects, in relation to the basic financial statements as a whole.



PAYNE, MOORE & HERRINGTON, LLP

To the Board of Trustees
City of Alexandria Employees' Retirement System

Other Reporting Required by Government Auditing Standards

In accordance with *Government Auditing Standards*, we have also issued our report dated May 20, 2024, on our consideration of the System's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is solely to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the System's internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the System's internal control over financial reporting and compliance.

A handwritten signature in black ink that reads "Payne, Moore & Herrington, LLP". The signature is written in a cursive, flowing style.

Certified Public Accountants
Alexandria, Louisiana

May 20, 2024

**Required Supplementary Information
Part I**

Management's Discussion and Analysis

**City of Alexandria Employees' Retirement System
Management's Discussion and Analysis
Year Ended December 31, 2023**

Our discussion and analysis of the City of Alexandria Employees' Retirement System's (the System) financial performance provides an overview of the System's financial activities for the year ended December 31, 2023. It encompasses year-long activities and is management's representation of the System's activities and should be read in conjunction with the accompanying financial statements.

Overview of the Financial Statements

The **Statement of Fiduciary Net Position** includes all of the System's assets and liabilities and provides information about the nature and amount of investments available to satisfy the pension benefits of the System. This statement should be read with the understanding that it discloses the System's financial position as of December 31, 2023.

The **Statement of Changes in Fiduciary Net Position** reports the results of operations during the year, categorically disclosing the additions and deductions from plan net assets.

The **Notes to the Financial Statements** provide additional data that is essential to a complete understanding of the financial statements as well as providing brief descriptions of the plan and the System's accounting policies.

The **Required Supplementary Information – Part II**, including the Schedules of *Changes in Net Pension Liability and Related Ratios, Employer Contributions, and Investment Returns*, provides historical trend information about the actuarially determined funded status of the System from a long-term, on-going plan perspective and the progress made in accumulating sufficient assets to pay benefits when due. The content and format of these schedules were put in place in 2014 and shows a full ten years of trend information.

The **Supplementary Information** is presented for the purposes of additional analysis and is not a required part of the financial statements.

Financial Analysis

To begin our financial analysis, a summary of the System Plan Net Position is presented below:

Condensed Statement of Plan Net Position

	2023	2022	Change
Assets			
Cash	\$ 5,532,419	\$ 5,051,685	\$ 480,734
Receivables	1,021,781	728,716	293,065
Investments, at fair value	209,961,800	187,936,586	22,025,214
Capital assets, net	26	322	(296)
Total Assets	216,516,026	193,717,309	22,798,717
Liabilities	(780)	(780)	-
Net position restricted for pensions	\$ 216,515,246	\$ 193,716,529	\$ 22,798,717

**City of Alexandria Employees' Retirement System
Management's Discussion and Analysis
Year Ended December 31, 2023**

As the table above indicates, the Net Position Restricted for Pensions decreased by \$22,798,717, primarily due to investment market activity.

Cash – The System, for the past several years, has maintained a portion of its assets in cash. As the table above indicates, there was a net increase of \$480,734 in total cash amounts. The primary reason is due to the DROP program and its activities which requires higher balances to be on hand.

Further, it is the position of the System that during unsettled market periods and potential demands of the System for certain cash needs, it is prudent to maintain a larger than normal cash position.

All of the cash balances of the System earn interest at the daily interest rate arranged with the System's financial institution while being kept available for System purposes. Additionally, the banking institution is required to provide collateral to secure these cash positions in the form of Treasury securities which are held at the Federal Reserve for the System's account.

The cash balances of the System are subject to a call by those persons participating in the DROP program. The termination of participation is a choice of timing by the individual, resulting in a need to disperse large amounts at the time of notice given by these persons. During the year 2023 a total of \$1,123,401 was paid out in cash to DROP participants terminating employment. Further, the decisions of individuals completing the DROP and electing to continue employment required the establishment of an interest-bearing sub-account for the accumulated DROP funds of these persons. These sub-account amounts are reflected in the cash balances shown in the above table. At the year-end the total in the DROP sub-accounts totaled \$729,468. Individuals have a call on these funds at a time of their choosing thereby increasing the need for a ready amount of funds.

Additional demands for cash payments during the year were not only the payments to retired employees, which totaled \$12,100,641 (an increase of \$398,154 over the prior year), but also include refunds to terminated employees as well. Persons terminating employment, who are not vested for future benefits, are refunded the amount of their employee contributions. During the year 2023 this amounted to \$556,489. Cash payments for the DROP amounted to \$1,123,401 during the year 2023.

Receivables – Receivables consist of accrued interest receivable on fixed income securities and dividends receivable on stocks. These receivables tend to increase as the amount invested in fixed income securities and equities increase.

Investments – The year ended December 31, 2023 showed investment gains; as a result, the System's investments ended the year with a net increase in fair value of assets of \$22,025,214. A positive rate of return of 15% was recorded at the end of the fiscal year, December 31, 2023.

**City of Alexandria Employees' Retirement System
Management's Discussion and Analysis
Year Ended December 31, 2023**

Condensed Statements of Changes in Plan Net Position

	<u>2023</u>	<u>2022</u>	<u>Change</u>
Additions			
Employer	\$ 5,246,271	\$ 4,849,023	\$ 397,248
Plan members	2,183,163	2,023,710	159,453
Purchased service	754,228	137,819	616,409
Net investment income (loss)	<u>28,583,486</u>	<u>(29,717,538)</u>	<u>58,301,024</u>
Total Additions	36,767,148	(22,706,986)	59,474,134
Deductions			
Plan benefits	12,100,641	11,702,487	398,154
DROP benefits	1,123,401	542,826	580,575
Employee refunds	556,489	414,838	141,651
Transfers to other systems	-	499,173	(499,173)
Administrative expenses	<u>187,900</u>	<u>178,687</u>	<u>9,213</u>
Total Deductions	<u>13,968,431</u>	<u>13,338,011</u>	<u>630,420</u>
Net Increase (Decrease) in Plan Net Position	<u>\$ 22,798,717</u>	<u>\$ (36,044,997)</u>	<u>\$ 58,843,714</u>

The table above indicates that the plan's net position increased by \$58,843,714 at the end of 2023.

Employer Contributions - Employer contribution rates are set through the report of the consulting actuary and are designed to change with the beginning of the City's fiscal year at May 1st. Rates run for a 12-month period until the following April 30th with the current actuarial valuation determining any change in rate structure. The current employer contribution rate of 22.43% will be increased to 23.72% on May 1, 2024. This rate will be in effect until the close of the City's fiscal year of April 30, 2025. The actuary has recommended that the rate beginning May 1, 2025 be decreased to 20.03%. This change is primarily due to an anticipated contribution surplus to decrease normal costs.

Investment Income – The System invests in markets with a prudent amount of risk taken, but it cannot control the events that shape and govern the markets in which we place our funds.

Other Information – The unfunded accrued liability was fully amortized as of January 1, 2018. Hence, since the fiscal 2018 valuation, the System's funding method was changed to the Aggregate Actuarial Cost Method. This method does not develop an unfunded actuarial liability.

A retirement system's activities must be viewed on an on-going multi-year basis; on this basis the System continues to make progress in its efforts, and both grow assets and pay down liabilities. The DROP program continues to place a greater degree of call on the cash of the System and in doing so impedes, somewhat, the normal investment progress of the System. Overall, the System is healthy and growing, a direction management continues to strive in attaining.

Request for Information – The financial report of the System is designed to provide a general overview of the System's finances for interested parties. Any request for additional information should be directed to the City of Alexandria Employees' Retirement System, P. O. Box 71, Alexandria, LA 71309.

Financial Statements

City of Alexandria Employees' Retirement System
Statement of Fiduciary Net Position
December 31, 2023

Exhibit A

Assets

Cash		\$ 5,532,419
Accrued interest and dividends receivable		1,021,781
Investments, at fair value:		
Domestic fixed income securities		
Corporate bonds (amortized cost \$92,780,843)	85,196,266	
U.S. government agency notes (amortized cost \$489,843)	329,287	
Domestic equities		
Preferred stocks (cost \$2,819,690)	2,114,270	
Common stocks (cost \$71,555,119)	<u>122,321,977</u>	
Total Investments (cost \$167,645,495)		209,961,800
Furniture, fixtures, and equipment, net of depreciation		<u>26</u>
Total Assets		<u>216,516,026</u>

Liabilities

Payroll taxes withheld		<u>780</u>
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Net Position Restricted for Pensions

\$ 216,515,246

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

**City of Alexandria Employees' Retirement System
Statement of Changes in Fiduciary Net Position
Year Ended December 31, 2023**

Exhibit B

Additions

Contributions	
Employer	\$ 5,246,271
Plan members	2,183,163
Purchased service, transfers, and/or repayment of refunds	754,228
Total Contributions	8,183,662
Investment income (loss)	
Interest	3,343,983
Dividends	2,699,630
Net appreciation (depreciation) in fair value of investments	22,539,873
Total Investment Income (Loss)	28,583,486
Total Additions	36,767,148

Deductions

Benefit payments, excluding DROP benefits	12,100,641
DROP benefits	1,123,401
Employee refunds	556,489
Administrative expenses	187,900
Total Deductions	13,968,431

Net Increase (Decrease) 22,798,717

Net Position Restricted for Pensions, Beginning of Year 193,716,529

Net Position Restricted for Pensions, End of Year \$ 216,515,246

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

Notes to Financial Statements

**City of Alexandria Employees' Retirement System
December 31, 2023**

Notes to Financial Statements

1. Plan Description and Significant Accounting Policies

Plan Description

Plan Administration - The City of Alexandria Employees' Retirement System (the System) is the administrator of a single-employer defined benefit plan established by Act 459 of the Louisiana Legislature of 1948, as amended (Louisiana Revised Statutes (RS) 11:3001 to 11:3017), and administered by the City of Alexandria, Louisiana. Substantially all employees of the City, except firemen and policemen, become members of the System as a condition of employment. The System is considered part of the City of Alexandria, Louisiana financial reporting entity and is included in the City's financial reports as a pension trust fund.

The financial statements contained herein present only the City of Alexandria Employees' Retirement System 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.

Management of the System is vested in the System's Board of Trustees. RS 11:3011 provides that the Board shall consist of seven trustees as follows:

- a) The Mayor of the City;
- b) The Director of Finance of the City;
- c) The Director of Civil Service and Personnel of the City;
- d) Two municipal employees, who are members of the System and who are selected by plurality vote of the members of the System;
- e) Two retired municipal employees of the City who are members of the System and who are selected by plurality vote of the retired municipal employee members of the System.

Plan Membership - Municipal employees of the City of Alexandria, Louisiana are eligible to become members of the System, other than those public officials and City employees who receive per diem allowance in lieu of earnable compensation, patient or inmate help in City charitable, penal and corrective institutions, and independent contractors employed to render service on a contractual basis, including independent contractual professional services. Membership in this System shall be optional with any class of elected official or with any class of officials appointed by the Mayor or appointed for fixed terms. The Board of Trustees may, in its discretion, deny the right to membership in this System to any class of employees whose compensation is only partly paid by the City or who are occupying positions on a part-time or intermittent basis. The Board may, in its discretion, make optional, with employees in any such classes their individual entrance into the System.

