FIREFIGHTERS' PENSION AND RELIEF FUND
OF THE CITY OF NEW ORLEANS

FINANCIAL STATEMENTS

DECEMBER 31, 2019

Postlethwaite & Netterville

A Professional Accounting Corporation

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A Professional Accounting Corporation

INDEPENDENT AUDITORS' REPORT

Honorable Mayor and Council of
the City of New Orleans, Louisiana

We have audited the accompanying financial statements of the New System and the Old System of the Firefighters' Pension and Relief Fund of the City of New Orleans (collectively referred to as NOFF or the Fund), a fiduciary fund of the City of New Orleans, as of and for the year ended December 31, 2019, and the related notes to the financial statements, as listed in the table of contents.

Management's Responsibility for the Financial Statements

Management is responsible for the preparation and fair presentation of these financial statements in accordance with accounting principles generally accepted in the United States of America; this includes 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.

Auditors' Responsibility

Our responsibility is to express opinions on these financial statements based on our audit. We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditors' judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the financial statements 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 entity's internal control. Accordingly, we express no such opinion. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinions.

Opinion

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of the New System and the Old System of the Firefighters' Pension and Relief Fund of the City of New Orleans, as of December 31, 2019, and the changes in financial position for the year then ended in accordance with accounting principles generally accepted in the United States of America.

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Emphasis of Matters

Emphasis of Matter Regarding Funding Obligations – Old System Trust

The accompanying financial statements have been prepared assuming that the Old System will continue as a going concern. At December 31, 2019, the Old System has net position available for benefits in the amount of $5,487,649. As described in Note 4, the composition of net position for the Old System Trust has legally restricted account balances totaling $1,835,385 leaving only $3,652,264 available for future benefit payments of its members. In addition, the actuarially determined total pension liability of the Old System Trust is $118,843,114 at December 31, 2019. The Old System is a "pay as you go" system. The System's employer is legally obligated to meet all future obligations of the Fund. See Note 14 to the financial statements.

Emphasis of Matter Regarding Funding Obligations and Future Cash Flow to Fund Benefits – New System Trust

As of December 31, 2019, the New System has net position available for benefits in the amount of $41,949,945 with a total pension liability of $432,784,552. Approximately 20% of the New System's investments are long-term positions and are not liquid. This may have a negative impact on future cash flows. Also, as described in Note 4, the composition of net position for the New System Trust has legally restricted account balances totaling $58,629,177 leaving a deficit of $16,679,232 for future benefit payments of its members. The System's employer is legally obligated to meet all future obligations of the Fund. See Note 14 to the financial statements.

Actuarial Assumptions

As described above, the total pension liability for the New System and Old System was $432,784,552 and $118,843,114 as of December 31, 2019, respectively. The actuarial valuations were based on various assumptions made by the Fund's actuary. Because actual experience may differ from the assumptions used in the actuarial valuations, there is a risk that the total pension liability at December 31, 2019 could be materially different from the estimate.

Our opinions are not modified with respect to these matters.

Other Matters

Required Supplementary Information

Accounting principles generally accepted in the United States of America require that the management's discussion and analysis on pages 4 through 7 and the schedules with notes presented on pages 32 through 39 be presented to supplement the basic financial statements. Such information, 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

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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.

Other Information

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the Firefighters' Pension and Relief Fund of the City of New Orleans basic financial statements. The schedule of administrative expenses on page 40 and the schedule of compensation, benefits, and other payments to the agency head on page 41 are presented for the purposes of additional analysis and are not a part of the basic financial statements.

These supplementary schedules are the responsibility of management and were derived from and relate directly to the underlying accounting and other records used to prepare the basic financial statements. Such 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 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 schedules are fairly stated, in all material respects, in relation to the basic financial statements as a whole.

Other Reporting Required by *Government Auditing Standards*

In accordance with *Government Auditing Standards,* we have also issued our report dated September 15, 2020, on our consideration of the Firefighters' Pension and Relief Fund of the City of New Orleans' 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 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 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 Fund's internal control over financial reporting and compliance.

Postlethwaite & Netterville

New Orleans, Louisiana
September 15, 2020

The following is management's discussion and analysis of the financial performance of the New System and the Old System of the Firefighters' Pension and Relief Fund of the City of New Orleans (NOFF or the Fund). It is presented as a narrative overview and analysis for purpose of assisting the reader with interpreting key elements of the financial statements, notes to the financial statements, required supplementary information, and supporting schedules for the current year.

FINANCIAL HIGHLIGHTS

- Total assets and deferred outflows of resources of the Fund exceeded its liabilities and deferred inflows of resources at December 31, 2019 by $47,437,594 (net position), consisting of $41,949,945 in the New System and $5,487,649 in the Old System.
- The Fund's total net position increased by $10,989,996, consisting of an increase of $10,529,983 in the New System and an increase of $460,013 in the Old System. The increase in the New System is due primarily to fair value earnings on investments during 2019. The increase in the Old System is due to City appropriations and other revenues exceeding benefit and other payments.

OVERVIEW OF THE FINANCIAL STATEMENTS

The discussion and analysis is intended to serve as an introduction to the Fund's basic financial statements, which are comprised of three components:

- Statement of Fiduciary Net Position
- Statement of Changes in Fiduciary Net Position, and
- Notes to Financial Statements

This report also contains required supplemental information in addition to the basic financial statements themselves.

The Statement of Fiduciary Net Position reports the pension fund's assets, deferred outflows of resources, liabilities, deferred inflows of resources, and resultant net position restricted for pension benefits. It discloses the financial position of the Fund as of December 31, 2019.

The Statement of Changes in Fiduciary Net Position reports the results of the pension fund's operations during the year disclosing the additions and deductions. It supports the change that has occurred to the prior year's net position on the Statement of Fiduciary Net Position.

Required supplementary information consists of six schedules and related notes concerning the net pension liability and employer contributions of the Fund and the Fund's participation in the Municipal Employees' Retirement System of Louisiana.

Supporting schedules include information on administrative expenses and compensation paid to the agency head.

NOFF FINANCIAL ANALYSIS

NOFF provides retirement allowances and other benefits for firefighters of the City of New Orleans. The Fund consists of two systems, the Old System and the New System. The Old System includes firefighters employed before January 1, 1968. The New System covers firefighters who were employed after December 31, 1967 or Old System members who have elected coverage under the New System.

Condensed Statements of Fiduciary Net Position

December 31, 2019 and 2018

	New System		Old System	
	2019	2018	2019	2018
Cash	$ 376,550	$ 214,032	$ 614,596	$ 705,355
Receivables	118,417	159,430	7,465	-
Due(to)/from Old System/New System	(1,021,480)	(410,240)	1,021,480	410,240
Investments	48,103,172	31,456,740	6,358,039	3,914,409
Property and equipment	-	-	16,505	2,682
Total assets	47,576,659	31,419,962	8,018,085	5,032,686
Deferred outflows	251,368	-	147,628	-
Current liabilities	1,555	-	1,785	5,050
Net pension liability	327,201	-	192,165	-
Total liabilities	328,756	-	193,950	5,050
Deferred inflows	5,549,326	-	2,484,114	-
Net position - restricted for for pension benefits	$ 41,949,945	$ 31,419,962	$ 5,487,649	$ 5,027,636

Increase in Assets

The majority of assets include cash, and investments. Total assets increased by $16,156,697 in the New System in 2019, primarily due to the net appreciation in the value of investments. Total assets increased by $2,985,399 in the Old System in 2019, primarily due to contributions exceeding benefit payments and withdrawal of members' DROP and PLOP balances in 2019. Deferred outflows and net pension liability increased for both systems due to the Fund's employees joining Municipal Employees' Retirement System of Louisiana. Deferred inflows increase primarily due to January 2020 employer contributions being received in December 2019.

Condensed Statements of Changes in Fiduciary Net Position
For the Years Ended December 31, 2019 and 2018

	New System		Old System	
	2019	2018	2019	2018
Additions:				
Contributions	$ 37,301,088	$ 37,155,237	$ 15,243,944	$ 16,757,549
Other additions	1,654,212	92,069	2,951	-
Investment income (loss)	8,561,116	(12,648,537)	91,886	69,664
Total additions	47,516,416	24,598,769	15,338,781	16,827,213
Total deductions	36,986,433	35,914,543	14,878,768	15,618,935
Net increase (decrease) in net position	$ 10,529,983	$ (11,315,774)	$ 460,013	$ 1,208,278

Additions to Fiduciary Net Position

Additions to the Fund's fiduciary net position were derived from member and employer contributions, state fire insurance rebates, and investment income. The change in City appropriations was primarily attributable to the City of New Orleans funding the full actuarially determined contribution amount in 2019 less anticipated state fire insurance rebates. Investment earnings in the New System are comprised of significant earnings related to certain investments in partnerships, as well as interest and dividend earnings. Increase in miscellaneous revenue is related to contingency gains related to bankruptcy proceeds from a prior investment in partnership.

	New System			Old System		
	2019	2018	Increase (Decrease) Percentage	2019	2018	Increase (Decrease) Percentage
Member contributions	$ 3,123,545	$ 3,052,370	2.33	$ -	$ -	-
Employer contributions and city appropriations	33,217,683	33,189,708	0.08	14,680,217	16,148,777	(9.09)
State insurance rebate	959,860	913,159	5.11	563,727	608,772	(7.40)
Transfer from other systems	91,950	92,069	(0.13)	-	-	-
Net investment income (loss)	8,561,116	(12,648,537)	(167.68)	91,886	69,664	31.90
Miscellaneous revenue	1,562,262	-	100.00	2,951	-	-
	$ 47,516,416	$ 24,598,769		$ 15,338,781	$ 16,827,213	

Deductions from Fiduciary Net Position

The majority of deductions from net position include retirement, death and survivor benefits, PLOP and DROP withdrawals, and administrative expenses. Deductions from fiduciary net position increased by $1,071,890 in the New System in 2019, primarily due to an increase in PLOP withdrawals offset by a decrease in retirement benefits paid and DROP withdrawals. Deductions from fiduciary net position decreased by $740,167 in the Old System in 2019, primarily due to a decrease in PLOP withdrawals and retirement benefit payments offset by an increase in administrative expenses and DROP withdrawals.

