

**Municipal Police Employees' Retirement System**  
**Minutes of the Audit, Finance, and Risk Management Committee Meeting**  
**January 18, 2023**

The Audit, Finance, and Risk Management Committee of the Municipal Police Employees' Retirement System held a Regular Meeting on Wednesday, January 18, 2023.

**A. Call to Order**

The meeting was called to order by Mr. Ben Huxen at 9:02 a.m.

**B. Roll Call**

**Members Present**

Major Raymond Burkart, Jr.  
Mayor Gerard Landry

**Members Absent**

Chief. Edwin Bergeron, Jr.

**Others Present**

Mr. Benjamin Huxen II, MPERS Executive Director and General Counsel  
Ms. Ashlee McNeely, MPERS, Executive Management Officer (virtual)  
Ms. Taylor Camp, MPERS, Chief Financial Officer  
Ms. Emily Thurston, MPERS, Accountant  
Ms. Melissa Frazier, Benefits Administrator  
Mr. Greg Curran - Curran Actuarial Services, Actuary  
Mr. David Barnes, NEPC, Investment Consultant  
Mr. Jason Montegut - DHHM, Audit Partner  
Major (Retired) Kelly Gibson, MPERS Trustee  
Mayor Greg Cromer, MPERS Trustee  
Lt. Tyrone Warren, MPERS Trustee  
Mr. Kenny Herbold, LLA (virtual)

**C. Public Comment**

Mr. Ben Huxen called for public comments. There were no public comments.

**D. New Business**

1. Election of Committee Officers

The committee discussed choosing a Chairman of the Audit, Finance, and Risk Management Committee.

**Motion by Major Burkart and seconded by Mayor Landry to Elect Chief Edwin Bergeron as Committee Chair. Without objection, the motion carried.**

2. Discussion and Action Regarding Proposed Increases to the Operating and Capital Budgets for Fiscal Year 22-23

There was a recommendation that the board adopt the following amendments to the Fiscal Year 2023 operating and capital budgets.

- a. Move \$16,329.00 for Parking Lot Work (replacement of outdoor lighting) and \$12,672.00 for furniture (shades for building) from the Building Maintenance and Supplies line item in the operating budget to new line items in the capital budget, to properly reflect those expenses as capital expenses rather than operating expenses.
- b. Increase the following operating budget line items:
  1. Attorneys/Legal Services by \$45,000, to account for invoices for services rendered last fiscal year but paid this fiscal year;
  2. Contract Services/Miscellaneous by \$24,000 for remaining Global Governance Advisors fees;
  3. Utilities by \$19,000 to account for increased costs due to tenants; and
  4. Building Maintenance and Supplies by \$91,000 to account for increased costs due to tenants and to hire an engineer to address the air conditioner system issue (about \$5,000 of the \$91,000). Mr. Huxen discussed the complication of fixing the current air conditioning system. Based on committee questions, Mr. Huxen further discussed the Trane system that MPERS currently has. He discussed the fact that the current system was installed in 2003 and was unusual that it included a chiller on the system's building roof.

**Motion by Major Burkart and seconded by Mayor Landry to recommend that the Board adopt the changes to the operating and capital budgets for Fiscal Year 2023. Without objection, the motion carried.**

3. Presentation of the Annual Comprehensive Financial Report for the Fiscal Year Ended June 30, 2022

Mr. Jason Montegut from DHHM discussed the audit they performed for the fiscal year ended June 30, 2022. The audit included an unmodified opinion which is a clean opinion. He stated that there weren't any issues auditing any of the numbers and there were no difficulties getting any information.

He added that their report includes a report on internal controls and stated that no significant deficiencies were found. They did not find any non-compliance with laws or regulations. The audit report includes an emphasis of matter paragraph related to the use of actuarial assumptions in determining the total pension liability which is calculated by Curran Actuarial. He stated that the total pension liability number is approximately \$3.5 billion. During the course of the audit, management has certain responsibilities such as the preparation of financial statements, the safeguarding of assets, and following appropriate accounting policies. The auditor has responsibilities such as providing reasonable but not absolute assurance of detecting any material misstatements. No material misstatements were detected in this audit. Significant accounting policies include GASB 34, GASB 67, GASB 68 and GASB 72. Significant estimates include the fair value of investments, payables and receivables, the total pension liability calculated by the actuary, the discount rate used by the actuary, and the rate of return on investments.