At December 31, 2023, pension plan membership consisted of:

Inactive plan members or beneficiaries currently receiving benefits	404
Inactive plan members entitled to but not yet receiving benefits	213
Active plan members	<u>478</u>
Total	1,095

The following brief description of the System is provided for general information only.

City of Alexandria Employees' Retirement System
December 31, 2023

Notes to Financial Statements

Retirement Benefits - Members with ten years of creditable service may retire at age sixty-two; members with at least twenty years of creditable service may retire at age sixty; members with twenty-five years of service may retire at age fifty-five; members with thirty years of service may retire regardless of age. The retirement allowance is equal to three percent of the member's average compensation multiplied by number of years of creditable service, not to exceed one hundred percent of average compensation. Average compensation is defined as the highest three-year average annual compensation.

Members may receive their benefits as a life annuity, or in lieu of such, a reduced benefit according to the option selected which is the actuarial equivalent of the maximum benefit.

Option 1 – If the member dies before he has received in annuity payments the present value of his member's annuity, as it was at the time of retirement, the balance is paid to his beneficiary.

Option 2 – Upon retirement, the member receives a reduced benefit. Upon the member's death, the designated beneficiary will continue to receive the same reduced benefit.

Option 3 – Upon retirement, the member receives a reduced benefit. Upon the member's death, the designated beneficiary will receive one-half of the member's reduced benefit.

Option 4 – Upon retirement, the member elects to receive a board-approved benefit that is actuarially equivalent to the maximum benefit.

Option 5 – Upon retirement, the member elects to receive the amount of his maximum retirement and upon death, if survived by a spouse, the spouse will receive one-half of the member's maximum benefit.

Disability Benefits - Five years of creditable service are required in order to be eligible for disability benefits. Disabled members receive a retirement allowance if they have attained the age of sixty-two. Otherwise, they receive three percent of the final average compensation for each year of service, not to be less than three hundred dollars per year.

Survivor Benefits - Three years of creditable service are required in order to be eligible for survivor benefits. The survivor is entitled to twice the amount of accumulated contributions or two months' salary, whichever is greater, plus \$1,000. If the member has completed fifteen or more years of service, the surviving spouse is entitled to an automatic option 2 benefit (an actuarially equivalent joint and full survivor benefit) which ceases if the spouse remarries. In lieu of option 2, the spouse may receive the greater of a refund of twice the member's contributions with interest earnings or two months' salary. Widows, who are at least age fifty, of members who die prior to retirement but subsequent to becoming eligible to retire, are entitled to automatic option 2 benefits.

Deferred Retirement Option Plan (DROP) - In lieu of terminating employment and accepting a service retirement allowance, any member of the System who has at least ten years of creditable service and who is eligible to receive a service retirement allowance may elect to participate in the Deferred Retirement Option Plan for up to thirty-six months and defer the receipt of benefits. Creditable service shall not include service reciprocally recognized pursuant to R.S. 11:142. Upon commencement of participation in the DROP plan, active membership in the System terminates and the participant's contributions cease; however, employer contributions continue. Compensation and creditable service remain as they existed on the effective date of commencement of participation in the plan. The monthly

City of Alexandria Employees' Retirement System
December 31, 2023

Notes to Financial Statements

retirement benefits that would have been payable, had the member elected to cease employment and receive a service retirement allowance, are paid into the Deferred Retirement Option Plan account. Upon termination of employment at the end of the specified period of participation, a participant in the program may receive, at his option, a lump sum payment from the account equal to the payments to the account, or a true annuity based upon his account balance (or any other method of payment subject to approval by the Board of Trustees); in addition, the member receives the monthly benefits that were paid into the fund during the period of participation. After a member has terminated his participation in the plan, the member's individual account balance in the plan will earn interest at the actual rate of return earned on such funds left on deposit with the System. Such funds will be invested in accordance with a policy adopted by the Board of Trustees. The accrued interest will be credited to the individual account on an annual basis. If employment is not terminated at the end of the participation period, payments into the account cease and the member resumes active contributing membership in the System. The monthly benefit payments that were being paid into the DROP fund are paid to the retiree and an additional benefit based on his additional service rendered since termination of DROP participation is calculated using the normal method of benefit computation. The average compensation used to calculate the additional benefit is that used to calculate the original benefit unless his period of additional service is at least thirty-six months. In no event can the entire monthly benefit amount paid to the retiree exceed 100% of the average compensation used to compute the additional benefit. If a participant dies during the period of participation in the program, a lump sum payment equal to his account balance is paid to his named beneficiary or, if none, to his estate.

Contribution Refunds - Upon withdrawal from service, members not entitled to a retirement allowance are paid a refund of accumulated contributions on request. Receipt of such a refund cancels all accrued rights in the System.

Contribution Rates - The retirement system is financed by employee contributions of 10% of pay plus employer contributions that are set according to actuarial requirements. The employer contribution rate is determined annually by actuarial valuation. The rate so determined is adjusted on May 1, of the calendar year following the year in which the report is issued. The City is required by statute to contribute remaining amounts necessary to finance the System at an actuarially determined rate. Benefit and contribution provisions are established by state law and may be amended only by the Louisiana Legislature.

Cost of Living Increases - The Board of Trustees is authorized to use interest earnings on investments of the System in excess of normal requirements to grant retired members, and widows of members, an annual cost of living increase of 2.00% of their original benefit (not less than ten dollars per month).

Administrative Costs - Administrative costs of the plan are financed through investment earnings.

Significant Accounting Policies

Basis of Accounting - The System's financial statements are prepared using the accrual basis of accounting. Plan member contributions are recognized in the period in which the contributions are due. Employer contributions are recognized when due and when the employer has made a formal commitment to provide the contributions. Benefits and refunds are recognized when due and payable in accordance with the terms of the plan.

**City of Alexandria Employees' Retirement System
December 31, 2023**

Notes to Financial Statements

Estimates - The preparation of financial statements in conformity with accounting principles generally accepted in the United States of America requires the plan administrator to make estimates and assumptions that affect certain reported amounts and disclosures. Accordingly, actual results may differ from those estimates.

Investments - Louisiana statutes allow the System to invest in securities issued, guaranteed, or insured by the United States government; bonds and other evidence of indebtedness issued by states or their political subdivisions; stocks, bonds, or other securities or evidence of indebtedness issued by any solvent corporation created under the laws of the United States or any of the states of the United States; and certificates of deposit of any bank domiciled or having a branch office in the State of Louisiana.

Investments are reported at fair value. Corporate bonds are valued based on yields currently available on comparable securities of issuers with similar credit ratings. Securities traded on the national securities exchange are valued at the last reported sales price on the last business day of the plan year. Investments traded in the over-the-counter market and listed securities for which no sale was reported on that date are valued at the average of the last reported bid and asked prices.

The System's investment policies are established by and may be amended by the Board of Trustees by a majority vote of Board members. It is the policy of the System that all assets shall be managed with the care that an institutional investor of ordinary prudence, discretion, and intelligence exercises in management of large institutional investments considering probable safety of capital as well as probable income. The primary considerations of the investment manager shall be to minimize the risk of loss of principal value and to achieve the greatest rate of return on investments consistent with the level of risk incurred and to provide for future benefits. The management of the pension fund assets and the responsibility for investment decisions is delegated to the secretary of the retirement board who shall be the investment manager. The System's investment policy limits investments to common or preferred stock, corporate or government securities, certificates of deposit, government guaranteed mortgage pools, Guaranteed Investment Contracts' repurchase agreements, and sufficient cash reserves to meet the System's liquidity needs.

The following is the Board's adopted asset allocation policy as of year-end:

<u>Asset Class</u>	<u>Target Allocation</u>
Cash and short-term investments	2% to 15%
Long-term fixed income securities and preferred stocks	40% to 90%
Equities	5% to 60%

For the year ended December 31, 2023, the annual money-weighted rate of return on pension plan investments, net of pension plan investment expense, was 15.00%. The money-weighted rate of return expresses investment performance, net of investment expense, adjusted for the changing amounts actually invested.

Furniture, Fixtures, and Equipment - Furniture, fixtures, and equipment are valued at historical cost less accumulated depreciation. The minimum capitalization threshold is any individual item with a total cost greater than or equal to \$250. Depreciation is computed using the straight-line method over the estimated economic life of the assets.

City of Alexandria Employees' Retirement System
December 31, 2023

Notes to Financial Statements

2. Cash

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

At year end, cash includes amounts held by the System pursuant to DROP in the amount of \$729,468.

3. Investments

As of December 31, 2023, the System had the following investments and maturities.

Investment Type	Fair Value	Investment Maturities (in Years)			
		Less Than 1	1-5	6-10	More Than 10
Corporate bonds	\$ 85,196,266	\$ -	\$2,283,452	\$24,250,891	\$58,661,923
U.S. government agency notes	329,287	-	-	-	329,287
Total Interest-Bearing	85,525,553	\$ -	\$2,283,452	\$24,250,889	\$58,991,212
Preferred stocks	2,114,270				
Common stocks	122,321,977				
Total Investments	\$ 209,961,800				

The System categorizes its fair value measurements within the fair value hierarchy established by generally accepted accounting principles. The hierarchy is based on the valuation inputs used to measure the fair value of the asset. Level 1 inputs are quoted prices in active markets for identical assets; Level 2 inputs are significant other observable inputs; Level 3 inputs are significant unobservable inputs. All investment types are valued using Level 1 inputs.

Interest Rate Risk: The System does not have a formal investment policy that limits investment maturities as a means of managing its exposure to fair value losses arising from rising interest rates.

Credit Risk: The System may invest in United States bonds, treasury notes, or time certificates of deposit of any bank domiciled or having a branch office in the State of Louisiana, investments as stipulated in state law, or any other federally insured investment. In addition, the System may invest in corporate stocks and bonds. The System's investment policies limit its corporate debt investments to bonds rated at least BBB by Standards and Poor's or Baa by Moody's Investor Services. Moody's Investor Services credit ratings of the System's corporate bonds are summarized below. Due to the extraordinary market conditions experienced during the past several years, management determined that it would be detrimental to the System to sell the bonds whose credit ratings dropped below Baa.

<u>Standard and Poors' Investor Services Credit Rating</u>	<u>Fair Value</u>
A or better	\$76,275,406
BBB	8,920,860
Less than BBB	-
	<u>\$85,196,266</u>

**City of Alexandria Employees' Retirement System
December 31, 2023**

Notes to Financial Statements

Custodial Credit Risk: The custodial credit risk for investments is the risk that, in the event of failure of the counterparty to a transaction, a government will not be able to recover the value of investment or collateral securities that are in the possession of an outside party. All of the System's investments are held by the System or its agents in the System's name.