	New System			Old System		
	2019	2018	Increase (Decrease) Percentage	2019	2018	Increase (Decrease) Percentage
Retirement benefits paid	$ 25,310,984	$ 25,592,499	(1.10)	$ 13,805,447	$ 14,769,182	(6.53)
Refund of contributions	388,778	183,616	111.73	-	-	-
Death benefits	30,000	36,000	(16.67)	63,000	42,000	50.00
Depreciation expense	-	-	-	2,201	298	-
Administrative expenses	953,901	565,575	68.66	537,856	322,268	66.90
DROP withdrawal	5,108,990	5,468,046	(6.57)	364,629	126,835	187.48
PLOP withdrawal	5,193,780	3,968,751	30.87	105,635	358,352	(70.52)
Transfer to other system	-	100,056	(100.00)	-	-	-
	$ 36,986,433	$ 35,914,543		$ 14,878,768	$ 15,618,935	

Investments

NOFF is responsible for the prudent management of funds held in trust for the exclusive benefit of members' pension benefits. Funds are invested to achieve maximum returns without exposing retirement assets to unacceptable risks. Total investments at December 31, 2019 amounted to $48,103,172 and $6,358,039 for the New and Old Systems, respectively, as compared to $31,456,740 and $3,914,409 at December 31, 2018. Total investments increased approximately 52.92% in the New System and increased approximately 62.43% in the Old System. The change in investments for the New System and Old System was primarily attributable to changes in fair value during 2019 as well as the excess of contributions over benefits paid and DROP and PLOP withdrawals.

REQUESTS FOR INFORMATION

Questions concerning any of the information provided or requests for additional financial information should be addressed to Thomas F. Meagher III, Secretary-Treasurer of the Firefighters' Pension and Relief Fund of the City of New Orleans, 3520 General DeGaulle, Suite 3001, New Orleans, LA 70114.

FIREFIGHTERS' PENSION AND RELIEF FUND
OF THE CITY OF NEW ORLEANS
STATEMENT OF FIDUCIARY NET POSITION
DECEMBER 31, 2019

	New System	Old System	Total
ASSETS			
Cash	$ 376,550	$ 614,596	$ 991,146
Receivables			
Accounts receivable, net	97	-	97
Accrued investment income	25,606	7,465	33,071
Due (to)/from Old/New System	(1,021,480)	1,021,480	-
Member contributions receivable	92,714	-	92,714
Total receivables	(903,063)	1,028,945	125,882
Investments			
Money market funds	8,616,973	6,358,039	14,975,012
Corporate bonds	221,012	-	221,012
Stocks	390	-	390
Mutual funds	29,874,998	-	29,874,998
Investments in limited liability corporations	83,155	-	83,155
Investments in partnerships	9,005,644	-	9,005,644
Investments in real estate	301,000	-	301,000
Total investments	48,103,172	6,358,039	54,461,211
Property and equipment, net	-	16,505	16,505
			-
Total assets	47,576,659	8,018,085	55,594,744
DEFERRED OUTFLOWS OF RESOURCES			
Related to pension	251,368	147,628	398,996
Total deferred outflows of resources	251,368	147,628	398,996
LIABILITIES			
Accounts payable and other liabilities	1,555	1,785	3,340
Net pension liability - MERS	327,201	192,165	519,366
Total liabilities	328,756	193,950	522,706
DEFERRED INFLOWS OF RESOURCES			
Unavailable revenue	5,538,724	2,477,887	8,016,611
Related to pension	10,602	6,227	16,829
Total deferred inflows of resources	5,549,326	2,484,114	8,033,440
NET POSITION - RESTRICTED FOR PENSION BENEFITS	$ 41,949,945	$ 5,487,649	$ 47,437,594

See accompanying notes to financial statements.

FIREFIGHTER'S PENSION AND RELIEF FUND
OF THE CITY OF NEW ORLEANS
STATEMENT OF CHANGES IN FIDUCIARY NET POSITION
FOR THE YEAR ENDED DECEMBER 31, 2019

	New System	Old System	Total
ADDITIONS:			
Contributions:			
Member	$ 3,123,545	$ -	$ 3,123,545
Employer	33,217,683	-	33,217,683
City appropriations	-	14,680,217	14,680,217
Non-employer contributions:			
Fire insurance rebate	959,860	563,727	1,523,587
Total contributions	37,301,088	15,243,944	52,545,032
Investment income (loss):			
Interest and dividend income	839,505	95,975	935,480
Net appreciation in fair value investments	8,229,194	-	8,229,194
	9,068,699	95,975	9,164,674
Less investment expense:			
Investment management fees	90,000	4,089	94,089
Filing and legal	341,724	-	341,724
Custodian fees	6,837	-	6,837
Miscellaneous investment expense	69,022	-	69,022
	507,583	4,089	511,672
Net investment income	8,561,116	91,886	8,653,002
OTHER ADDITIONS:			
Transfer from other retirement system	91,950	-	91,950
Miscellaneous revenue	1,562,262	2,951	1,565,213
Total other additions	1,654,212	2,951	1,657,163
Total additions	47,516,416	15,338,781	62,855,197
DEDUCTIONS:			
Retirement benefits paid	25,310,984	13,805,447	39,116,431
Refund of contributions	388,778	-	388,778
Death benefits	30,000	63,000	93,000
Depreciation expense	-	2,201	2,201
Administrative expenses	953,901	537,856	1,491,757
DROP withdrawal	5,108,990	364,629	5,473,619
PLOP withdrawal	5,193,780	105,635	5,299,415
Total deductions	36,986,433	14,878,768	51,865,201
NET INCREASE IN NET POSITION	10,529,983	460,013	10,989,996
NET POSITION - RESTRICTED FOR PENSION BENEFITS			
Beginning of year	31,419,962	5,027,636	36,447,598
End of year	$ 41,949,945	$ 5,487,649	$ 47,437,594

See accompanying notes to financial statements.

1. General Plan Description

The Firefighters' Pension and Relief Fund (the Fund) was created as a single employer plan, pursuant to Louisiana Revised Statute 11:3361, for the purpose of providing retirement allowances and other benefits for firefighters of the City of New Orleans. Benefits, including normal retirement, early retirement, disability retirement and death benefits, are provided as specified in La. R.S. 11:3361 et seq. The Fund is a fiduciary fund of the City of New Orleans and is administered by a Board of Trustees. The Board composed of the following members: (1) the Superintendent of the New Orleans Fire Department; (2) the Director of Finance of the City of New Orleans; (3) two members elected from the active ranks of the department; (4) two members elected from the ranks of retired members of the department; and (5) one member who is domiciled in and an elector of the City of New Orleans and who is appointed by the mayor, subject to confirmation by the New Orleans' City Council. The terms of elected members are two years. The terms of the appointed trustees are four years.

2. Plan Description

The Firefighters' Pension and Relief Fund was established and placed under the management of the Board of Trustees for the purpose of providing retirement allowances and other benefits as stated under the provisions of La. R.S. 11:3361 et seq. for retired firefighters of the City of New Orleans and their beneficiaries.

The Fund consists of two systems, the Old System and the New System. The Old System covers firefighters who were employed before January 1, 1968. The New System covers firefighters who were employed after December 31, 1967 or Old System members who have given written application to the Board to elect coverage under the New System.

At December 31, 2019, the Firefighters' Pension and Relief Fund's membership consisted of:

	New System	Old System
Inactive plan members or beneficiaries receiving benefits	758	429
Inactive plan members entitled to but not yet receiving benefits	87	-
Active plan members	461	-
Total participants as of the measurement date	1306	429

2. Plan Description (continued)

Retirement Benefits

Members hired on or after January 1, 2015 through August 14, 2016, and who reach age 52, are eligible for retirement benefit of 2.75% of average annual compensation for each year of creditable service. Members hired on or after August 15, 2016 and who have reached a retirement age as defined in 42 USC 416(1)(1) less ten years, will receive a benefit of 2.5% of average annual compensation for each year of creditable service. Members hired before January 1, 2015 covered under the New System may retire with twelve years of creditable service at age fifty. The retirement benefit paid is two and one-half percent of average pensionable compensation for each year of creditable service during the five highest consecutive years of service preceding the date of retirement for the first 12 years of service and for each year of service to age 50. The retirement benefit for each year or portion of a year beyond twelve years of service and age fifty shall be an amount equal to three and one-third percent of the average annual compensation. If the member continues service beyond thirty years, the retirement benefit for each year or portion of a year of service shall be an amount equal to three and one-third percent of the average annual pensionable compensation. The maximum benefit payable is 100% of average pensionable compensation earned during any five highest average consecutive years of service preceding retirement. The minimum benefit payable is $1,200 per month.

Members covered under the Old System may retire with twenty years of creditable service regardless of age. For the first twenty years of service, the retirement benefit paid is 50% of average compensation during the highest year of service preceding the date of retirement. For each year of service in excess of twenty years, benefits are an additional 2.5% per year not to exceed 100%. In addition, if the member has attained age 50, his/her benefit is increased by 0.5% for each year of service over 25. There are no active member participants in the Old System.

Refund Benefits

Under the New System, upon withdrawal from service, members not entitled to receive benefits from the Fund are paid a refund of accumulated contributions plus interest at a rate of 3.5%.

Disability Benefits

Disability benefits are paid to employees who become physically or mentally disabled and unable to perform their duties. Non-service related benefits are 30% of average compensation during the last year of service immediately preceding the date of established disability for those members with ten years of service or less, 40% for those members with more than ten years but less than fifteen years of service and 50% for those members with more than fifteen years of service. Service related benefits for those unable to do any work are the greater of 2/3 of monthly compensation or a regular retirement benefit if the member is so eligible. For those unable to perform firefighting duties but able to do other work, service related benefits are equal to the greater of 1/2 of monthly compensation or a regular retirement benefit if the member is so eligible.