The audit report does include required supplementary information such as Management's Discussion and Analysis as well as the schedule of changes in net pension liability, the schedule of employers' net pension liability, the schedule of contributions by employer and nonemployer contributing entities, the schedule of investment returns, the schedule of OPEB (Other Post-Employment Benefits) liability, the schedule of OPEB contributions, and two schedules associated with the system's proportionate share of the net pension liability from LASERS. Other supplementary schedules were found to be fairly stated.

There were no difficulties in performing the audit, they found no significant deficiencies, and they had no questions regarding internal controls so there was no management letter required in this year's audit. Mr. Montegut then reviewed the system's financial statements. He reviewed cash holdings, receivables, and the fair value of investments. Total Assets equaled approximately \$2.5 billion. Liabilities included accounts payable, obligations under securities lending, and OPEB liabilities. Total liabilities were approximately \$13.5 million. The final net position was \$2,478,317,694 as of June 30, 2022.

Next, Mr. Montegut reviewed the changes in fiduciary net position. With contributions totaling \$144 million, a net investment loss of \$290 million, and total benefits and expenses of \$192 million, the net decrease was \$338 million for the year.

In addition to the audit, census data testing was done where a sample of participating employers were selected and they went out and obtained sample payroll information, timesheets, and recalculated to make sure they were submitting the correct reportable wages and calculating the

contributions correctly. Census data testing was performed at Shreveport, New Iberia, Thibodeaux, Youngsville, and New Orleans. The auditors compared census data to the information on file with the system. There were no major findings. For Shreveport, one gender and one date of entry did not agree with data maintained by MPERS. No findings for New Iberia. Thibodeaux had one date of entry that did not agree. One date of birth and date of entry was incorrect for Youngsville. Given the size of New Orleans, they are reviewed annually. Found a number of dates of birth, dates of entry, and gender differing within the sample reviewed. Found several whose reportable wages included a different classification than it should have. The total discrepancy was only a few hundred dollars. New Orleans has improved since the first year of GASB census data testing.

Also a part of the audit is required testing under the agreed upon procedures of the Louisiana Legislative Auditor related to system's policies and procedures. The audit looked at the board's policies and procedures on budgeting, purchasing, disbursements, receipts, payroll, contracting, credit cards, travel and expense reimbursements, ethics, and information technology. There were no noted discrepancies found within the system's policies and procedures. There were no findings in their look at the Board or Finance committees, no findings related to bank reconciliation, collections, or non-payroll disbursements.

The review of credit card records did find receipts that did not include an approval by someone other than the cardholder and several receipts did not show the business purpose of the purchases. These two items have since been fixed by Taylor Camp. They also looked at the following items with no findings: travel and expense reimbursement, payroll and personnel, ethics, fraud notice, IT and disaster recovery, and sexual harassment.

In addition to the financial statement audit they also audit the employer pension schedules prepared by the actuary. The final report on these schedules should be coming sometime in February.

**Motion by Mayor Landry and seconded by Major Burkart to recommend acceptance of the audit report from DHHM for Fiscal Year 2022. Without objection, the motion carried.**

4. Discussion and Action Regarding Frequency of Committee Meetings

Mr. Huxen proposed setting the frequency of the audit, finance, and risk management committee meetings to quarterly. Without objection, the committee accepted the idea of quarterly meetings.

**E. Other Business**

There was no other business presented to the committee.

**F. Adjourn**

**A motion was made by Mayor Landry and seconded by Major Burkart to adjourn the meeting at 9:34 a.m. Without objection, the motion carried.**

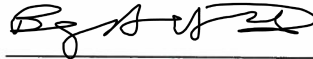
The next meeting date is April 19, 2023.

To the best of my knowledge, the foregoing minutes accurately represent the actions taken at the meeting held January 18, 2023.



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



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Ben Huxen,  
Executive Director and General Counsel