4. Furniture, Fixtures, and Equipment

A summary of changes in furniture, fixtures, and equipment during the year is presented below:

	Balance Beginning	Additions	Deletions	Balance Ending
Furniture and fixtures	\$ 5,938	\$ -	\$ -	\$ 5,938
Equipment	5,058	-	-	5,058
Total	10,996	-	-	10,996
Accumulated depreciation	(10,674)	(296)	-	(10,970)
Net	\$ 322	\$ (296)	\$ -	\$ 26

The following estimated lives are used to compute depreciation on the straight-line method.

Furniture and fixtures	7-10 years
Computer equipment	5 years

Depreciation expense recorded in the financial statements for the year ended December 31, 2023, amounted to \$296.

5. Net Pension Liability

The components of the net pension liability of the System, at December 31, 2023, were as follows:

Total pension liability (asset)	\$ 231,426,070
Plan fiduciary net position	216,515,246
Net pension liability (asset)	\$ 14,910,824

Plan fiduciary net position as a percentage of total pension liability (asset) 93.56%

Actuarial Assumptions: The total pension liability as stated in this report is based on the Individual Entry Age Normal actuarial cost method as described in Statement 67 of the Government Accounting Standards Board (GASB 67). Calculations were made as of December 31, 2023 and were based on December 31, 2023 data. The current year actuarial assumptions utilized for this report are based on the assumptions used in the December 31, 2023 actuarial funding valuation, which were based on results of an actuarial experience study for the period January 1, 2015 – December 31, 2019, unless otherwise specified in this report.

Actuarial assumptions:

Investment rate of return, net of investment expense, including inflation	5.80%
Salary increases, including inflation and merit increases	4.90%
Inflation	2.20%

**City of Alexandria Employees' Retirement System
December 31, 2023**

Notes to Financial Statements

Mortality Rates: In the case of mortality, a study of system mortality was conducted in 2021. The data for the study was collected over the period January 1, 2015, through December 31, 2019. The data was then assigned credibility weighting and combined with a standard table to produce current levels of mortality. The Pub-2010 Public Retirement Plans Mortality Table for General Healthy Retirees multiplied by 125% for males and 120% for females each with full generational projection using the appropriate MP-2020 improvement scale was selected for annuitant and beneficiary mortality. For employees, the Pub-2010 Public Retirement Plans Mortality Table for General Employees multiplied by 125% for males and 120% for females each with full generational projection using the appropriate MP-2020 improvement scale was selected. The Pub-2010 Public Retirement Plans Mortality Table for General Disabled Retirees multiplied by 125% for males and 120% for females each with full generational projection using the appropriate MP-2020 improvement scale was selected for disabled annuitants.

Discount rate: The discount rate used to measure the total pension liability was 5.80%. The projection of cash flows used to determine the discount rate assumes that contributions from plan members will be made at the current contribution rates and that contributions from the participating employer will be made at actuarially determined contribution rates, which are calculated in accordance with relevant statutes and approved by the Board of Trustees. Based on these assumptions and the other assumptions and methods as specified in this report, the pension plan's fiduciary net position was projected to be available to make all projected future benefit payments to current plan members. Therefore, the long-term expected rate of return on pension plan investments was applied to all periods of projected benefit payments to determine the total pension liability. Thus, the discount rate used to measure the total pension liability was 5.80%. For the fiscal year ending December 31, 2022, the discount rate used was also 5.80%.

Post-employment benefit changes: Although the Board of Trustees has the authority to grant ad hoc Cost of Living Increases (COLAs) under limited circumstances, these COLAs have not shown to have a historical pattern. The amounts of the COLAs have not been relative to a defined cost-of-living or inflation index, and there is little evidence to conclude that COLAs will be granted on a predictable basis in the future. Therefore, for purposes of determining the present value of future benefits, these COLAs were deemed not to be substantively automatic, and the present value of benefits excludes COLAs not previously granted by the Board of Trustees.

Sensitivity of the net pension liability (asset) to changes in the discount rate: The following presents the net pension liability (asset) of the System calculated using the discount rate of 5.80%, as well as what the System's net pension liability (asset) would be if it were calculated using a discount rate that is one percentage point lower (4.80%) or one percentage point higher (6.80%) than the current rate (assuming all other assumptions remain unchanged):

	1% Decrease (4.80%)	Current Discount Rate (5.80%)	1% Increase (6.80%)
Net Pension Liability (Asset)	\$ 42,135,023	\$ 14,910,824	\$ (7,921,279)

**Required Supplementary Information
Part II**

City of Alexandria Employees' Retirement System
Required Supplementary Information
Schedule of Changes in Net Pension Liability and Related Ratios
December 31,

Schedule 1
(Continued)

	<u>2023</u>	<u>2022</u>	<u>2021</u>	<u>2020</u>	<u>2019</u>
Total Pension Liability					
Service cost	\$ 4,820,959	\$ 4,271,461	\$ 4,029,079	\$ 3,617,187	\$ 3,508,934
Interest	12,906,555	12,163,619	12,389,240	11,908,564	11,709,404
Changes in benefit terms	2,280,010	2,177,540	1,984,131	-	-
Differences between expected and actual experience	317,646	6,670,989	(3,202,937)	1,017,964	(918,159)
Changes in assumptions	-	-	9,596,766	10,942,477	-
Benefit payments	(13,224,042)	(12,245,313)	(12,719,245)	(11,301,682)	(10,493,619)
Refunds of member contributions	(556,489)	(414,838)	(869,893)	(518,168)	(468,497)
Other	754,228	(361,354)	(457,856)	80,906	-
Net Change in Total Pension Liability	<u>7,298,867</u>	<u>12,262,104</u>	<u>10,749,285</u>	<u>15,747,248</u>	<u>3,338,063</u>
Total Pension Liability - Beginning	<u>224,127,203</u>	<u>211,865,099</u>	<u>201,115,814</u>	<u>185,368,566</u>	<u>182,030,503</u>
Total Pension Liability - Ending (a)	<u>\$ 231,426,070</u>	<u>\$ 224,127,203</u>	<u>\$ 211,865,099</u>	<u>\$ 201,115,814</u>	<u>\$ 185,368,566</u>
Plan Fiduciary Net Position					
Contributions					
Member	\$ 2,183,163	\$ 2,023,710	\$ 1,836,726	\$ 1,954,355	\$ 1,935,419
Employer	5,246,271	4,849,023	4,001,269	4,220,404	3,991,734
Net investment income	28,583,486	(29,717,538)	29,541,096	33,642,350	37,487,306
Benefit payments	(13,224,042)	(12,245,313)	(12,719,245)	(11,301,682)	(10,493,619)
Refunds of member contributions	(556,489)	(414,838)	(869,893)	(518,168)	(468,497)
Administrative expenses	(187,900)	(178,687)	(179,591)	(195,431)	(165,687)
Other	754,228	(361,354)	(457,856)	80,906	-
Net Change in Plan Fiduciary Net Position	<u>22,798,717</u>	<u>(36,044,997)</u>	<u>21,152,506</u>	<u>27,882,734</u>	<u>32,286,656</u>
Plan Fiduciary Net Position - Beginning	<u>193,716,529</u>	<u>229,761,526</u>	<u>208,609,020</u>	<u>180,726,286</u>	<u>148,439,630</u>
Plan Fiduciary Net Position - Ending (b)	<u>\$ 216,515,246</u>	<u>\$ 193,716,529</u>	<u>\$ 229,761,526</u>	<u>\$ 208,609,020</u>	<u>\$ 180,726,286</u>
Net Pension Liability (Asset) - Ending ((a) - (b))	<u>\$ 14,910,824</u>	<u>\$ 30,410,674</u>	<u>\$ (17,896,427)</u>	<u>\$ (7,493,206)</u>	<u>\$ 4,642,280</u>
Plan Fiduciary Net Position as a Percentage of the Total Pension Liability	93.56%	86.43%	108.45%	103.73%	97.50%
Covered Payroll	<u>\$ 23,162,344</u>	<u>\$ 22,192,325</u>	<u>\$ 20,208,429</u>	<u>\$ 21,379,959</u>	<u>\$ 20,736,281</u>
Net Pension Liability (Asset) as a Percentage of Covered Payroll	64.38%	137.03%	-88.56%	-35.05%	22.39%

See independent auditor's report.

City of Alexandria Employees' Retirement System
Required Supplementary Information
Schedule of Changes in Net Pension Liability and Related Ratios
December 31,

Schedule 1
(Concluded)

	2018	2017	2016	2015	2014
Total Pension Liability					
Service cost	\$ 3,444,992	\$ 3,218,971	\$ 2,975,969	\$ 3,263,636	\$ 2,914,694
Interest	11,358,256	11,521,228	11,376,092	11,165,902	10,958,229
Changes in benefit terms	369,833	-	-	1,249,682	1,182,575
Differences between expected and actual experience	760,132	(3,522,240)	(857,021)	(1,157,889)	(2,470,911)
Changes in assumptions	-	8,726,019	3,553,024	3,124,571	3,597,304
Benefit payments	(9,855,151)	(9,240,582)	(9,042,968)	(9,004,033)	(8,676,473)
Refunds of member contributions	(300,012)	(596,958)	(352,340)	(353,939)	(343,118)
Other	(83,881)	47,822	(42,820)	146,848	132,725
Net Change in Total Pension Liability	<u>5,694,169</u>	<u>10,154,260</u>	<u>7,609,936</u>	<u>8,434,778</u>	<u>7,295,025</u>
Total Pension Liability - Beginning	<u>176,336,334</u>	<u>166,182,074</u>	<u>158,572,138</u>	<u>150,137,360</u>	<u>142,842,335</u>
Total Pension Liability - Ending (a)	<u>\$ 182,030,503</u>	<u>\$ 176,336,334</u>	<u>\$ 166,182,074</u>	<u>\$ 158,572,138</u>	<u>\$ 150,137,360</u>
Plan Fiduciary Net Position					
Contributions					
Member	\$ 1,890,978	\$ 1,873,690	\$ 1,830,452	\$ 1,790,965	\$ 1,731,666
Employer	4,609,374	4,734,943	4,580,596	4,858,476	5,178,813
Net investment income	(9,882,707)	17,882,012	11,143,790	(4,378,349)	13,260,045
Benefit payments	(9,855,151)	(9,240,582)	(9,042,968)	(9,004,033)	(8,676,473)
Refunds of member contributions	(300,012)	(596,958)	(352,340)	(353,939)	(343,118)
Administrative expenses	(163,269)	(155,590)	(149,330)	(150,777)	(140,687)
Other	(83,881)	47,822	(42,820)	146,848	132,725
Net Change in Plan Fiduciary Net Position	<u>(13,784,668)</u>	<u>14,545,337</u>	<u>7,967,380</u>	<u>(7,090,809)</u>	<u>11,142,971</u>
Plan Fiduciary Net Position - Beginning	<u>162,224,298</u>	<u>147,678,961</u>	<u>139,711,581</u>	<u>146,802,390</u>	<u>135,659,419</u>
Plan Fiduciary Net Position - Ending (b)	<u>\$ 148,439,630</u>	<u>\$ 162,224,298</u>	<u>\$ 147,678,961</u>	<u>\$ 139,711,581</u>	<u>\$ 146,802,390</u>
Net Pension Liability (Asset) - Ending ((a) - (b))	<u>\$ 33,590,873</u>	<u>\$ 14,112,036</u>	<u>\$ 18,503,113</u>	<u>\$ 18,860,557</u>	<u>\$ 3,334,970</u>
Plan Fiduciary Net Position as a Percentage of the Total Pension Liability	81.55%	92.00%	88.87%	88.11%	97.78%
Covered Payroll	<u>\$ 20,368,422</u>	<u>\$ 19,894,718</u>	<u>\$ 19,384,664</u>	<u>\$ 18,643,423</u>	<u>\$ 18,364,585</u>
Net Pension Liability (Asset) as a Percentage of Covered Payroll	164.92%	70.93%	95.45%	101.16%	18.16%

See independent auditor's report.