2. Plan Description (continued)

Survivor Benefits

If a member dies from service-connected causes while actively employed, irrespective of their years of service or eligibility for pension by age, the member's surviving spouse shall be paid a pension in the sum of 66.67% of the member's salary at the time of death as an annuity with a minimum benefit of $1,200. If the member leaves children under the age of eighteen, those children shall receive a pension of $300 per month each. If a member is killed or dies in any other manner, the surviving spouse shall be paid a pension in the sum of 50% of the member's salary at the time of death as an annuity and the member's children under 18 years of age shall receive $300 per month each.

If a member's child is mentally or physically handicapped and totally and permanently disabled, the benefit is payable for life. If the firefighter is unmarried and leaves no dependent children at death, the service related survivor benefit is payable to the firefighter's widowed dependent parent. If the firefighter is unmarried and leaves no dependent children at death, non-service related survivor benefits are payable to the firefighter's widowed parent. A $3,000 lump sum benefit is payable upon the death of any active or retired member to the named beneficiary.

DROP Benefits

In lieu of terminating employment and accepting a service retirement allowance, any member who has twelve or more years of service and is eligible to receive a service retirement benefit may elect to participate in the Deferred Retirement Option Plan (DROP) for up to five years and defer the receipt of benefits. Upon commencement of participation in the plan, active membership in the system terminates.

During participation in the plan, employee contributions cease. The monthly DROP benefit is equal to the member's retirement benefit. The DROP benefit is transferred into the DROP fund. This fund does not earn interest during a member's DROP participation. In addition, no cost-of-living increases are payable to participants until employment has been terminated for at least one full year.

Upon completion of participation in the DROP, and regardless of whether the member terminates employment and subject to an irrevocable election, the DROP fund will earn interest annually based on a one-year composite rate of return of the Fund, minus an administrative fee up to two percent or earned interest at a money market investment return. Upon termination of employment prior to or at the end of the specified period of participation, a participant in the plan may receive, at his option, a lump sum from the account equal to the payments into the account.

2. Plan Description (continued)

DROP Benefits (continued)

If employment is not terminated after the DROP period, member contributions to the fund is resumed and upon later termination, additional retirement benefits may accrue based on the additional service.

In lieu of terminating employment and accepting a service retirement allowance, any member of this system who has not less than twelve years of creditable service in this system, and who is eligible to receive a service retirement benefit, may elect to participate in the DROP on a retroactive basis and receive a lump sum benefit of up to five years, based upon the value of the pension on a retroactive date selected.

PLOP Benefits

A member, upon application for retirement, may elect to receive the actuarial equivalent of his retirement benefit as a reduced monthly benefit payable for life, plus an initial lump-sum benefit. The amount of the initial lump-sum benefit, as determined by the member, shall not exceed an amount equal to the member's normal retirement benefit times sixty. The member's monthly retirement benefit will be actuarially reduced based on the lump-sum amount withdrawn and the member's age at retirement. The partial lump-sum benefit, together with the member's reduced normal retirement benefit, must be actuarially equivalent to the member's normal retirement benefit.

The cost-of-living adjustment granted by the Board of Trustees to retirees who elect to receive a reduced retirement benefit and a partial lump-sum benefit shall be based only on the reduced retirement benefit and not on the partial lump-sum benefit.

Basis of Accounting and Presentation

The Fund's financial statements are prepared on the accrual basis of accounting in accordance with accounting principles generally accepted in the United States of America. Contributions are recognized as revenue when due, pursuant to ordinance requirements, formal commitments, and statutory contractual requirements. Benefits and refunds are recognized when due and payable in accordance with established regulations.

Interest and dividend income is recognized when earned. Fire insurance rebate monies are recognized when due.

The Fund has no component units as defined by Governmental Accounting Standards.

3. Summary of Significant Accounting Policies

Methods Used to Value and Report Investments

Investments are reported at fair value. Short-term investments are reported at cost, which approximates fair value. Securities traded on national or international exchanges are valued at the last reported sales price at current exchange rates. Investments that do not have an established market value (e.g., partnerships and limited liability corporations) are reported at estimated fair value as determined by the Fund based on net asset value. The fair value of real estate investments is based on independent appraisals.

Property and Equipment - Pension Fund

Property and equipment is valued on the basis of historical cost, less accumulated depreciation, and is depreciated using the straight-line method of depreciation over the assets useful life. Useful lives range from 3 to 25 years.

Estimates

The preparation of financial statements in conformity with accounting principles generally accepted in the United States of America requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements, and the reported amounts of additions to and deductions from assets held in trust for pension benefits during the reporting period. Actual results could differ from those estimates.

Deferred Outflows/Inflows of Resources

In addition to assets, the statement of fiduciary net position will sometimes report a separate section for deferred outflows of resources. This separate financial statement element, deferred outflows of resources, represents a consumption of net position that applies to a future period(s) and so will not be recognized as an outflow of resources (expense/expenditure) until then. See Note 13 for more information regarding deferred outflows of resources related to the net pension liability.

In addition to liabilities, the statement of fiduciary net position will sometimes report a separate section for deferred inflows of resources. This separate financial statement element, deferred inflows of resources, represents an acquisition of net position that applies to a future period(s) and so will not be recognized as an inflow of resources (revenue) until that time. The Fund received prepayments of employer contributions for the subsequent year. These amounts are deferred, reported as unavailable review on the statement of fiduciary net position and will be recognized as revenue in the subsequent year. See Note 13 for more information regarding deferred inflows of resources related to the net pension liability.

4. Contributions and Reserves

Contributions

The New System is funded by employee and employer contributions established by state statute. During 2019, employees contributed 10% of pensionable salary. Actual amount contributed by employees for the year ended December 31, 2019 was $3,123,545. Employer contributions are made monthly. The actuarial determined contribution of the employer was $34,147,005 for the year ending December 31, 2019. The actual amount contributed by the employer for the year ended December 31, 2019 was $33,217,683 and fire insurance rebates were $959,860.

The Old System is funded by employer contributions established by state statute. There are no active employees in the Old System, thus no employee contributions are required. Employer contributions are made monthly to pay the actuarially determined contributions for the year. The actuarial determined contribution of the employer was $15,654,432 for the year ending December 31, 2019. The actual amount contributed by the employer for the year ended December 31, 2019 was $14,680,217 and fire insurance rebates were $563,727.

The Fund receives fire insurance taxes of 2% of the fire insurance premiums written in the City of New Orleans. In 2019, amounts received as a result of this tax were allocated between the systems based on the total number of members in each system on June 30, 2019. The total amount received during the year ended December 31, 2019 was $1,523,587 and is accounted for as contributions from a non-employer contributing entity.

Administrative costs

Administrative costs of the Fund are paid by the Fund and financed through employer contributions.

Reserves

Use of the term "reserve" by the Fund indicates that a portion of the fund net position is legally restricted for a specific future use. The nature and purpose of these reserves are explained below:

A) Annuity Savings:

The Annuity Savings is credited with contributions made by members of the Fund. The annuity savings is also credited for interest earned on a member's account balance. When a member terminates his service, or upon his death before qualifying for a benefit, the refund of his contributions plus interest is made from this reserve. When a member retires, the amount of his accumulated contributions plus interest is transferred to the Pension Reserve to provide part of the benefits. The Annuity Savings balance of the New System is $29,577,520. There are no active members in the Old System; therefore, the Old System has no Annuity Savings balance.

4. Contributions and Reserves (continued)

B) Deferred Retirement Option Plan Account:

The Deferred Retirement Option Plan (DROP) Account receives and holds the monthly retirement benefits deposited on behalf of DROP participants while they continue to work. At termination, a lump sum payment of the DROP deposits is made to the participant or the participant may elect to leave the accumulated benefits on deposit in the DROP account. The DROP account balance of the New System is $19,845,696. The DROP balance of the Old System is $773,182.

C) Partial Lump-Sum Option Payment Account:

The Partial Lump-Sum Option Payment (PLOP) Account receives and holds until requested an initial lump-sum benefit which shall not exceed an amount equal to the member's normal monthly retirement benefit times sixty, for those members who upon application for retirement, elect to receive the actuarial equivalent of their retirement benefit as a reduced monthly benefit plus an initial lump-sum benefit. The PLOP account balance of the New System is $9,205,961. The PLOP balance of the Old System is $1,062,203.

D) Reserve Summary

Net position is composed of the following at December 31, 2019:

	New System	Old System
Net position	$ 41,949,945	$ 5,487,649
Reserves:		
Annuity savings reserve	(29,577,520)	-
DROP reserve	(19,845,969)	(773,182)
PLOP reserve	(9,205,961)	(1,062,203)
Net position available for other pension benefits (deficit)	$ (16,679,232)	$ 3,652,264

5. Net Pension Liability of Employer

The components of the liability of the Fund's employer to plan members for benefits provided through the pension plan was as follows as of December 31, 2019:

	Total Pension Liability	Plan Fiduciary Net Position	Employers' Net Pension Liability	Plan Fiduciary Net Position as a % of the Total Pension Liability
New System	$ 432,784,552	$ 41,949,945	$ 390,834,607	9.69%
Old System	$ 118,843,114	$ 5,487,649	$ 113,355,465	4.62%

5. Net Pension Liability of Employer (continued)

Actuarial valuations involve estimates of the value of reported amounts and assumptions about the probability of events far into the future. Actuarially determined amounts regarding the net pension liability are subject to continual revision as actual results are compared to past expectations and as new estimates are made about the future.

The actuarial assumptions used in the December 31, 2019 valuation were based on the results of an experience study for the period from January 1, 2019 to December 31, 2019. The required Schedule of Employer's Net Pension Liability located in the required supplementary information following the notes to the Financial Statements presents multi-year trend information regarding whether the plan fiduciary net position is increasing or decreasing over time relative to the total pension liability. The total pension liability as of December 31, 2019 is based on actuarial valuation using a measurement date of December 31, 2019; updated using generally accepted actuarial procedures.

