

Municipal Police Employees' Retirement System
Minutes of the Audit, Finance, and Risk Management Committee Meeting
December 13, 2023

The Audit, Finance, and Risk Management Committee of the Municipal Police Employees' Retirement System held a Regular Meeting on Wednesday, December 13, 2023.

A. Call to Order

Committee Chairman Chief Edwin Bergeron, Jr. called the meeting to order at 9:10 a.m.

B. Roll Call

Members Present

Chief Edwin Bergeron, Jr., Committee Chairman
Major Raymond Burkart, Jr.
Mayor Gerard Landry (Virtual)

Members Absent

None

Others Present

Mr. Benjamin Huxen II, MPERS Executive Director and General Counsel
Ms. Taylor Camp, MPERS, Chief Financial Officer
Ms. Emily Thurston, MPERS, Accountant
Ms. Melissa Frazier, Benefits Administrator
Ms. Christie Ziadeh, Benefits Analyst (virtual)
Ms. Brooke LeBoeuf (virtual)
Mr. Greg Curran, Curran Actuarial Services, Actuary
Mr. David Barnes, NEPC, Investment Consultant
Ms. Michelle Cunningham, Auditor, DHHM
Mr. Jason Montegut, Auditor, DHHM
Chief David Addison, MPERS Trustee
Major (Retired) Kelly Gibson, MPERS Trustee
Lt. Tyrone Warren, MPERS Trustee
Chief Christopher Wilrye, MPERS Trustee
Mr. Ted Alpaugh, New Orleans FOP, Attorney
Mr. Joey David, House Retirement Committee, Legislative Analyst

C. Public Comment

Chief Bergeron called for public comments. There were no public comments.

D. Approval of the May 17, 2023 Committee Meeting Minutes

Motion by Major Raymond Burkart, Jr, seconded by Chief Edwin Bergeron, Jr., to approve the minutes of the committee meeting held May 17, 2023. Without objection, the motion carried.

E. New Business

1. Presentation of the Annual Comprehensive Financial Report for the Fiscal Years Ended June 30, 2023 and June 30, 2022

Michelle Cunningham and Jason Montegut of audit firm, Duplantier, Hrapmann, Hogan & Maher presented the system's Annual Comprehensive Financial Report. Ms. Cunningham described the many items audited during the annual audit process and stated that the system received an unmodified opinion. She discussed the audit of internal controls and compliance with laws and regulations. There were no significant deficiencies or non-compliance found.

Ms. Cunningham reviewed management's responsibilities and the auditor's responsibilities within the audit process. She stated that the auditor does not provide absolute assurance but provides reasonable assurance that material misstatements would be detected. She discussed the accounting standards applicable to MPERS including Governmental Accounting Standards Board (GASB) Statements 34, 40, 67, 68, 72, and 75. The annual audit reviewed key estimates in the fair value of investments, receivables, payables, total pension liability, discount rate, and long-term rate of return on investments.

Ms. Cunningham reviewed items of required supplementary information where the auditor provides an-in relation to opinion. These items include schedules of board member per diem, administrative and professional fees, investment expenses, and the schedule of compensation to the agency head.

Mr. Montegut reviewed the audited financial statements with the committee. He stated that system assets totaled \$2,636,775,223 as of June 30, 2023. After accounting for Deferred Outflows of Resources, system liabilities as of June 30, 2023 and Deferred Inflows of resources, the system's Fiduciary Net Position as of June 30, 2023 was \$2,625,060,377. He stated that the cost-of-living adjustment provided to retirees as of July 1, 2022 was the main reason for an increase in annual benefit payments in 2023 as compared to 2022.

Mr. Montegut then reviewed the changes in fiduciary net position. He stated that the increase in the net position for 2023 of \$147 million compares to a loss of \$339 million in 2022.

Ms. Cunningham discussed the chart related to 10-year history of Net Pension Liability of Employers. The chart includes items such as the actuarial cost

method used for GASB, the discount rate used in each of the ten years, the expected arithmetic nominal rates of return, the money weighted rate of return, the total pension liability, the plan fiduciary net position, employers' net pension liability, and plan fiduciary net position as a percentage of total pension liability.

Mr. Montegut then reviewed the census data testing required under GASB standards. He stated that they reviewed census data for Gonzales, Houma, Zachary, Morgan City, and New Orleans. The report provides a description of issues identified. He highlighted the fact that they found evidence of employees that appeared to be eligible for membership in MPERS that were not enrolled in MPERS. There were 15 in New Orleans and 2 in Houma.

Ms. Cunningham reviewed the Agreed Upon Procedures that were tested and stated that all necessary policies and procedures along with all the components needed in each were found to exist. She stated that there were no findings related to the procedures required by the Legislative Auditor within the Agreed Upon Procedures. She added that GASB 68 employer allocations would be checked soon and once audited, a final report will be provided for participating employers to find the values that they each must incorporate in their own audit reports.

2. Discussion and Action Regarding the Issuance of a Request for Proposals for Audits and Agreed Upon Procedures for the Fiscal Years Ended June 30, 2025, 2026, 2027, 2028, and 2029

Ms. Taylor Camp stated that the current audit contract ends after the 2024 audit cycle. She stated that she had put together a Request for Proposals from firms that have audited state and statewide retirement systems within Louisiana. This includes 3 or 4 different firms that would receive the request for a proposal for audits for fiscal years 2025 through 2029.

Motion by Major Raymond Burkart, Jr., seconded by Chief Edwin Bergeron, Jr., to recommend sending out the Request for Proposals to the identified firms. Without objection, the motion carried.

F. Other Business

There was no other business presented to the committee.

G. Adjourn

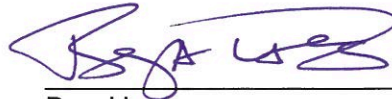
A motion was made by Major Raymond Burkart, Jr. and seconded by Chief Edwin Bergeron, Jr., to adjourn the meeting at 9:41 a.m. Without objection, the motion carried.

The next meeting date is January 17, 2024.

To the best of my knowledge, the foregoing minutes accurately represent the actions taken at the meeting held December 13, 2023.



Chief Edwin Bergeron,
Audit, Finance, and Risk Management
Committee Chairman



Ben Huxen,
Executive Director and General Counsel