**City of Alexandria Employees' Retirement System
Required Supplementary Information
Schedule of Employer Contributions
December 31,**

**Schedule 2
(Continued)**

	<u>2023</u>	<u>2022</u>	<u>2021</u>	<u>2020</u>	<u>2019</u>
Actuarially determined contribution	\$ 5,246,271	\$ 4,849,023	\$ 4,001,269	\$ 4,220,404	\$ 3,991,734
Contributions in relation to the actuarially determined contribution	<u>5,246,271</u>	<u>4,849,023</u>	<u>4,001,269</u>	<u>4,220,404</u>	<u>3,991,734</u>
Contribution Deficiency (Excess)	\$ -	\$ -	\$ -	\$ -	\$ -
Covered payroll	\$ 23,162,344	\$ 22,192,325	\$ 20,208,429	\$ 21,379,959	\$ 20,736,281
Contributions as a percentage of covered payroll	22.65%	21.85%	19.80%	19.74%	19.25%

See independent auditor's report.

**City of Alexandria Employees' Retirement System
Required Supplementary Information
Schedule of Employer Contributions
December 31,**

**Schedule 2
(Continued)**

	<u>2018</u>	<u>2017</u>	<u>2016</u>	<u>2015</u>	<u>2014</u>
Actuarially determined contribution	\$ 4,609,374	\$ 4,734,943	\$ 4,580,596	\$ 4,858,476	\$ 5,178,813
Contributions in relation to the actuarially determined contribution	4,609,374	4,734,943	4,580,596	4,858,476	5,178,813
Contribution Deficiency (Excess)	\$ -	\$ -	\$ -	\$ -	\$ -
Covered payroll	\$ 20,368,422	\$ 19,894,718	\$ 19,384,664	\$ 18,643,423	\$ 18,364,585
Contributions as a percentage of covered payroll	22.63%	23.80%	23.63%	26.06%	28.20%

See independent auditor's report.

**City of Alexandria Employees' Retirement System
Required Supplementary Information
Schedule of Employer Contributions
December 31,**

**Schedule 2
(Concluded)**

Notes to Schedule:

Valuation date: Actuarially determined contribution rates for the period of January 1 to April 30 of each year were calculated as of December 31 of the third prior year. Actuarially determined contribution rates for the period of May 1 to December 31 of each year were calculated as of December 31 of the second prior year.

Methods and assumptions used to determine contribution rate:
Actuarial cost method The Total Pension Liability as stated in this report is based on the Frozen Entry Age Normal actuarial cost method until January 1, 2018 when the method was changed to the Aggregate Actuarial Cost Method.

Amortization method Level percent closed

Expected Remaining Service Lives (ERSL) 4 years

Actuarial asset values The actuarial value of assets is based on a 5-year smoothing of all investment earnings above or below the actuarial assumed rate of return. If the smoothed value of assets is more than 115% of the market value of assets, the actuarial value of assets will be equal to the smoothed value reduced by 1/2 of the excess of the smoothed value over 115% of the market value of assets. If the smoothed value is less than 85% of the market value of assets, the actuarial value will be equal to the smoothed value increased by 1/2 of the excess of 85% of the market value of assets over the smoothed value.

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	<u>2023</u>	<u>2022</u>	<u>2021</u>	<u>2020</u>	<u>2019</u>	<u>2018</u>	<u>2017</u>	<u>2016</u>	<u>2015</u>	<u>2014</u>
Salary increases, including inflation and merit increases	4.90%	4.90%	4.90%	5.00%	4.50%	4.50%	4.50%	4.75%	4.75%	5.50%
Investment rate of return, net of investment expense	5.80%	5.80%	5.80%	6.25%	6.50%	6.50%	6.50%	7.00%	7.25%	7.75%
Retirement age	Members with 10 years of creditable service may retire at age 62 Members with 20 years of creditable service may retire at age 60 Members with 25 years of creditable service may retire at age 55 Members with 30 years of creditable service may retire at any age									

Mortality Rates

In the case of mortality, a study of system mortality was conducted in 2021. The data for the study was collected over the period January 1, 2015 through December 31, 2019. The data was then assigned credibility weighting and combined with a standard table to produce current levels of mortality. The Pub-2010 Public Retirement Plans Mortality Table for General Healthy Retirees multiplied by 125% for males and 120% for females each with full generational projection using the appropriate MP-2020 improvement scale was selected for annuitant and beneficiary mortality. For employees, the Pub-2010 Public Retirement Plans Mortality Table for General Employees multiplied by 125% for males and 120% for females each with full generational projection using the appropriate MP-2020 improvement scale was selected. The Pub-2010 Public Retirement Plans Mortality Table for General Disabled Retirees multiplied by 125% for males and 120% for females each with full generational projections using the appropriate MP-2020 improvement scale was selected for disabled annuitants.

See independent auditor's report.

**City of Alexandria Employees' Retirement System
 Required Supplementary Information
 Schedule of Investment Returns
 December 31,**

Schedule 3

	<u>2023</u>	<u>2022</u>	<u>2021</u>	<u>2020</u>	<u>2019</u>	<u>2018</u>	<u>2017</u>	<u>2016</u>	<u>2015</u>	<u>2014</u>
Annual money-weighted rate of return, net of investment expense	15.00%	-13.10%	14.5%	18.9%	25.7%	-6.2%	12.2%	8.1%	-3.0%	9.9%

See independent auditor's report.

Supplementary Information

**City of Alexandria Employees' Retirement System
Schedule of Cash Receipts and Cash Disbursements
Year Ended December 31, 2023**

Schedule 4

Cash Receipts

Employer contributions	\$ 5,246,271
Member contributions	2,183,163
Purchased service, transfers, and/or repayment of refunds	754,228
Interest received	3,343,983
Dividends received	2,712,098
Proceeds from sale or redemption of investments	42,016,877
Total Cash Receipts	56,256,620

Cash Disbursements

Benefit payments, excluding DROP benefits	12,100,641
DROP benefits	1,123,401
Employee refunds	556,489
Administrative expenses	187,604
Purchase of investments	41,807,751
Total Cash Disbursements	55,775,886

Net Increase (Decrease) in Cash 480,734

Cash, Beginning of Year 5,051,685

Cash, End of Year \$ 5,532,419

See independent auditor's report.

City of Alexandria Employees' Retirement System
Investments - Corporate Bonds
December 31, 2023

Schedule 5
(Continued)

Description	Maturity	Interest Rate	Face Value	Amortized Cost	Fair Value
Wells Fargo & Company	10/23/2026	3.000%	\$ 410,000	\$ 406,863	\$ 389,666
Wells Fargo & Company	5/15/2028	2.100%	1,000,000	1,000,000	871,764
Pacific Life Global Funding II	7/18/2028	5.500%	1,000,000	1,006,040	1,022,022
Entergy Texas Inc.	3/30/2029	4.000%	1,000,000	949,875	967,576
JPMorgan Chase & Company	4/23/2029	4.005%	1,000,000	951,825	960,281
Jackson National Life Global Funding	6/21/2029	3.050%	1,000,000	890,250	870,567
U.S. Bancorp	7/30/2029	3.000%	500,000	467,982	449,862
Bank of America Corporation	2/7/2030	3.974%	700,000	671,750	663,984
HSBC Holdings PLC	3/31/2030	4.950%	1,000,000	976,849	987,825
Georgia-Pacific LLC	4/30/2030	2.300%	1,000,000	1,009,100	864,450
State Street Corporation	3/3/2031	2.200%	500,000	443,067	415,571
Atlantic Richfield Company	3/1/2032	8.750%	100,000	100,000	116,552
Charles Schwab Corporation	3/3/2032	2.900%	500,000	459,960	427,890
Toronto-Dominion Bank	3/10/2032	3.200%	500,000	466,760	442,946
Prudential PLC	3/24/2032	3.625%	500,000	475,952	446,465
Northern Trust Corporation	11/2/2032	6.125%	1,000,000	1,021,049	1,073,627
Key Bank N.A.	1/26/2033	5.000%	1,000,000	979,786	936,313
Goldman Sachs Group, Inc.	2/15/2033	6.125%	250,000	250,000	274,555
Goldman Sachs Group, Inc.	2/15/2033	6.125%	500,000	499,583	549,110
Metropolitan Life Global Funding I	3/28/2033	5.150%	1,300,000	1,300,000	1,318,017
Duke Energy Ohio, Inc.	4/1/2033	5.250%	800,000	799,928	828,554
Bank of America Corporation	4/27/2033	4.571%	1,000,000	964,135	951,099
Bank of America Corporation	5/19/2033	5.500%	900,000	900,000	874,195
Southern California Gas Company	6/1/2033	5.200%	1,000,000	973,621	1,030,972
Royal Bank of Canada	6/16/2033	5.600%	1,000,000	1,000,000	1,011,899
Morgan Stanley Finance, LLC	7/20/2033	4.889%	800,000	795,411	776,998
JPMorgan Chase & Company	8/15/2033	5.750%	1,000,000	1,000,000	1,005,408
Bank of America Corporation	8/18/2033	5.800%	1,000,000	1,000,000	992,798
Royal Bank of Canada	8/30/2033	6.000%	1,000,000	1,000,000	1,008,567
Entergy Mississippi, LLC	9/1/2033	5.000%	2,000,000	1,996,940	2,017,206
U.S. Bancorp	10/21/2033	5.850%	900,000	897,627	926,994
Bank of New York Mellon Corporation	10/25/2033	5.834%	1,000,000	1,021,294	1,060,610
Morgan Stanley Finance, LLC	4/21/2034	5.250%	670,000	671,990	669,488
State Street Corporation	5/18/2034	5.159%	1,000,000	1,001,267	1,008,669
State Street Corporation	5/18/2034	5.159%	1,000,000	971,882	1,008,669
JPMorgan Chase & Company	10/23/2034	6.254%	800,000	803,927	867,021
Loews Corporation	2/1/2035	6.000%	500,000	498,138	542,368
Bank of America Corporation	9/21/2035	6.000%	400,000	400,000	400,567
JPMorgan Chase & Company	11/25/2035	4.000%	400,000	400,000	373,545
Morgan Stanley Finance, LLC	11/29/2035	6.000%	1,000,000	1,000,000	1,015,960
Comcast Corporation	7/15/2036	3.200%	500,000	500,000	420,661
JPMorgan Chase & Company	7/29/2036	3.000%	500,000	500,000	420,038
Pacificorp	4/1/2037	5.750%	1,000,000	978,179	1,022,633
Duke Energy Florida, LLC	9/15/2037	6.350%	750,000	753,969	836,272
Pacificorp	10/15/2037	6.250%	1,000,000	1,005,386	1,073,745
Duke Energy Carolinas, LLC	4/15/2038	6.050%	750,000	750,000	817,163
Morgan Stanley Finance, LLC	7/22/2038	3.971%	1,000,000	892,125	873,518
Southern California Edison Company	3/15/2040	5.500%	500,000	505,426	507,688
Southern California Edison Company	3/15/2040	5.500%	975,000	953,522	989,992
Pfizer, Inc.	5/28/2040	2.550%	1,000,000	999,832	734,151
Pfizer, Inc.	5/28/2040	2.550%	400,000	400,000	293,660
Coca-Cola Company	6/1/2040	2.500%	1,000,000	992,421	757,695
Merck & Company, Inc.	6/24/2040	2.350%	1,000,000	977,229	725,280
Merck & Company, Inc.	6/24/2040	2.350%	400,000	387,474	290,112
Mars Incorporated	7/16/2040	2.375%	1,000,000	969,179	716,418
Alphabet Inc.	8/15/2040	1.900%	600,000	554,708	417,170