Information on the actuarial methods and assumptions used at December 31, 2019 is as follows:

Valuation Date:	December 31, 2019 (same as measurement date)
Actuarial Cost Method:	Entry Age Normal
Investment Rate of Return:	New System – 7.5% (net of investment expenses); Old System – 2.74% (net of investment expenses)
Salary Increases:	New System - 0.00%; Old System – N/A
Inflation Rate:	New System – 0.00%; Old System – N/A
Mortality:	1994 Uninsured Pensioner Table for active and retired; 1994 Uninsured Pensioner Table set forward 5-years for disabled annuitants.
Cost of Living Adjustments:	The present value of future retirement benefits is based on benefits currently being paid by the Fund and includes previously granted cost of living increases. The present values do not include provisions for potential future increases not yet authorized by the Board of Trustees.

The forecasted long-term expected rate of return on pension plan investments was determined using a building-block method in which best-estimate ranges of expected future real rates of return (expected returns, net of pension plan investment expense, and inflation) are developed for each major asset class. These ranges are combined to produce the long-term expected rate of return by weighting the expected future real rates of return by the target asset allocation percentage and by adding expected inflation. The resulting long-term rate of return is 7.5% and 2.74% for the New System and Old System, respectively, for the year ended December 31, 2019. The municipal bond index rate is 2.74%.

5. Net Pension Liability of Employer (continued)

The estimated arithmetic real rates of return for each major asset class based on each of the systems target asset allocation as of December 31, 2019 are as follows:

	Expected Rate of Return - New System	
Asset Class	Target Asset Allocation	Long-term Expected Portfolio Real Rate of Return
Equity Securities	40%	9.30%
Fixed Income	10%	5.00%
Real Estate	45%	7.00%
Alternative Investments	5%	2.50%
Expected Arithmetic Nominal Return		

	Expected Rate of Return - Old System	
Asset Class	Target Asset Allocation	Long-term Expected Portfolio Real Rate of Return
Cash and Cash Equivalents	100%	4.10%
Expected Arithmetic Nominal Return		

5. Net Pension Liability of Employer (Continued)

The discount rate used to measure the total pension liability at December 31, 2019 for the New System and Old System was 7.5% and 2.74%, respectively. The discount rate used to measure the total pension liability at December 31, 2018 for the New System and Old System was 7.5% and 4.1%, respectively. The change in discount rates resulted in a decrease in the total pension liability for the Old System of $9,738,720. The projection of cash flows used to determine the discount rate assumed that contributions from plan members will be made at the current contribution rates and that contributions from participating employers will be made at the approved actuarially determined rates taking into consideration the recommendation of the Fund's actuary. Based on those assumptions, the New System's fiduciary net position was to be available to make all projected future benefit payments of current plan members. Therefore, the long-term expected rate of return on pension plan investments for the New System equals the discount rate at December 31, 2019 to determine the total pension liability. The Old System's fiduciary net position was not projected to be available to make all projected future benefit payments of current plan members. Therefore, the discount rate for the Old System was blended with a municipal bond rate and applied to all projected benefit payments to determine the total pension liability.

In accordance with GASB 67, regarding the disclosure of the sensitivity of the net pension liability to changes in the discount rate, the following presents the net pension liability of the participating employers calculated using the discount rate of 7.5% and 2.74% for the New System and Old System, respectively, as well as what the employers' net pension liability would be if it were calculated using a discount rate that is one percentage point lower or one percentage point higher than the current rate as of December 31, 2019:

	1% Decrease 6.50%	Current Discount Rate 7.50%	1% Increase 8.50%
Total pension liability - New System	$ 473,911,941	$ 432,784,552	$ 394,731,085
Fiduciary net position	41,949,945	41,949,945	41,949,945
Net pension liability- New System	$ 431,961,996	$ 390,834,607	$ 352,781,140

	1% Decrease 1.74%	Current Discount Rate 2.74%	1% Increase 3.74%
Total pension liability - Old System	$ 127,071,403	$ 118,843,114	$ 111,535,916
Fiduciary net position	5,487,649	5,487,649	5,487,649
Net pension liability- Old System	$ 121,583,754	$ 113,355,465	$ 106,048,267

6. Deposits, Cash Equivalents, and Investments

The information below presents disclosures to inform financial statement users of the investment risks that could affect the Retirement System's ability to meet its obligations. The Fund's Board mitigates custodial credit risk by having the custodian hold securities in the Fund's name as a requirement of the custody contract. The Fund's investment policy, as adopted by the Board, provides the performance objectives, asset allocation guidelines, and overall investment guidelines.

Deposits

As of December 31, 2019, the Fund's cash balances in bank accounts exceeded the FDIC insurance by $963,332. These bank deposits were completely secured by the pledge of securities held by the pledging bank agent in the Fund's name. The Fund has not experienced any losses resulting from bank failure and does not believe it is exposed to any significant credit risk relating to its cash balances.

The Fund considers all investments with original maturities of three months or less to be cash equivalents. Cash equivalents of the New System and Old System consist of government backed pooled funds and institutional funds. The cash equivalents are held by the Fund's custodian's trust departments in the Fund's name.

Investments

Statutes authorize the Fund to invest under the Prudent Man Rule. The Prudent Man Rule shall require each fiduciary of this Fund and the Board of Trustees acting collectively on behalf of this Fund to act with the care, skill, prudence, and diligence under the circumstances prevailing that a prudent institutional investor acting in a like capacity and familiar with such matters would use in the conduct of an enterprise of a like character and with like aims.

Notwithstanding the Prudent Man Rule, the Board of Trustees shall not invest more than 65% of the total portfolio in common stock.

Concentration of Credit Risk

Concentration of credit risk is defined as the risk of loss attributed to the magnitude of the Fund's investment in a single issuer. The risk occurs when investments are concentrated in any one issuer that represents 5% or more of the Fund's net position. Investments issued or explicitly guaranteed by the U.S. Government and investments in mutual funds, external investment pools, and other pooled investments are excluded from this requirement. At December 31, 2019, the New System held investments in Lakewood Restoration Partners, LTD which represented 17% of the New System's net position.

6. Deposits, Cash Equivalents, and Investments (continued)

Concentration of Credit Risk (continued)

The Fund's investment policy states that no more than 25% of the equity portfolio market value may be invested in any single industry at the time of purchase. In addition, no more than 5% of total Fund assets at market may be invested in any one issuer's securities at the time of purchase (exclusive of issues of the U.S. Treasury or other Federal agencies). The Fund was in compliance with the concentration of credit risk investment policy during the fiscal year ended December 31, 2019.

Credit Risk

The Fund's investment policy allows for investment in publicly-traded debt securities rated at or above Baa by Moody's and BBB by Standard and Poor's at time of purchase.

At December 31, 2019, $221,012 of the New System's corporate bonds were short-term investment funds which are not rated. At December 31, 2019, no debt securities were held by the Old System.

Custodial Credit Risk

Custodial credit risk is defined as the risk that, in the event of the failure of the counterparty, the Fund will not be able to recover the value of its investment or collateral securities that are in the possession of an outside party.

The Fund's investments are not insured.

The Fund has no formal investment policy regarding custodial credit risk.

Interest Rate Risk

Interest rate risk is defined as the risk that changes in interest rates will adversely affect the fair value of an investment. The Fund's investment policy prohibits investment in debt securities with maturities greater than thirty years at time of purchase.

Money-Weighted Rate of Return

The annual money-weighted rate of return on pension plan investments, net of pension plan investment expenses, in 2019 was 31.90% for the New System and 1.80% for the Old System. The money-weighted return expresses investment performance, net of investment expenses, adjusted for the changing amounts actually invested.

As of December 31, 2019, the New System has net position available for benefits in the amount of $41,949,945 with a total pension liability of $432,784,552. A large percentage of the New System's investments are long-term positions and are not liquid. This may have a negative impact on future cash flows and the ability to fund future benefits.

7. Fair Value Measurements

To the extent available, the Fund's investments are recorded at fair value as of December 31, 2019. Fair value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date. This statement establishes a hierarchy of valuation inputs based on the extent to which the inputs are observable in the marketplace. Inputs are used in applying the various valuation techniques and take into account the assumptions that market participants use to make valuation decisions. Inputs may include price information, credit data, interest and yield curve data, and other factors specific to the financial instrument. Observable inputs reflect market data obtained from independent sources. In contrast, unobservable inputs reflect the entity's assumptions about how market participants would value the financial instrument. Valuation techniques should maximize the use of observable inputs to the extent available.

A financial instrument's level within the fair value hierarchy is based on the lowest level of any input that is significant to the fair value measurement. The following describes the hierarchy of inputs used to measure fair value and the primary valuation methodologies used for financial instruments measured at fair value on a recurring basis.

> Debt and equity securities classified in Level 1 of the fair value Hierarchy are valued using prices quoted in active markets for those securities. Debt securities classified in Level 2 of the fair value hierarchy are valued using a matrix pricing technique. Matrix pricing is used to value securities based on the securities' relationship to benchmark quoted prices.
>
> Investments classified in Level 3 of the fair value hierarchy are valued using unobservable inputs and are not directly corroborated with market data. Level 3 investments consistent primarily of real estate, either directly held or through a limited liability corporation or partnership investment. They are valued using independent appraisals or other market data.

Money market funds

Cash equivalent investments consist of money market funds. These funds are used as a source of liquidity to meet capital commitments, settle trades, or pay normal investment related expenses. The fair value of these funds have been determined using NAV per share (or equivalent) of the investments. Units are valued at $1 per share and redemption of units can be made on a same day basis.

Investments in limited liability corporations

Investments in limited liability corporations consist of one fund, which is described in Note 9. The fair value of the investment in this fund has been determined using NAV per share (or equivalent) of the investment. Investment in the limited liability corporation is not eligible for redemptions; however, distributions from the fund will be received as the underlying investments of the limited liability corporations is liquidated. It is expected that the underlying assets of the fund will be liquidated between one to two years from the year ended December 31, 2019.

7. Fair Value Measurements (continued)

Investments in partnerships

Investments in partnerships consist of five funds, which are described in Note 10. The fair value of the investments in these funds has been determined using NAV per share (or equivalent) of the investments. These investments are not eligible for redemptions; however, distributions from each partnership will be received as the underlying investments of the partnerships are liquidated.