City of Alexandria Employees' Retirement System
Investments - Corporate Bonds
December 31, 2023

Schedule 5
(Continued)

Description	Maturity Date	Interest Rate	Face Value	Amortized Cost	Fair Value
Bristol-Myers Squib Company	11/13/2040	2.350%	\$ 680,000	\$ 653,276	\$ 474,586
Bristol-Myers Squib Company	11/13/2040	2.350%	1,000,000	968,067	697,921
Apple Inc.	2/8/2041	2.375%	1,000,000	969,757	734,714
Bank of America Corporation	6/19/2041	2.676%	1,000,000	974,347	715,980
Philip Morris International, Inc.	11/15/2041	4.375%	300,000	299,253	265,689
Halliburton Company	11/15/2041	4.500%	300,000	303,555	272,204
Halliburton Company	11/15/2041	4.500%	750,000	734,933	680,511
Philip Morris International, Inc.	11/15/2041	4.375%	250,000	249,276	221,408
Florida Power & Light Company	2/1/2042	4.125%	500,000	500,231	450,219
Pepsico Capital Resources, Inc.	3/5/2042	4.000%	1,000,000	999,164	904,986
Mississippi Power Company	3/15/2042	4.250%	1,000,000	984,249	858,148
United Health Group Incorporated	3/15/2042	4.375%	500,000	493,315	462,380
Duke Energy Indiana, Inc.	3/15/2042	4.200%	500,000	499,728	429,841
Southern California Edison Company	3/15/2042	4.050%	500,000	496,197	422,912
Philip Morris International, Inc.	3/20/2042	4.500%	505,000	511,733	453,789
International Business Machines Corporation	6/20/2042	4.000%	1,000,000	958,246	871,849
Target Corporation	7/1/2042	4.000%	500,000	506,058	451,982
Target Corporation	7/1/2042	4.000%	1,000,000	995,204	903,963
Anheuser-Busch Inbev Worldwide, Inc.	7/15/2042	3.750%	250,000	242,601	212,232
Anheuser-Busch Inbev Worldwide, Inc.	7/15/2042	3.750%	250,000	246,265	212,232
Metlife, Inc.	8/13/2042	4.125%	1,000,000	986,565	885,846
Metlife, Inc.	8/13/2042	4.125%	500,000	486,090	442,923
Caterpillar, Inc.	8/15/2042	3.803%	1,000,000	1,002,726	879,002
Estee Lauder Companies, Inc.	8/15/2042	3.700%	700,000	664,148	547,932
Merck & Company, Inc.	9/15/2042	3.600%	800,000	803,356	677,488
Astrazeneca PLC	9/18/2042	4.000%	500,000	505,663	452,370
Intel Corporation	12/15/2042	4.250%	1,000,000	1,001,040	902,800
Intel Corporation	2/10/2043	5.625%	1,000,000	999,069	1,071,453
Archer-Daniels-Midland Company	4/16/2043	4.016%	650,000	650,000	558,121
Archer-Daniels-Midland Company	4/16/2043	4.016%	600,000	588,518	515,189
Nike, Inc.	5/1/2043	3.625%	600,000	589,320	519,697
Loews Corporation	5/15/2043	4.125%	700,000	655,050	618,490
Walt Disney Company	6/1/2044	4.125%	720,000	707,590	641,381
Gulf Power Company	10/1/2044	4.550%	650,000	563,952	585,114
Apple Inc.	2/9/2045	3.450%	250,000	231,015	208,689
Apple Inc.	2/9/2045	3.450%	500,000	484,069	417,377
Microsoft Corporation	2/12/2045	3.750%	650,000	628,601	581,388
Eli Lilly & Company	3/1/2045	3.700%	500,000	499,619	433,339
Bellsouth Telecommunications, Inc.	11/15/2045	5.850%	800,000	764,832	723,981
Bellsouth Telecommunications, Inc.	11/15/2045	5.850%	750,000	706,321	678,732
Alabama Power Company	1/2/2046	4.300%	850,000	746,418	749,695
Indianapolis Power & Light Company	5/1/2046	4.050%	1,000,000	837,200	825,792
Wells Fargo & Company	6/14/2046	4.400%	500,000	505,746	421,317
Boeing Company	6/15/2046	3.375%	500,000	498,160	366,553
Oracle Corporation	7/15/2046	4.000%	500,000	489,834	401,650
Oracle Corporation	7/15/2046	4.000%	300,000	304,718	240,990
Comcast Corporation	7/15/2046	3.400%	600,000	555,983	466,073
Walt Disney Company	7/30/2046	3.000%	680,000	661,941	498,087
Apple Inc.	8/4/2046	3.850%	500,000	499,958	440,102
Union Pacific Corporation	8/15/2046	3.350%	1,000,000	924,756	752,841
Shell International Finance B.V.	9/12/2046	3.750%	1,000,000	998,007	833,128
Shell International Finance B.V.	9/12/2046	3.750%	500,000	495,220	416,564
Pepsico Capital Resources, Inc.	10/6/2046	3.450%	600,000	583,269	495,478
AFLAC, Inc.	10/15/2046	4.000%	1,000,000	987,376	819,890
United Parcel Service, Inc.	11/15/2046	3.400%	550,000	537,263	441,412
Pfizer, Inc.	12/15/2046	4.125%	600,000	602,046	533,921

City of Alexandria Employees' Retirement System
Investments - Corporate Bonds
December 31, 2023

Schedule 5
(Concluded)

Description	Maturity Date	Interest Rate	Face Value	Amortized Cost	Fair Value
Gilead Sciences, Inc.	3/1/2047	4.150%	\$ 500,000	\$ 486,875	\$ 437,175
Gilead Sciences, Inc.	3/1/2047	4.150%	600,000	583,183	524,611
Progressive Corporation	4/15/2047	4.125%	600,000	593,783	528,484
Lowe's Companies, Inc.	5/3/2047	4.050%	600,000	581,235	494,226
QUALCOMM Inc.	5/20/2047	4.300%	500,000	478,913	458,178
Travelers Companies, Inc.	5/30/2047	4.000%	500,000	495,941	432,674
United Health Group Incorporated	10/15/2047	3.750%	1,000,000	958,960	824,966
Target Corporation	11/15/2047	3.900%	600,000	597,744	515,564
United Parcel Service, Inc.	11/15/2047	3.750%	950,000	927,499	807,105
Oracle Corporation	11/15/2047	4.000%	530,000	525,598	419,251
Oracle Corporation	11/15/2047	4.000%	400,000	392,382	316,416
Travelers Companies, Inc.	3/7/2048	4.050%	1,000,000	982,750	872,496
Shell International Finance B.V.	11/7/2049	3.125%	900,000	925,730	662,483
International Business Machines Corporation	5/15/2050	2.950%	500,000	490,541	345,281
Berkshire Hathaway Finance Corporation	10/15/2050	2.850%	500,000	486,901	349,788
BP Capital Markets America, Inc.	6/4/2051	2.939%	500,000	472,010	346,000
JPMorgan Chase & Company	4/22/2052	3.328%	500,000	508,874	373,375
Idaho Power Company	4/1/2054	5.800%	1,000,000	933,129	1,084,523
Intel Corporation	2/15/2060	3.100%	500,000	485,600	344,493
			<u>\$ 94,820,000</u>	<u>\$ 92,780,843</u>	<u>\$ 85,196,266</u>

**City of Alexandria Employees' Retirement System
Investments - U.S. Government Agency Notes
December 31, 2023**

Schedule 6

<u>Description</u>	<u>Maturity</u>	<u>Yield</u>	<u>Face Value</u>	<u>Amortized Cost</u>	<u>Fair Value</u>
Federal Home Loan Banks Debenture	02/25/41	2.000%	\$ 500,000	\$ 489,843	\$ 329,287
Totals			<u>\$ 500,000</u>	<u>\$ 489,843</u>	<u>\$ 329,287</u>

Yield represents yield to maturity.

See independent auditor's report.

**City of Alexandria Employees' Retirement System
Investments - Preferred Stocks
December 31, 2023**

Schedule 7

Description	Number of Shares	Cost	Fair Value
Bank of America Corporation	34,000	\$ 856,790	\$ 626,280
Entergy Arkansas, LLC	5,000	126,750	106,500
Entergy Louisiana, Inc.	5,000	125,800	106,150
The Southern Company	34,000	861,687	676,600
U.S. Bancorp	34,000	848,663	598,740
Totals		\$ 2,819,690	\$ 2,114,270

See independent auditor's report.

**City of Alexandria Employees' Retirement System
Investments - Common Stocks
December 31, 2023**

Schedule 8

Description	Number of Shares	Cost	Fair Value
AbbVie Inc.	41,180	\$ 4,412,507	\$ 6,381,665
Advance Micro Devices, Inc.	21,000	1,639,123	3,095,610
Alnylam Pharmaceuticals, Inc.	17,000	2,459,073	3,253,970
Amazon.com, Inc.	53,200	5,951,232	8,083,208
Amgen Inc.	18,000	1,475,675	5,184,360
APA Corporation	10,000	745,381	358,800
Apple Inc.	18,000	500,600	3,465,540
Bank of America Corporation	39,500	1,342,546	1,329,965
Caterpillar Inc.	18,300	2,010,641	5,410,761
Chevron Corporation	15,000	2,162,805	2,237,400
Cisco Systems, Inc.	50,000	2,439,030	2,526,000
Deere & Company	13,000	1,557,998	5,198,310
Emerson Electric Co.	59,096	2,756,352	5,751,814
Fluor Corporation	20,000	1,050,365	783,400
Honeywell International Inc.	20,000	1,158,741	4,194,200
Intellia Therapeutics, Inc.	33,000	4,438,479	1,006,170
International Business Machines Corporation	40,300	5,648,392	6,591,065
Johnson & Johnson	22,000	1,532,833	3,448,280
JPMorgan Chase & Co.	34,372	3,745,419	5,846,677
Kenvue Inc	60,000	1,581,384	1,291,800
Lowe's Companies, Inc.	27,500	3,261,123	6,120,125
Medtronic plc	49,750	4,406,455	4,098,405
Merck & Co., Inc.	10,000	880,187	1,090,200
Microsoft Corporation	19,400	1,265,012	7,295,176
NVIDIA Corporation	13,500	2,599,075	6,685,470
Oracle Corporation	18,000	1,252,302	1,897,740
QUALCOMM Incorporated	20,000	1,786,074	2,892,600
Red River Bancshares, Inc.	6,000	301,862	336,660
The Coca-Cola Company	94,235	3,670,773	5,553,269
The Kraft Heinz Company	10,500	965,709	388,290
The Procter & Gamble Company	36,625	2,054,128	5,367,027
Union Pacific Corporation	21,000	503,843	5,158,020
Totals		<u>\$ 71,555,119</u>	<u>\$ 122,321,977</u>

See independent auditor's report.

**City of Alexandria Employees' Retirement System
Schedule of Compensation, Benefits, and
Other Payments to Chief Executive Officer
Year Ended December 31, 2023**

Schedule 9

Chief Executive Officer: Richard G. Moriarty

Purpose	Amount
Salary	\$ 57,225
Benefits-insurance	-
Benefits-retirement	-
Benefits-other	-
Car allowance	-
Vehicle provided by government	-
Per diem	-
Reimbursements	-
Travel	-
Registration fees	-
Conference travel	-
Continuing professional education fees	-
Housing	-
Unvouchered expenses	-
Special meals	-
Total	\$ 57,225

See independent auditor's report.

**Other Report Required by
*Government Auditing Standards***



PAYNE, MOORE & HERRINGTON, LLP

CERTIFIED PUBLIC ACCOUNTANTS

Established 1945

**Independent Auditor's Report
on Internal Control Over Financial Reporting and on
Compliance and Other Matters Based on an Audit of Financial Statements
Performed in Accordance with *Government Auditing Standards***

To the Board of Trustees
City of Alexandria Employees' Retirement System
Alexandria, Louisiana

We have audited, in accordance with the 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, the statements of fiduciary net position and changes in fiduciary net position of the City of Alexandria Employees' Retirement System (the System) as of and for the year ended December 31, 2023, and the related notes to the financial statements, which collectively comprise the System's basic financial statements, and have issued our report thereon dated May 20, 2024.

Report on Internal Control Over Financial Reporting

In planning and performing our audit of the financial statements, we considered the System's internal control over financial reporting (internal control) as a basis for designing audit procedures that are appropriate in the circumstances for the purpose of expressing our opinions on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of the System's internal control. Accordingly, we do not express an opinion on the effectiveness of the System's internal control.

A *deficiency in internal control* exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct, misstatements, on a timely basis. A *material weakness* is a deficiency, or a combination of deficiencies, in internal control, such that there is a reasonable possibility that a material misstatement of the entity's financial statements will not be prevented, or detected and corrected, on a timely basis. A *significant deficiency* is a deficiency, or a combination of deficiencies, in internal control that is less severe than a material weakness, yet important enough to merit attention by those charged with governance.

Our consideration of internal control was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control that might be material weaknesses or significant deficiencies. Given these limitations, during our audit we did not identify any deficiencies in internal control that we consider to be material weaknesses. However, material weaknesses or significant deficiencies may exist that were not identified.

Rebecca B. Morris, C.P.A.
Michael A. Juneau, C.P.A.
Cindy L. Humphries, C.P.A.

Rebecca G. Nation, C.P.A.
Evelyn T. Renfrow, C.P.A.
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PAYNE, MOORE & HERRINGTON, LLP

To the Board of Trustees
City of Alexandria Employees' Retirement System

Report on Compliance and Other Matters

As part of obtaining reasonable assurance about whether the System's financial statements are free from material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements, noncompliance with which could have a direct and material effect on the financial statements. 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 or other matters that are required to be reported under *Government Auditing Standards*.

Purpose of this Report

The purpose of this report is solely to describe the scope of our testing of internal control and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the System's internal control or on compliance. This report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the System's internal control and compliance. Accordingly, this communication is not suitable for any other purpose.

Payne, Moore & Herrington, LLP

Certified Public Accountants
Alexandria, Louisiana

May 20, 2024

Schedule of Findings and Responses

**City of Alexandria Employees' Retirement System
 Schedule of Findings and Responses
 Year Ended December 31, 2023**

Part I - Summary of Auditor's Results

Financial Statements

Type of auditor's report issued:

Unmodified

Internal control over financial reporting:

Material weakness(es) identified?

___ Yes X No

Significant deficiency(ies) identified not considered to be material weaknesses?

___ Yes X None reported

Noncompliance material to the financial statements noted?

___ Yes X No

Federal Awards

Not Applicable

Management's Summary Schedule of Prior Year Audit Findings

Not Applicable

Management's Corrective Action Plan

Not Applicable

Other Comments and Recommendations

Not Applicable

Part II - Findings Related to the Financial Statements

None

Part III - Findings and Questioned Costs for Federal Awards

Not Applicable

*City of Alexandria Employees'
Retirement System*

Statewide Agreed-Upon Procedures Report

Alexandria, Louisiana

December 31, 2023



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Independent Accountant's Report on Applying Agreed-Upon Procedures

To the Board of Trustees
City of Alexandria Employees' Retirement System
and the Louisiana Legislative Auditor

We have performed the procedures enumerated below on the control and compliance (C/C) areas identified in the Louisiana Legislative Auditor's (LLA) Statewide Agreed-Upon Procedures (SAUPs) for the fiscal period January 1, 2023 through December 31, 2023. The City of Alexandria Employees' Retirement System's (Entity) management is responsible for those C/C areas identified in the SAUPs.

The City of Alexandria Employee's Retirement System has agreed to and acknowledged that the procedures performed are appropriate to meet the intended purpose of the engagement, which is to perform specified procedures on the C/C areas identified in LLA's SAUPs for the fiscal period January 1, 2023 through December 31, 2023. Additionally, LLA has agreed to and acknowledged that the procedures performed are appropriate for its purposes. This report may not be suitable for any other purpose. The procedures performed may not address all the items of interest to a user of this report and may not meet the needs of all users of this report and, as such, users are responsible for determining whether the procedures performed are appropriate for their purposes.

The procedures and associated results are as follows:

Written Policies and Procedures

1. **Procedure:** Obtain and inspect the Entity's written policies and procedures and observe whether they address each of the following categories and subcategories if applicable to public funds and the Entity's operations:
 - a) ***Budgeting***, including preparing, adopting, monitoring, and amending the budget.
 - b) ***Purchasing***, including (1) how purchases are initiated, (2) how vendors are added to the vendor list, (3) the preparation and approval process of purchase requisitions and purchase orders, (4) controls to ensure compliance with the Public Bid Law, and (5) documentation required to be maintained for all bids and price quotes.
 - c) ***Disbursements***, including processing, reviewing, and approving.





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To the Board of Trustees
City of Alexandria Employees' Retirement System
and the Louisiana Legislative Auditor

- d) **Receipts/Collections**, including receiving, recording, and preparing deposits. Also, policies and procedures should include management's actions to determine the completeness of all collections for each type of revenue or agency fund additions (e.g., periodic confirmation with outside parties, reconciliation to utility billing after cutoff procedures, reconciliation of traffic ticket number sequences, agency fund forfeiture monies confirmation).
- e) **Payroll/Personnel**, including (1) payroll processing, (2) reviewing and approving time and attendance records, including leave and overtime worked, and (3) approval process for employee rates of pay or approval and maintenance of pay rate schedules.
- f) **Contracting**, including (1) types of services requiring written contracts, (2) standard terms and conditions, (3) legal review, (4) approval process, and (5) monitoring process.
- g) **Travel and Expense Reimbursement**, including (1) allowable expenses, (2) dollar thresholds by category of expense, (3) documentation requirements, and (4) required approvers.
- h) **Credit Cards (and debit cards, fuel cards, purchase cards, if applicable)**, including (1) how cards are to be controlled, (2) allowable business uses, (3) documentation requirements, (4) required approvers of statements, and (5) monitoring card usage (e.g., determining the reasonableness of fuel card purchases).
- i) **Ethics**, including (1) the prohibitions as defined in Louisiana Revised Statute (R.S.) 42:1111-1121, (2) actions to be taken if an ethics violation takes place, (3) system to monitor possible ethics violations, and (4) a requirement that documentation is maintained to demonstrate that all employees and officials were notified of any changes to the Entity's ethics policy.
- j) **Debt Service**, including (1) debt issuance approval, (2) continuing disclosure/EMMA reporting requirements, (3) debt reserve requirements, and (4) debt service requirements.
- k) **Information Technology Disaster Recovery/Business Continuity**, including (1) identification of critical data and frequency of data backups, (2) storage of backups in a separate physical location isolated from the network, (3) periodic testing/verification that backups can be restored, (4) use of antivirus software on all systems, (5) timely application of all available system and software patches/updates, and (6) identification of personnel, processes, and tools needed to recover operations after a critical event.



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To the Board of Trustees
City of Alexandria Employees' Retirement System
and the Louisiana Legislative Auditor

- l) **Prevention of Sexual Harassment**, including R.S. 42:342-344 requirements for (1) agency responsibilities and prohibitions, (2) annual employee training, and (3) annual reporting.

Results: In our examination of written policies and procedures, we found that the Entity did not have formal written policies and procedures for the following areas: purchasing, disbursements, receipts/collections, payroll/personnel, contracting, ethics, information technology disaster recovery/business continuity, or prevention of sexual harassment.

Management's Response: The retirement system maintains written procedures relative to the areas of computer systems operations; investment policy; rules pertaining to the administration of the law delineated in the Revised Statutes that established and define the various operations of the system. Insofar as rules relating to purchasing, it is not practical to develop such as the system's purchases are so small in scope and financial expense. The reporting of receipts, disbursements and payroll costs are adequately handled through the general ledger accounting system and the costs are accounted for accurately through that process. The retirement system has developed a procedures manual to cover all aspects of the payroll system. There are no contracts utilized by the retirement system except for that of the auditors, actuary and the office lease. The retirement system office follows the Revised Statutes regarding ethics and the attendance of annual meetings pertaining to the same.