Fair value hierarchy

A summary of the Fund's investments along with the Fair value hierarchy levels of each type of investment is as follows as of December 31, 2019:

		Fair Value Measurement Using		
	Total	Quoted Prices in Active Markets (Level 1)	Significant Other Observable Inputs (Level 2)	Significant Unobservable Inputs (Level 3)
Investments by Fair Value Level:				
Fixed income securities:				
Taxable Bond Funds	$ 7,328,501	$ 7,328,501	$ -	$ -
Corporate bonds - domestic	221,012	-	221,012	-
Total fixed income securities	7,549,513	7,328,501	221,012	-
Domestic equity securities	390	390	-	-
Equity Funds				
Large Cap Equity Fund	13,777,068	13,777,068	-	-
International Equity Fund	4,529,895	4,529,895	-	-
Daily Accrual Equity Fund	4,239,534	4,239,534	-	-
Total equity securities	22,546,497	22,546,497	-	-
Alternative Investments:				
Investments in real estate	301,000	-	-	301,000
Total alternative investments	301,000	-	-	301,000
Total Investments at Fair Value Level	$ 30,397,400	$ 29,875,388	$ 221,012	$ 301,000
Investments measured at net asset value (NAV):				
Money market funds	$ 14,975,012			
Alternative investments:				
Limited liability corporations	83,155			
Partnerships	9,005,644			
Total alternative investments	9,088,799			
Total Investments at NAV	$ 24,063,811			
Total Investments	$ 54,461,211			

7. Fair Value Measurements (continued)

The unfunded commitments and redemption terms for investments measured at net asset value (NAV) per share (or its equivalent) as of December 31, 2019 are presented in the following table:

	Fair Value	Unfunded Commitments	Redemption Frequency (If Currently Eligible)	Redemption Notice Period
Investments measured at NAV				
Money market funds	$ 14,975,012	$ -	Daily	Same day
Alternative investments:				
Limited liability corporations	83,155	171,231	N/A	N/A
Partnerships	9,005,644	41,670	N/A	N/A
Total investment measured at NAV	$ 24,063,811	$ 212,901		

8. Property and Equipment

Property and equipment consisted of the following at December 31, 2019:

Pension Fund - Old System:

Furniture and equipment	$ 125,666
Less: accumulated depreciation	(109,161)
Total furniture and equipment, net	$ 16,505

There was depreciation expense in the amount of $2,201 for the year ended December 31, 2019.

9. Investment in Limited Liability Corporation

At December 31, 2019, the New System of the Fund had an investment in a limited liability corporation as follows:

a) The Fund has invested in the Wilton Private Equity Fund, LLC (the corporation). The corporation is a Delaware limited liability corporation that invests in closed-end private investment funds that target investments in leveraged buyouts, mezzanine financings, distressed debt, natural resources, and venture capital. As of December 31, 2019, the Fund had an investment of $83,155 in the corporation.

10. Investments in Partnerships

At December 31, 2019, the New System of the Fund had investments in partnerships as follows:

a) The Fund has invested in Lakewood Restoration Partners L.T.D. The partnership was formed for the purpose of acquiring, operating and developing the former Lakewood Country Club and certain surrounding real estate for residential and commercial purposes. As of December 31, 2019, the value of the Fund's investment in the partnership was $7,077,040.

b) The Fund has invested in Greenspring Associates Global Partners II, L.P. (the partnership), which is 90% owned by the Fund. As of December 31, 2019, the value of the Fund's investment in the limited partnership was $495,738.

c) The Fund has invested in Louisiana Fund I, L.P. (the partnership). The partnership was formed to invest in early stage companies that are located primarily in Louisiana. As of December 31, 2019, the value of the Fund's investment in the partnership was $720,361.

d) The Fund has invested in Murphree Venture Partners VI (the partnership). The partnership was formed to invest in the debt and equity securities in various private and public companies. As of December 31, 2019, the value of the Fund's investment in the partnership was $174,406.

e) The Fund has invested in Greenspring Associates Crossover Ventures I, L.P. (the partnership). The partnership was formed to capture returns associated with investing in small companies, venture backed private companies and mature investment funds. As of December 31, 2019, the value of the Fund's investment in the partnership was $538,099.

11. Investment in Real Estate

During the year ended December 31, 2019, the New System of the Fund had an investment in real estate as follows:

a) The Fund has an investment in land located in Biloxi, Mississippi. As of December 31, 2019, the value of the land was $301,000.

12. Investment in Real Estate

During 2019, the Fund received miscellaneous revenue related bankruptcy proceeds from a prior investment in partnership.

13. Pension Plan

The Fund joined the Municipal Employees' Retirement System of Louisiana (MERS) effective August 1, 2018.

All full-time NOFF employees who do not participate in NOFF participate in MERS, a cost-sharing defined benefit pension plan administered by a public employee retirement system. Article X, Section 29(F) of the Louisiana Constitution of 1974 assigns the authority to establish and amend benefit provisions of this plan to the State Legislature. MERS is administered by a separate board of trustees. MERs was established and provided for by R.S. 11:1731 of the Louisiana Revised Statutes (LRS).

MERS issues an annual publicly available financial report that includes financial statements and required supplementary information for the system. The report may be obtained by writing (7937 Office Park Boulevard, Baton Rouge, Louisiana 70809), calling ((225) 925-4810) or downloading the reports (www.mersla.com).

Plan Description

MERS is the administrator of a cost-sharing multiple-employer defined benefit pension plan. The plan provides retirement, disability, and survivor benefits to eligible state employees as defined in LRS 11:1732. The age and years of creditable service required in order for a member to receive retirement benefits are established by LRS 11:1801. Benefit provisions are authorized within Act 356 of the 1954 regular session and amended by LRS 11:1756-1785.

Funding Policy

Article X, Section 29(E)(2)(a) of the Louisiana Constitution of 1974 assigns the Legislature the authority to determine employee contributions. Employer contributions are actuarially determined using statutorily established methods on an annual basis and are constitutionally required to cover the employer's portion of the normal cost and provide for the amortization of the unfunded accrued liability. Employer contributions are adopted by the Legislature annually upon recommendation of the Public Retirement Systems' Actuarial Committee (PRSAC).

12. Pension Plan (continued)

Contributions to the plans are required and determined by State statute (which may be amended) and are expressed as a percentage of covered payroll. The contribution rates in effect for the year ended December 31, 2019, for the Fund and covered employees were as follows:

	NOFF	Employees
Municipal Employees' Retirement System Plan A	26.00%	9.50%

The contributions made to the System for the past two fiscal years, which equaled the required contributions for each of these years, were as follows:

	2019	2018
Municipal Employees' Retirement System Plan A	$ 72,833	$ 23,739

NOFF contributed $418,101 for purchase of prior service credits for employees during the year ended December 31, 2019.

Pension Liabilities, Pension Expense, and Deferred Outflows of Resources and Deferred Inflows of Resources Related to Pensions

The following schedule lists the Fund's proportionate share of the Net Pension Liability allocated by each of the pension plans based on the June 30, 2019 measurement date. The Fund uses this measurement to record its Net Pension Liability and associated amounts as of December 31, 2019 in accordance with GASB Statement 68. The schedule also includes the proportionate share allocation rate used at June 30, 2019 along with the change compared to the June 30, 2018 rate. The Fund's proportion of the Net Pension Liability was based on a projection of the Fund's long-term share of contributions to the pension plan relative to the projected contributions of all participating employers, actuarially determined.

	Net Pension Liability at June 30, 2019	Rate at June 30, 2019	Increase (Decrease) on June 30, 2018 Rate
Municipal Employees' Retirement System Plan A	$ 519,366	0.12429%	0.12429%

12. Pension Plan (continued)

Pension Liabilities, Pension Expense, and Deferred Outflows of Resources and Deferred Inflows of Resources Related to Pensions (continued)

The following schedule lists each pension plan's recognized pension expense of the Fund for the year ended December 31, 2019:

New System	$	400,749
Old System		235,361
Municipal Employees' Retirement System Plan A	$	636,110

At December 31, 2019, the Fund reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

	Deferred Outflows of Resources		Deferred Inflows of Resources	
Differences between expected and actual experience	$	13,124	$	-
Changes of assumptions		-		12,672
Net difference between projected and actual earnings on pension plan investments		51,510		-
Changes in proportion and differences between Employer contributions and proportionate share of contributions		292,389		4,157
Employer contributions subsequent to the measurement date		41,973		-
Total	$	398,996	$	16,829

The Fund reported a total of $41,973 as deferred outflow of resources related to pension contributions made subsequent to the measurement period of June 30, 2019 which will be recognized as a reduction in Net Pension Liability in the year ended December 31, 2020.

Other amounts reported as deferred outflows of resources and deferred inflows of resources related to pension will be recognized in pension expense as follows:

12. Pension Plan (continued)

Pension Liabilities, Pension Expense, and Deferred Outflows of Resources and Deferred Inflows of Resources Related to Pensions (continued)

December 31,	MERS
2020	$ 173,165
2021	156,126
2022	6,578
2023	4,325
	$ 340,194

Actuarial Assumptions

A summary of the actuarial methods and assumptions used in determining the total pension liability for the pension plan as of December 31, 2019 are as follows:

	MERS
Valuation Date	June 30, 2019
Actuarial Cost Method	Entry Age Normal
Actuarial Assumptions:	
Expected Remaining Service Lives	3 years
Investment Rate of Return	7.00%
Inflation Rate	2.500%
Mortality	For annuitant and beneficiary mortality tables used were: PubG-2010(B) Healthy Retiree Table set equal to 120% for males and females, each adjusted using their respective male and female MP2018 scales. For employees, the PubG-2010(B) Employee Table set equal to 120% for males and females, each adjusted using their respective male and female MP2018 scales. For disabled annuitants, PubNS-2010(B) Disabled Retiree Table set equal to 120% for males and females with the full generational MP2018 scale.
Salary Increases	1 – 4 years of service – 6.4% >4 years of service – 4.5%
Cost of Living Adjustments	The System is authorized under state law to grant a cost of living increase to members who have been retired for at least one year. The adjustment cannot exceed 2% of the retiree's original benefit for each full calendar year since retirement and may only be granted if sufficient funds are available from investment income in excess of normal requirements. State law allows the System to grant additional cost of living increases to all retirees and beneficiaries who are age sixty-five and above equal to 2% of the benefit being received on October 1, 1977, or the original benefit, if retirement commenced after that date.

12. Pension Plan (continued)

Actuarial Assumptions (continued)

The long-term expected rate of return on pension plan investments was determined using a building-block method in which best-estimates ranges of expected future real rates of return (expected returns, net of pension plan investment expense and inflation) are developed for each major asset class. These ranges are combined to produce the long-term expected rate of return by weighting the expected future real rates of return by the target asset allocation percentage and by adding expected inflation of 2.70% and an adjustment for the effect of rebalancing /diversification. The resulting expected long-term rates of return is 7.00% for the year ended June 30, 2019.

The following table provides a summary of the best estimates of arithmetic/geometric real rates of return for each major asset class included in each of the Retirement System target asset allocation as of June 30, 2019:

	Target Allocation	Long-term Expected Real Rate of Return
Cash	-	-
Public equity	50.00%	2.15%
Equity	-	-
U.S. Equity	-	-
Non-U.S. Equity	-	-
Public fixed income	35.00%	1.51%
Fixed income	-	-
Alternatives	15.00%	0.64%
Risk Parity	-	-
Total	100.00%	4.30%
Inflation		2.70%
Expected Arithmetic Nominal Return		7.00%

Discount Rate

The projection of cash flows used to determine the discount rate assumed that plan member contributions will be made at the current contribution rate and that sponsor contributions will be made at rates equal to the difference between actuarially determined contribution rates and the member rate. Based on those assumptions, the pension plan's fiduciary net position was projected to be available to make all projected future benefit payments of 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. The discount rate used to measure the total pension liability for MERS was 7.00%, for the year ended June 30, 2019.

12. Pension and Retirement Plans (continued)

Sensitivity of the Employer's Proportionate Share of the Net Pension Liability to Changes in the Discount Rate

The following table presents the Fund's proportionate share of the Net Pension Liability (NPL) using the discount rate of the Retirement System as well as what the Fund's proportionate share of the NPL would be if it were calculated using a discount rate that is one percentage-point lower or one percentage-point higher than the current rate used by the Retirement Systems:

	1.0% Decrease	Current Discount Rate	1.0% Increase
MERS			
Rates	6.00%	7.00%	8.00%
NOFF's Share of NPL	$ 677,160	$ 519,366	$ 385,956

14. Funding Obligations

At December 31, 2019, the Old System has net position available for benefits in the amount of $5,487,649. As discussed in Note 4, the composition of net position for the Old System Trust has legally restricted account balances totaling $1,835,385 leaving only $3,652,264 available for future benefit payments of its members. In addition, the actuarially determined total pension liability of the Old System Trust is $118,843,114 at December 31, 2019. The Old System is a "pay as you go" system. The Old System's employer (the City of New Orleans) is legally obligated to meet all obligations of the Old Fund. The Fund's management fully expects the City of New Orleans to meet all future obligations of the Old System.

As of December 31, 2019, the New System has net position available for benefits in the amount of $41,949,945 with a total pension liability of $432,784,552. Approximately 20% of the New System's investments are long-term positions and are not liquid. This may have a negative impact on future cash flows. Also, as described in Note 4, the composition of net position for the New System Trust has legally restricted account balances totaling $58,629,177 leaving a deficit of $16,679,232 for future benefit payments of its members. The New System's employer (the City of New Orleans) is legally obligated to meet all future obligations of the New System, and the Fund's management fully expects the City of New Orleans to meet all future obligations of the New System.

REQUIRED SUPPLEMENTARY INFORMATION

FIREFIGHTERS' PENSION AND RELIEF FUND
OF THE CITY OF NEW ORLEANS
REQUIRED SUPPLEMENTARY INFORMATION
SCHEDULE OF CHANGES IN NET PENSION LIABILITY
AND RELATED RATIOS
YEAR ENDED DECEMBER 31, 2019

New System

	2014	2015	2016	2017	2018	2019
Total Pension Liability						
Service cost	$ 5,864,836	$ 6,183,235	$ 6,327,772	$ 6,020,016	$ 5,851,426	$ 6,289,441
Interest	31,786,464	25,108,885	28,032,524	29,807,146	29,890,231	29,295,484
Changes of benefit terms	-	-	(18,912,503)	-	-	4,291,492
Differences between expected and actual experience	(16,071,547)	(18,529,944)	45,022,465	(222,473)	(8,072,878)	11,154,725
Changes in assumptions	95,806,073	(80,611,355)	-	-	-	9,117,253
Pension payments	(38,888,748)	(40,760,039)	(39,880,379)	(33,736,884)	(35,256,899)	(35,940,582)
Net change in total pension liability	78,497,078	(108,609,218)	20,589,879	1,867,805	(7,588,120)	24,207,813
Total pension liability, beginning	423,819,315	502,316,393	393,707,175	414,297,054	416,164,859	408,576,739
Total pension liability, ending (a)	$ 502,316,393	$ 393,707,175	$ 414,297,054	$ 416,164,859	$ 408,576,739	$ 432,784,552
Plan Fiduciary Net Position						
Contributions - employer	$ 19,902,654	$ 29,635,220	$ 31,393,089	$ 35,345,772	$ 33,189,708	$ 33,217,683
Contributions - member	2,038,542	2,654,721	2,729,769	3,011,193	3,052,370	3,123,545
Contributions - non-employer contributing entities	745,884	865,912	885,504	983,081	913,159	959,860
Net investment income (loss)	(5,328,054)	(6,683,482)	(1,518,395)	(5,309,489)	(12,648,537)	8,561,116
Pension payments	(38,888,748)	(40,760,039)	(39,880,379)	(33,736,884)	(35,256,899)	(35,940,582)
Administrative expenses	(600,909)	(822,056)	(879,623)	(555,675)	(565,575)	(953,901)
Miscellaneous revenue	-	-	-	-	-	1,562,262
Net change in plan fiduciary net position	(22,130,631)	(15,109,724)	(7,270,035)	(262,002)	(11,315,774)	10,529,983
Plan fiduciary net position, beginning	87,508,128	65,377,497	50,267,773	42,997,738	42,735,736	31,419,962
Plan fiduciary net position, ending (b)	$ 65,377,497	$ 50,267,773	$ 42,997,738	$ 42,735,736	$ 31,419,962	$ 41,949,945
Net pension liability, ending = (a) - (b)	$ 436,938,896	$ 343,439,402	$ 371,299,316	$ 373,429,123	$ 377,156,777	$ 390,834,607
Plan fiduciary net position as a % of total pension liability	13.02%	12.77%	10.38%	10.27%	7.69%	9.69%
Covered payroll	$ 26,984,531	$ 27,088,650	$ 27,148,936	$ 27,762,479	$ 28,171,135	$ 28,816,039
Net pension liability as a % of covered payroll	1619.22%	1267.84%	1367.64%	1345.09%	1338.81%	1356.31%

Old System

	2014	2015	2016	2017	2018	2019
Total Pension Liability						
Service cost	$ -	$ -	$ -	$ -	$ -	$ -
Interest	11,143,269	6,202,285	5,722,877	5,433,119	5,234,203	4,981,565
Differences between expected and actual experience	12,642,392	3,064,837	(4,198,811)	(5,868,851)	8,500,536	(10,208,293)
Changes in assumptions	24,967,584	1,457,230	(2,589,493)	2,283,939	(5,077,869)	9,738,720
Pension payments	(20,640,928)	(18,119,812)	(17,978,200)	(16,786,524)	(15,296,667)	(14,340,912)
Net change in total pension liability	28,112,317	(7,395,460)	(19,043,627)	(14,938,317)	(6,639,797)	(9,828,920)
Total pension liability, beginning	148,576,918	176,689,235	169,293,775	150,250,148	135,311,831	128,672,034
Total pension liability, ending (a)	$ 176,689,235	$ 169,293,775	$ 150,250,148	$ 135,311,831	$ 128,672,034	$ 118,843,114
Plan Fiduciary Net Position						
Contributions - employer	$ 16,426,727	$ 17,200,000	$ 11,460,735	$ 11,688,825	$ 16,148,777	$ 14,680,217
Contributions - member	-	-	-	-	-	-
Contributions - non-employer contributing entities	745,884	865,912	659,878	691,674	608,772	563,727
Net investment income (loss)	1,622,814	200,276	(206,646)	40,908	69,664	91,886
Pension payments	(20,640,928)	(18,119,812)	(17,978,200)	(16,786,524)	(15,296,667)	(14,340,912)
Administrative expenses	(573,396)	(403,870)	(423,979)	(330,530)	(322,268)	(534,905)
Net change in plan fiduciary net position	(2,418,899)	(257,494)	(6,488,212)	(4,695,647)	1,208,278	460,013
Plan fiduciary net position, beginning	17,679,610	15,260,711	15,003,217	8,515,005	3,819,358	5,027,636
Plan fiduciary net position, ending (b)	$ 15,260,711	$ 15,003,217	$ 8,515,005	$ 3,819,358	$ 5,027,636	$ 5,487,649
Net pension liability, ending = (a) - (b)	$ 161,428,524	$ 154,290,558	$ 141,735,143	$ 131,492,473	$ 123,644,398	$ 113,355,465
Plan fiduciary net position as a % of total pension liability	8.64%	8.86%	5.67%	2.82%	3.91%	4.62%
Covered payroll	$ -	$ -	$ -	$ -	$ -	$ -
Net pension liability as a % of covered payroll	N/A	N/A	N/A	N/A	N/A	N/A

Notes to Schedule:
Schedule is intended to show information for 10 years. Additional years will be displayed as they become available.