Board or Finance Committee

2. **Procedure:** Obtain and inspect the board/finance committee minutes for the fiscal period, as well as the board's enabling legislation, charter, bylaws, or equivalent document in effect during the fiscal period, and
 - a) Observe that the board/finance committee met with a quorum at least monthly, or on a frequency in accordance with the board's enabling legislation, charter, bylaws, or other equivalent document.
 - b) For those entities reporting on the governmental accounting model, observe whether the minutes referenced or included monthly budget-to-actual comparisons on the general fund, quarterly budget-to-actual comparisons, at a minimum, on all proprietary funds, and semi-annual budget-to-actual comparisons, at a minimum, on all special revenue funds. *Alternatively, for those entities reporting on the not-for-profit accounting model, observe that the minutes referenced or included financial activity relating to public funds if those public funds comprised more than 10% of the Entity's collections during the fiscal period.*



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To the Board of Trustees
City of Alexandria Employees' Retirement System
and the Louisiana Legislative Auditor

- c) For governmental entities, obtain the prior year audit report and observe the unassigned fund balance in the general fund. If the general fund had a negative ending unassigned fund balance in the prior year audit report, observe that the minutes for at least one meeting during the fiscal period referenced or included a formal plan to eliminate the negative unassigned fund balance in the general fund.
- d) Observe whether the board/finance committee received written updates of the progress of resolving audit finding(s), according to management's corrective action plan at each meeting until the findings are considered fully resolved.

Results: No exceptions were found as a result of this procedure.

Bank Reconciliations

- 3. **Procedure:** Obtain a listing of Entity bank accounts for the fiscal period from management and management's representation that the listing is complete. Ask management to identify the Entity's main operating account. Select the Entity's main operating account and randomly select four (4) additional accounts [or all accounts if less than five (5)]. Randomly select one (1) month from the fiscal period, obtain and inspect the corresponding bank statement and reconciliation for each selected account, and observe that:
 - a) Bank reconciliations include evidence that they were prepared within two (2) months of the related statement closing date (e.g., initialed and dated or electronically logged);
 - b) Bank reconciliations include written evidence that a member of management or a board member who does not handle cash, post ledgers, or issue checks has reviewed each bank reconciliation within one (1) month of the date the reconciliation was prepared (e.g., initialed and dated or electronically logged); and
 - c) Management has documentation reflecting that it has researched reconciling items that have been outstanding for more than twelve (12) months from the statement closing date, if applicable.

Results: In our examination of bank reconciliations, we noted that the bank reconciliations tested were not reviewed by management or a board member with no involvement in the transactions associated with the bank account.



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To the Board of Trustees
City of Alexandria Employees' Retirement System
and the Louisiana Legislative Auditor

Management's Response: The retirement office is a two person staff. Normally one staff person initiates the work resulting in expenditures of monies, and the other person in the office completes the work associated with that transaction. In that way, there usually is the involvement of the two members of the office staff in transactions resulting in a check and balance in the work.

Collections (excluding electronic funds transfers)

4. **Procedure:** Obtain a listing of deposit sites for the fiscal period where deposits for cash/checks/money orders (cash) are prepared and management's representation that the listing is complete. Randomly select five (5) deposit sites [or all deposit sites if less than five (5)].

Results: No exceptions were found as a result of this procedure.

5. **Procedure:** For each deposit site selected, obtain a listing of collection locations and management's representation that the listing is complete. Randomly select one (1) collection location for each deposit site [e.g., five (5) collection locations for five (5) deposit sites], obtain and inspect written policies and procedures relating to employee job duties (if there are no written policies or procedures, then inquire of employees about their job duties) at each collection location, and observe that job duties are properly segregated at each collection location such that

- a) Employees responsible for cash collections do not share cash drawers/registers;
- b) Each employee responsible for collecting cash is not also responsible for preparing/making bank deposits, unless another employee/official is responsible for reconciling collection documentation (e.g., pre-numbered receipts) to the deposit;
- c) Each employee responsible for collecting cash is not also responsible for posting collection entries to the general ledger or subsidiary ledgers, unless another employee/official is responsible for reconciling ledger postings to each other and to the deposit; and
- d) The employee(s) responsible for reconciling cash collections to the general ledger and/or subsidiary ledgers, by revenue source and/or custodial fund additions, is (are) not also responsible for collecting cash, unless another employee/official verifies the reconciliation.

Results: In our examination of collections, we noted that employees responsible for collecting cash also prepare and make bank deposits, post collection entries to the general ledger, and reconcile the cash collections to the general ledger.



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To the Board of Trustees
City of Alexandria Employees' Retirement System
and the Louisiana Legislative Auditor

Management's Response: There is no cash handled by the retirement office. All transactions are by check and ACH transactions. In the last several years, the volume of work in the handling of monies has been reduced to both a debit and credit ACH, all of which is initiated by the investment firm with whom the system deals. The only check of consequence received is for the employer and employee contributions each pay period received from the parent organization [City]. These checks are balanced against the payroll registers received from the City Payroll department, and then deposited on the date received. Both of these transactions are audited by the system auditors at year end. Written policies in this instance are not of necessity to carry out the work.

6. **Procedure:** Obtain from management a copy of the bond or insurance policy for theft covering all employees who have access to cash. Observe that the bond or insurance policy for theft was in force during the fiscal period.

Results: No exceptions were found as a result of this procedure.

7. **Procedure:** Randomly select two (2) deposit dates for each of the five (5) bank accounts selected for Bank Reconciliations procedure #3 (select the next deposit date chronologically if no deposits were made on the dates randomly selected and randomly select a deposit if multiple deposits are made on the same day). *Alternately, the practitioner may use a source document other than bank statements when selecting the deposit dates for testing, such as a cash collection log, daily revenue report, receipt book, etc.* Obtain supporting documentation for each of the ten (10) deposits and

- a) Observe that receipts are sequentially pre-numbered.
- b) Trace sequentially pre-numbered receipts, system reports, and other related collection documentation to the deposit slip.
- c) Trace the deposit slip total to the actual deposit per the bank statement.
- d) Observe that the deposit was made within one (1) business day of receipt at the collection location [within one (1) week if the depository is more than ten (10) miles from the collection location or the deposit is less than \$100 and the cash is stored securely in a locked safe or drawer].
- e) Trace the actual deposit per the bank statement to the general ledger.

Results: No exceptions were found as a result of this procedure.



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Non-Payroll Disbursements (excluding card purchases, travel reimbursements, and petty cash purchases)

8. **Procedure:** Obtain a listing of locations that process payments for the fiscal period and management's representation that the listing is complete. Randomly select five (5) locations [or all locations if less than five (5)].

Results: No exceptions were found as a result of this procedure.

9. **Procedure:** For each location selected under procedure #8 above, obtain a listing of those employees involved with non-payroll purchasing and payment functions. Obtain written policies and procedures relating to employee job duties (if the agency has no written policies and procedures, then inquire of employees about their job duties), and observe that job duties are properly segregated such that:
- a) At least two (2) employees are involved in initiating a purchase request, approving a purchase, and placing an order or making the purchase;
 - b) At least two (2) employees are involved in processing and approving payments to vendors;
 - c) The employee responsible for processing payments is prohibited from adding/modifying vendor files, unless another employee is responsible for periodically reviewing changes to vendor files;
 - d) Either the employee/official responsible for signing checks mails the payment or gives the signed checks to an employee to mail who is not responsible for processing payments; and
 - e) Only employees/officials authorized to sign checks approve the electronic disbursement (release) of funds, whether through automated clearinghouse (ACH), electronic funds transfer (EFT), wire transfer, or some other electronic means.

[Note: Findings related to controls that constrain the legal authority of certain public officials (e.g., mayor of a Lawrason Act municipality) should not be reported.]

Results: In our examination of non-payroll disbursements, we noted that the employee responsible for processing payments is the same employee who is responsible for mailing the payments.



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Management's Response: All expenditures of funds are governed by and through an operating budget which is adopted by the Board of Trustees of the Retirement System at the beginning of the fiscal year.

10. **Procedure:** For each location selected under procedure #8 above, obtain the Entity's non-payroll disbursement transaction population (excluding cards and travel reimbursements) and obtain management's representation that the population is complete. Randomly select five (5) disbursements for each location, obtain supporting documentation for each transaction, and
- a) Observe whether the disbursement, whether by paper or electronic means, matched the related original itemized invoice and supporting documentation indicates that deliverables included on the invoice were received by the Entity, and
 - b) Observe whether the disbursement documentation included evidence (e.g., initial/date, electronic logging) of segregation of duties tested under #9, as applicable.

Results: No exceptions were found as a result of this procedure.

11. **Procedure:** Using the Entity's main operating account and the month selected in Bank Reconciliations procedure #3, randomly select five (5) non-payroll-related electronic disbursements [or all electronic disbursements if less than five (5)] and observe that each electronic disbursement was (a) approved by only those persons authorized to disburse funds (e.g., sign checks) per the Entity's policy, and (b) approved by the required number of authorized signers per the Entity's policy. *Note: If no electronic payments were made from the main operating account during the month selected the practitioner should select an alternative month and/or account for testing that does include electronic disbursements.*

Results: No exceptions were found as a result of this procedure.

Credit Cards/Debit Cards/Fuel Cards/Purchase Cards (Cards)

12. **Procedure:** Obtain from management a listing of all active credit cards, bank debit cards, fuel cards, and purchase cards (cards) for the fiscal period, including the card numbers and the names of the persons who maintained possession of the cards. Obtain management's representation that the listing is complete.

Results: This procedure is not applicable because the Entity does not have credit cards, debit cards, fuel cards, or purchase cards.



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13. **Procedure:** Using the listing prepared by management, randomly select five (5) cards [or all cards if less than five (5)] that were used during the fiscal period. Randomly select one (1) monthly statement or combined statement for each card (for a debit card, randomly select one (1) monthly bank statement). Obtain supporting documentation, and
- a) Observe whether there is evidence that the monthly statement or combined statement and supporting documentation (e.g., original receipts for credit/debit card purchases, exception reports for excessive fuel card usage) were reviewed and approved, in writing (or electronically approved) by someone other than the authorized card holder (those instances requiring such approval that may constrain the legal authority of certain public officials, such as the mayor of a Lawrason Act municipality, should not be reported); and
 - b) Observe that finance charges and late fees were not assessed on the selected statements.

Results: This procedure is not applicable because the Entity does not have credit cards, debit cards, fuel cards, or purchase cards.

14. **Procedure:** Using the monthly statements or combined statements selected under procedure #13 above, excluding fuel cards, randomly select ten (10) transactions [or all transactions if less than ten (10)] from each statement, and obtain supporting documentation for the transactions (e.g., each card should have ten (10) transactions subject to inspection). For each transaction, observe that it is supported by (1) an original itemized receipt that identifies precisely what was purchased, (2) written documentation of the business/public purpose, and (3) documentation of the individuals participating in meals (for meal charges only). For missing receipts, the practitioner should describe the nature of the transaction and observe whether management had a compensating control to address missing receipts, such as a "missing receipt statement" that is subject to increased scrutiny.