FIREFIGHTERS' PENSION AND RELIEF FUND
OF THE CITY OF NEW ORLEANS
REQUIRED SUPPLEMENTARY INFORMATION
SCHEDULE OF EMPLOYER'S NET PENSION LIABILITY
YEAR ENDED DECEMBER 31, 2019

New System

	Total Pension Liability	Plan Fiduciary Net Position	Employers' Net Pension Liability	Plan Fiduciary Net Position as a % of Total Pension Liability	Covered Payroll	Employers' Net Pension Liability (Asset) as a % of Covered Payroll
2013	$ 423,819,515	$ 87,508,126	$ 336,311,389	20.65%	$ 28,002,465	1201.01%
2014	502,316,393	65,377,497	436,938,896	13.02%	26,984,531	1619.22%
2015	393,707,175	50,267,773	343,439,402	12.77%	27,088,650	1267.84%
2016	414,297,054	42,997,738	371,299,316	10.38%	27,148,936	1367.64%
2017	416,164,859	42,735,736	373,429,123	10.27%	27,762,479	1345.09%
2018	408,576,739	31,419,962	377,156,777	7.69%	28,171,135	1338.81%
2019	432,784,552	41,949,945	390,834,607	9.69%	28,816,039	1356.31%

Old System

	Total Pension Liability	Plan Fiduciary Net Position	Employers' Net Pension Liability	Plan Fiduciary Net Position as a % of Total Pension Liability	Covered Payroll	Employers' Net Pension Liability (Asset) as a % of Covered Payroll
2013	$ 148,576,918	$ 17,679,610	$ 130,897,308	11.90%	$ -	N/A
2014	176,689,235	15,260,711	161,428,524	8.64%	-	N/A
2015	169,293,775	15,003,217	154,290,558	8.86%	-	N/A
2016	150,250,148	8,515,005	141,735,143	5.67%	-	N/A
2017	135,311,831	3,819,358	131,492,473	2.82%	-	N/A
2018	128,672,034	5,027,636	123,644,398	3.91%	-	N/A
2019	118,843,114	5,487,649	113,355,465	4.62%	-	N/A

Note to Schedule:
Schedule is intended to show information for 10 years. Additional years will be displayed as they become available.

FIREFIGHTERS' PENSION AND RELIEF FUND
OF THE CITY OF NEW ORLEANS
REQUIRED SUPPLEMENTARY INFORMATION
SCHEDULE OF EMPLOYER CONTRIBUTIONS
EMPLOYER AND NON-EMPLOYER CONTRIBUTING ENTITIES
FOR THE YEAR ENDED DECEMBER 31, 2019

New System

Fiscal Year	Actuarially Determined Contribution	Contributions in Relation to the Actuarial Determined Contribution*	Contribution Excess (Deficiency)	Covered Payroll	Contributions as a % of Covered Payroll
2010	$ 24,532,819	$ 9,489,294	$ (15,043,525)	$ 27,427,244	34.60%
2011	29,424,359	11,987,484	(17,436,875)	29,994,149	39.97%
2012	32,212,794	12,157,108	(20,055,686)	29,688,472	40.95%
2013	34,386,640	12,313,856	(22,072,784)	28,002,465	43.97%
2014	36,182,434	20,648,538	(15,533,896)	26,984,531	76.52%
2015	31,992,690	30,501,132	(1,491,558)	27,088,650	112.60%
2016	35,880,883	32,278,593	(3,602,290)	27,148,936	118.89%
2017	33,639,710	36,328,853	2,689,143	27,762,479	130.86%
2018	34,102,683	34,102,867	184	28,171,135	121.06%
2019	34,147,005	34,177,543	30,538	28,816,039	118.61%

Old System

Fiscal Year	Actuarially Determined Contribution	Contributions in Relation to the Actuarial Determined Contribution*	Contribution Excess (Deficiency)	Covered Payroll	Contributions as a % of Covered Payroll
2010	$ 22,166,070	$ 20,873,788	$ (1,292,282)	$ -	N/A
2011	22,612,929	20,975,753	(1,637,176)	-	N/A
2012	22,461,146	20,740,622	(1,720,524)	-	N/A
2013	22,532,004	20,896,181	(1,635,823)	-	N/A
2014	18,841,269	17,172,611	(1,668,658)	-	N/A
2015	17,404,180	18,065,912	661,732	-	N/A
2016	17,168,843	12,120,613	(5,048,230)	-	N/A
2017	16,598,777	12,380,499	(4,218,278)	-	N/A
2018	15,339,217	16,757,549	1,418,332	-	N/A
2019	15,654,432	15,243,944	(410,488)	-	N/A

* includes 2% of the fire insurance premiums premium in City of New Orleans.

FIREFIGHTERS' PENSION AND RELIEF FUND
OF THE CITY OF NEW ORLEANS
REQUIRED SUPPLEMENTARY INFORMATION
SCHEDULE OF INVESTMENT RETURNS
FOR THE YEAR ENDED DECEMBER 31, 2019

	New System Annual Money-Weighted Rate of Return*
2014	(7.43) %
2015	(10.92) %
2016	(3.10) %
2017	(11.24) %
2018	(28.80) %
2019	31.90 %

	Old System Annual Money-Weighted Rate of Return*
2014	8.50 %
2015	1.33 %
2016	1.05 %
2017	0.67 %
2018	1.59 %
2019	1.80 %

* Annual money-weighted rates of return are presented net of investment expense. The annual money-weighted rate of return is shown in this schedule. The money-weighted rate of return is calculated as the internal rate of return on pension plan investments, net of pension plan investment expense. This expresses investment performance adjusted for the changing amounts actually invested throughout the year, measured using monthly inputs with expenses measured on an accrual basis.

Notes to Schedule:
Schedule is intended to show information for 10 years. Additional years will be displayed as they become available.

FIREFIGHTERS' PENSION AND RELIEF FUND
OF THE CITY OF NEW ORLEANS
REQUIRED SUPPLEMENTARY INFORMATION
SCHEDULE OF PROPORTIONATE SHARE
OF THE NET PENSION LIABILITY
FOR THE YEAR ENDED DECEMBER 31, 2019*

Pension Plan	Employer's Proportion of the Net Pension Liability (Asset)	Employer's Proportionate Share of the Net Pension Liability (Asset)	Employer's Covered Payroll	Employer's Proportionate Share of the Net Pension Liability (Asset) as a Percentage of its Covered Payroll	Plan Fiduciary Net Position as a Percentage of the Total Pension Liability
Municipal Employees' Retirement System (Plan A)					
2019	0.124290%	$ 519,366	$ 273,276	190.0518%	64.68%

Note to Schedule:
Schedule is intended to show information for 10 years. Additional years will be displayed as they become available.

(*) The amounts presented have a measurement date of June 30th.

FIREFIGHTERS' PENSION AND RELIEF FUND
OF THE CITY OF NEW ORLEANS
REQUIRED SUPPLEMENTARY INFORMATION
SCHEDULE OF CONTRIBUTIONS
FOR THE YEAR ENDED DECEMBER 31, 2019

Pension Plan	Contractually Required Contribution[1]	Contributions in Relation to Contractually Required Contribution[2]	Contribution Deficiency (Excess)	Employer's Covered Payroll[3]	Contributions as a % of Covered Payroll
Municipal Employees' Retirement System - Plan A (MERS)					
2019	$ 71,052	$ 72,833	$ (1,781)	$ 273,276	26.652%

Schedule is intended to show information for 10 years. Additional years will be displayed as they become available.

For reference only:

1 *Employer contribution rate multiplied by employer's covered payroll*

2 *Actual employer contributions remitted to MERS*

3 *Employer's covered payroll amount for the fiscal year ended December 31 of each year*

FIREFIGHTERS' PENSION AND RELIEF FUND
OF THE CITY OF NEW ORLEANS
NOTES TO REQUIRED SUPPLEMENTARY INFORMATION
DECEMBER 31, 2019

1. Schedule of Changes in Net Pension Liability

The total pension liability contained in this schedule was provided by the Fund's actuary, Conefry & Company, LLC. The net pension liability is measured as the total pension liability less the amount of the fiduciary net position for the New System and Old System.

2. Schedule of Employer's Net Pension Liability

The schedule of employer's net pension liability shows the percentage of the Fund's employer's net pension liability as a percentage of covered payroll for the New System and the Old System. The employer's net pension liability is the liability of contributing employers to members for benefits provided through the Fund. Covered payroll is the payroll of all employees that are provided with benefits through the plan.

3. Schedule of Employer Contributions – Employer and Non-Employer Contributing Entities

The difference between the actuarially determined contributions from employer and non-employer contributing entities and the contributions reported from employers and non-employer contributing entities, and the percentage of employer contributions received to covered employee payroll is presented in this schedule. Fire rebate revenue is considered support from non-employer contributing entities.

4. Actuarial Assumptions

The information presented in the required supplementary schedules was used in the actuarial valuation for purposes of determining the actuarially determined contribution rate and the total pension liability. The assumptions and methods used for the actuarial valuation were recommended by the actuary and adopted by the Board.

Information on the actuarial methods and assumptions used at December 31, 2019 is as follows:

Valuation Date:	December 31, 2019 (same as measurement date)
Actuarial Cost Method:	Entry Age Normal
Investment Rate of Return:	New System – 7.5% (net of investment expenses); Old System – 2.74% (net of investment expenses)
Salary Increases:	New System - 5.0%; Old System – N/A
Inflation Rate:	New System – 0.00%; Old System – N/A
Mortality:	1994 Uninsured Pensioner Table for active and retired; 1994 Uninsured Pensioner Table set forward 5-years for disabled annuitants.
Cost of Living Adjustments:	The present value of future retirement benefits is based on benefits currently being paid by the Fund and includes previously granted cost of living increases. The present values do not include provisions for potential future increases not yet authorized by the Board of Trustees.