Results: This procedure is not applicable because the Entity does not have credit cards, debit cards, fuel cards, or purchase cards.



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Travel and Travel-Related Expense Reimbursements (excluding card transactions)

- 15. Procedure:** Obtain from management a listing of all travel and travel-related expense reimbursements during the fiscal period and management's representation that the listing or general ledger is complete. Randomly select five (5) reimbursements and obtain the related expense reimbursement forms/prepaid expense documentation of each selected reimbursement, as well as the supporting documentation. For each of the five (5) reimbursements selected:
- a) If reimbursed using a per diem, observe that the approved reimbursement rate is no more than those rates established either by the State of Louisiana or the U.S. General Services Administration (www.gsa.gov);
 - b) If reimbursed using actual costs, observe that the reimbursement is supported by an original itemized receipt that identifies precisely what was purchased;
 - c) Observe that each reimbursement is supported by documentation of the business/public purpose (for meal charges, observe that the documentation includes the names of those individuals participating) and other documentation required by Written Policies and Procedures procedure #1g; and
 - d) Observe that each reimbursement was reviewed and approved, in writing, by someone other than the person receiving reimbursement.

Results: This procedure is not applicable because the Entity did not have travel and travel-related expense reimbursements during the fiscal period.

Contracts

- 16. Procedure:** Obtain from management a listing of all agreements/contracts for professional services, materials and supplies, leases, and construction activities that were initiated or renewed during the fiscal period. *Alternately, the practitioner may use an equivalent selection source, such as an active vendor list.* Obtain management's representation that the listing is complete. Randomly select five (5) contracts [or all contracts if less than five (5)] from the listing, excluding the practitioner's contract, and
- a) Observe whether the contract was bid in accordance with the Louisiana Public Bid Law (e.g., solicited quotes or bids, advertised), if required by law;



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- b) Observe whether the contract was approved by the governing body/board, if required by policy or law (e.g., Lawrason Act, Home Rule Charter);
- c) If the contract was amended (e.g., change order), observe that the original contract terms provided for such an amendment and that amendments were made in compliance with the contract terms (e.g., if approval is required for any amendment, the documented approval); and
- d) Randomly select one (1) payment from the fiscal period for each of the five (5) contracts, obtain the supporting invoice, agree the invoice to the contract terms, and observe that the invoice and related payment agreed to the terms and conditions of the contract.

Results: No exceptions were found as a result of this procedure.

Payroll and Personnel

- 17. Procedure:** Obtain a listing of employees and officials employed during the fiscal period and management's representation that the listing is complete. Randomly select five (5) employees or officials, obtain related paid salaries and personnel files, and agree paid salaries to authorized salaries/pay rates in the personnel files.

Results: No exceptions were found as a result of this procedure.

- 18. Procedure:** Randomly select one (1) pay period during the fiscal period. For the five (5) employees or officials selected under #17 above, obtain attendance records and leave documentation for the pay period, and
- a) Observe that all selected employees or officials documented their daily attendance and leave (e.g., vacation, sick, compensatory);
 - b) Observe whether supervisors approved the attendance and leave of the selected employees or officials;
 - c) Observe that any leave accrued or taken during the pay period is reflected in the Entity's cumulative leave records; and
 - d) Observe the rate paid to the employees or officials agrees to the authorized salary/pay rate found within the personnel file.



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Results: We found that the Entity does not keep written documentation on daily attendance and leave.

Management's Response: The retirement office is not under civil service, and its personnel are at will employees. The salaries approved by the Board of Trustees in the budget process are for annual salaries, paid on a semi-monthly basis. Leave is not delineated by the Board of Trustees and the Secretary-Treasurer is delegated operational authority.

19. **Procedure:** Obtain a listing of those employees or officials that received termination payments during the fiscal period and management's representation that the list is complete. Randomly select two (2) employees or officials and obtain related documentation of the hours and pay rates used in management's termination payment calculations and the Entity's policy on termination payments. Agree the hours to the employee's or official's cumulative leave records, agree the pay rates to the employee's or official's authorized pay rates in the employee's or official's personnel files, and agree the termination payment to Entity policy.

Results: This procedure is not applicable because the Entity incurred no employee or official terminations during the fiscal period.

20. **Procedure:** Obtain management's representation that employer and employee portions of third-party payroll related amounts (e.g., payroll taxes, retirement contributions, health insurance premiums, garnishments, workers' compensation premiums, etc.) have been paid, and any associated forms have been filed, by required deadlines.

Results: No exceptions were found as a result of this procedure.

Ethics

21. **Procedure:** Using the five (5) randomly selected employees/officials from Payroll and Personnel procedure #17 obtain ethics documentation from management, and
- a) Observe whether the documentation demonstrates that each employee/official completed one (1) hour of ethics training during the calendar year as required by R.S. 42:1170; and
 - b) Observe whether the Entity maintains documentation which demonstrates that each employee and official were notified of any changes to the Entity's ethics policy during the fiscal period, as applicable.

Results: No exceptions were found as a result of this procedure.



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22. **Procedure:** Inquire and/or observe whether the Entity has appointed an ethics designee as required by R.S.42:1170.

Results: No exceptions were found as a result of this procedure.

Debt Service

23. **Procedure:** Obtain a listing of bonds/notes and other debt instruments issued during the fiscal period and management's representation that the listing is complete. Select all debt instruments on the listing, obtain supporting documentation, and observe that State Bond Commission approval was obtained for each debt instrument issued as required by Article VII, Section 8 of the Louisiana Constitution.

Results: This procedure is not applicable because the Entity does not have any debt.

24. **Procedure:** Obtain a listing of bonds/notes outstanding at the end of the fiscal period and management's representation that the listing is complete. Randomly select one (1) bond/note, inspect debt covenants, obtain supporting documentation for the reserve balance and payments, and agree actual reserve balances and payments to those required by debt covenants (including contingency funds, short-lived asset funds, or other funds required by the debt covenants).

Results: This procedure is not applicable because the Entity does not have any debt.

Fraud Notice

25. **Procedure:** Obtain a listing of misappropriations of public funds and assets during the fiscal period and management's representation that the listing is complete. Select all misappropriations on the listing, obtain supporting documentation, and observe that the Entity reported the misappropriation(s) to the legislative auditor and the district attorney of the parish in which the Entity is domiciled as required by R.S. 24:523.

Results: No exceptions were found as a result of this procedure.

26. **Procedure:** Observe that the Entity has posted, on its premises and website, the notice required by R.S. 24:523.1 concerning the reporting of misappropriation, fraud, waste, or abuse of public funds.

Results: No exceptions were found as a result of this procedure.



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Information Technology Disaster Recovery/Business Continuity

27. Procedure: Perform the following procedures, **verbally discuss the results with management, and report "We performed the procedure and discussed the results with management"**.

- a) Obtain and inspect the Entity's most recent documentation that it has backed up its critical data (if there is no written documentation, then inquire of personnel responsible for backing up critical data) and observe evidence that such backup (a) occurred within the past week, (b) was not stored on the government's local server or network, and (c) was encrypted.
- b) Obtain and inspect the Entity's most recent documentation that it has tested/verified that its backups can be restored (if there is no written documentation, then inquire of personnel responsible for testing/verifying backup restoration) and observe evidence that the test/verification was successfully performed within the past three (3) months.
- c) Obtain a listing of the Entity's computers currently in use and their related locations, and management's representation that the listing is complete. Randomly select five (5) computers and observe while management demonstrates that the selected computers have current and active antivirus software and that the operating system and accounting system software in use are currently supported by the vendor.

Results: We performed the procedure and discussed the results with management.

28. Procedure: Randomly select five (5) terminated employees [or all terminated employees if less than five (5)] using the list of terminated employees obtained in procedure #19. Observe evidence that the selected terminated employees have been removed or disabled from the network.

Results: This procedure is not applicable because the Entity did not have any terminated employees.

29. Procedure: Using the five (5) randomly selected employees/officials from Payroll and Personnel procedure #17, obtain cybersecurity training documentation from management, and observe that the documentation demonstrates that the following employees/officials with access to the agency's information technology assets have completed cybersecurity training as required by R.S. 42:1267. The requirements are as follows:

- a) Hired before June 9, 2020 – completed the training; and
- b) Hired on or after June 9, 2020 – completed the training within 30 days of initial service or employment.



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Results: We noted that the Entity's two (2) employees have not completed cybersecurity training.

Management's Response: On January 12, 2024, the retirement system inquired as to whether this training would be available through the City of Alexandria. At the present time, the City of Alexandria has not set up this training. On February 21, 2024, the retirement system sent an application to the State of Louisiana for the course "CPTP SCS Cybersecurity Awareness" and receive no response. On March 8, 2024, the retirement system sent an email to the State of Louisiana asking for a response from the original request and has yet to receive a response from that request.

Prevention of Sexual Harassment

30. **Procedure:** Using the five (5) randomly selected employees/officials from Payroll and Personnel procedure #17, obtain sexual harassment training documentation from management, and observe that the documentation demonstrates each employee/official completed at least one (1) hour of sexual harassment training during the calendar year as required by R.S. 42:343.

Results: No exceptions were found as a result of this procedure.

31. **Procedure:** Observe that the Entity has posted its sexual harassment policy and complaint procedure on its website (or in a conspicuous location on the Entity's premises if the Entity does not have a website).

Results: No exceptions were found as a result of this procedure.

32. **Procedure:** Obtain the Entity's annual sexual harassment report for the current fiscal period, observe that the report was dated on or before February 1, and observe that the report includes the applicable requirements of R.S. 42:344:

- a) Number and percentage of public servants in the agency who have completed the training requirements;
- b) Number of sexual harassment complaints received by the agency;
- c) Number of complaints which resulted in a finding that sexual harassment occurred;
- d) Number of complaints in which the finding of sexual harassment resulted in discipline or corrective action; and
- e) Amount of time it took to resolve each complaint.

Results: No exceptions were found as a result of this procedure.



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We were engaged by the City of Alexandria Employees' Retirement System to perform this agreed-upon procedures engagement and conducted our engagement in accordance with attestation standards established by the American Institute of Certified Public Accountants and applicable standards of *Government Auditing Standards*. We were not engaged to and did not conduct an examination or review engagement, the objective of which would be the expression of an opinion or conclusion, respectively, on those C/C areas identified in the SAUPs. Accordingly, we do not express such an opinion or conclusion. Had we performed additional procedures, other matters might have come to our attention that would have been reported to you.

We are required to be independent of the City of Alexandria Employees' Retirement System and to meet other ethical responsibilities, in accordance with the relevant ethical requirements related to our agreed-upon procedures engagement.

This report is intended solely to describe the scope of testing performed on those C/C areas identified in the SAUPs, and the result of that testing, and not to provide an opinion on control or compliance. Accordingly, this report is not suitable for any other purpose. Under Louisiana Revised Statute 24:513, this report is distributed by the LLA as a public document.

Payne, Moore & Herrington, LLP

Certified Public Accountants
Alexandria, Louisiana

May 20, 2024