5. Changes of Assumptions

Changes in the discount rate used to measure the total pension liability for the New System and Old System are listed below:

Valuation Date	New System	Old System
December 31, 2019	7.50%	2.74%
December 31, 2018	7.50%	4.10%
December 31, 2017	7.50%	3.50%
December 31, 2016	7.50%	3.83%
December 31, 2015	7.50%	5.37%
December 31, 2014	5.21%	3.70%

SUPPLEMENTARY INFORMATION

FIREFIGHTERS' PENSION AND RELIEF FUND
OF THE CITY OF NEW ORLEANS
SUPPLEMENTARY INFORMATION
SCHEDULE OF ADMINISTRATIVE EXPENSES
FOR THE YEAR ENDED DECEMBER 31, 2019

	New System	Old System
Accounting, auditing, legal and other professional fees	$ 82,226	$ 43,058
Actuary fees	28,409	18,011
Computer support services	34,752	22,033
Employee benefits	417,705	218,405
Insurance	103,470	65,598
Office supplies and printing	3,485	2,210
Payroll and payroll taxes	224,561	142,369
Pension seminars and education	8,916	5,653
Postage	2,617	1,653
Professional - medical	18,000	-
Rent	22,431	14,221
Telephone	7,329	4,645
	$ 953,901	$ 537,856

See independent auditors' report.

FIREFIGHTERS' PENSION AND RELIEF FUND
OF THE CITY OF NEW ORLEANS
SUPPLEMENTARY INFORMATION
SCHEDULE OF COMPENSATION, BENEFITS
AND OTHER PAYMENTS TO AGENCY HEAD
FOR THE YEAR ENDED DECEMBER 31, 2019

Agency Head Name: Thomas F. Meagher III, Secretary-Treasurer

Purpose	Amount
Salary	$ 60,112
Mileage reimbursement	1,003
Travel	53
Registration fees	384
Conference travel	35
	$ 61,587

See independent auditors' report.

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INDEPENDENT AUDITORS' REPORT ON INTERNAL CONTROL OVER FINANCIAL REPORTING AND ON COMPLIANCE AND OTHER MATTERS BASED ON A FINANCIAL AUDIT PERFORMED IN ACCORDANCE WITH *GOVERNMENT AUDITING STANDARDS*

Honorable Mayor and Council of
the City of New Orleans, 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 financial statements of each major fund of the Firefighters' Pension and Relief Fund of the City of New Orleans ("the Fund"), a fiduciary fund of the City of New Orleans, as of and for the year ended December 31, 2019, and the related notes to the financial statements, which collectively comprise the Fund's basic financial statements, and have issued our report thereon dated September 15, 2020.

Internal Control Over Financial Reporting

In planning and performing our audit, we considered the Fund's internal control over financial reporting (internal control) to determine the 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 Fund's internal control. Accordingly, we do not express an opinion on the effectiveness of the Fund'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 may exist that have not been identified.

Compliance and Other Matters

As part of obtaining reasonable assurance about whether the Firefighters' Pension and Relief Fund of the City of New Orleans' financial statements are free of material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts, and grants, noncompliance with which could have a direct and material effect on the determination of financial statement amounts. However, providing an opinion on compliance with those provisions was not an objective of our audit and, accordingly, we do not express such an opinion. The results of our tests disclosed no instances of noncompliance or other matters that is required to be reported under *Government Auditing Standards*.

Postlethwaite & Netterville

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 entity'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 entity's internal control and compliance. Accordingly, this communication is not suitable for any other purpose.

Postlethwaite & Netterville

New Orleans, Louisiana
September 15, 2020

FIREFIGHTERS' PENSION AND RELIEF FUND
OF THE CITY OF NEW ORLEANS
SCHEDULE OF PRIOR AUDIT FINDINGS
YEAR ENDED DECEMBER 31, 2019

2018-001 Collateralizations of Bank Deposits

Criteria:	The Fund should monitor compliance with collateralization of bank deposits. Louisiana Revised Statutes requires all deposits exceeding the amount insured by the Federal Deposit Insurance Corporation (FDIC) to be fully collateralized with specific approved securities designated therein valued at 102% of deposits
Recommendation:	We recommend that the Fund monitor compliance of collateralization of bank deposits to reduce credit risk and comply with Louisiana Revised Statutes.
Status:	Resolved.

FIREFIGHTERS' PENSION AND RELIEF FUND OF THE CITY OF NEW ORLEANS

STATEWIDE AGREED-UPON PROCEDURES

FOR THE YEAR ENDED DECEMBER 31, 2019

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Independent Accountant's Report
On Applying Agreed-Upon Procedures

Honorable Mayor and Council of the City of New Orleans, Louisiana,
Board of the Firefighters' Pension and Relief Fund of the City of New Orleans,
and the Louisiana Legislative Auditor:

We have performed the procedures enumerated in Schedule A, which were agreed to by Firefighters' Pension and Relief Fund of the City of New Orleans (the Entity) and the Louisiana Legislative Auditor (LLA) (specified users) on the control and compliance (C/C) areas identified in the LLA's Statewide Agreed-Upon Procedures (SAUPs) for the fiscal period January 1, 2019 through December 31, 2019. The Entity's management is responsible for those C/C areas identified in the SAUPs.

This agreed-upon procedures engagement was conducted in accordance with attestation standards established by the American Institute of Certified Public Accountants and applicable standards of *Government Auditing Standards*. The sufficiency of these procedures is solely the responsibility of the specified users of this report. Consequently, we make no representation regarding the sufficiency of the procedures described in the attached Schedule A either for the purpose for which this report has been requested or for any other purpose.

The procedures we performed and the associated findings are summarized in the attached Schedule A, which is an integral part of this report.

We were not engaged to and did not conduct an examination or review, 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.

The purpose of this report is 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, this report is distributed by the LLA as a public document.

Postlethwaite & Netterville

New Orleans, Louisiana
September 15, 2020

Schedule A

The procedures performed and the results thereof are set forth below. The procedure is stated first, followed by the results of the procedure presented in italics. If the item being subjected to the procedures is positively identified or present, then the results will read *no exception(s) noted.* If not, then a description of the exception ensues. Additionally, certain procedures listed below may not have been performed in accordance with guidance provided by the Louisiana Legislative Auditor, the specified user of the report. For those procedures, "procedure was not performed due to no exceptions occurring for this procedure in the prior year or the existence of mitigating internal controls as asserted by the entity" is indicated.

Written Policies and Procedures

1. Obtain and inspect the entity's written policies and procedures and observe that 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.

        The Entity is not required to prepare a budget. Therefore, this procedure is not applicable.

    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.

        The Entity has written policies for Purchasing, however the policies do not contain the following attributes: (2) how vendors are added to the vendor list; (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

        No exceptions noted.

    d) ***Receipts***, 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).

        No written policy on managements actions to determine the completeness of all collections for each type of revenue or agency fund addition(s).

    e) ***Payroll/Personnel***, including (1) payroll processing, and (2) reviewing and approving time and attendance records, including leave and overtime worked.

        No exceptions noted.

    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.

No exceptions noted.

g) ***Credit Cards (and debit cards, fuel cards, P-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)

No exceptions noted.

h) ***Travel and expense reimbursement***, including (1) allowable expenses, (2) dollar thresholds by category of expense, (3) documentation requirements, and (4) required approvers

No exceptions noted.

i) ***Ethics***, including (1) the prohibitions as defined in Louisiana Revised Statute 42:1111-1121, (2) actions to be taken if an ethics violation takes place, (3) system to monitor possible ethics violations, and (4) requirement that all employees, including elected officials, annually attest through signature verification that they have read the entity's ethics policy.

The Entity has a written policy for Ethics; however, the policies do not contain attribute, 4) requirement that all employees, including elected officials, annually attest through signature verification that they have read 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.

The Entity does not have debt. Therefore, this procedure is not applicable.

k) ***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.

The Entity has written policies for Disaster Recovery/Business Continuity; however, the policy does not specifically address attribute (2) storage in a separate physical location.

Board or Finance Committee

2. 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.

   Board meetings were held for all months except for July, September, and November. The meeting in July had to be cancelled due to flooding. There were no pending applications for retirement or *matters of a significant nature that needed addressing in September and November; therefore, no meeting was held.*

b) For those entities reporting on the governmental accounting model, observe that the minutes referenced or included monthly budget-to-actual comparisons on the general fund and major special revenue funds, as well as monthly financial statements (or budget-to-actual comparisons, if budgeted) for major proprietary funds. *Alternately, for those entities reporting on the non-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.*

Minutes referenced monthly financial statements for the 9 meetings held during 2019.

c) For governmental entities, obtain the prior year audit report and observe the unrestricted fund balance in the general fund. If the general fund had a negative ending unrestricted 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 unrestricted fund balance in the general fund.

The Fund does not have a general fund. This procedure is not applicable.

Bank Reconciliations

3. Obtain a listing of client 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 4 additional accounts (or all accounts if less than 5). Randomly select one month from the fiscal period, obtain and inspect the corresponding bank statement and reconciliation for selected each account, and observe that:

A listing of bank accounts was provided and included a total of 3 bank accounts. Management identified the entity's main operating account. No exceptions were noted as a result of performing this procedure.

From the listing provided, we selected 3 bank accounts (1 main operating and 2 other) and obtained the bank reconciliations for the month ending December 31, 2019, resulting in 3 bank reconciliations obtained and subjected to the below procedures.

a) Bank reconciliations include evidence that they were prepared within 2 months of the related statement closing date (e.g., initialed and dated, electronically logged);

No exceptions noted.

b) Bank reconciliations include evidence that a member of management/board member who does not handle cash, post ledgers, or issue checks has reviewed each bank reconciliation (e.g., initialed and dated, electronically logged); and

Of the 3 bank reconciliations obtained, none had a reviewers' initials or any other documentation evidencing the review.

c) Management has documentation reflecting that it has researched reconciling items that have been outstanding for more than 12 months from the statement closing date, if applicable.

No exceptions noted.

Collections

4. 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 5 deposit sites (or all deposit sites if less than 5).

A listing of deposit sites was provided and included 1 deposit site. No exceptions were noted as a result of performing this procedure.

From the listing provided, we selected the 1 deposit site and performed the procedures below

5. For each deposit site selected, obtain a listing of collection locations and management's representation that the listing is complete. Randomly select one collection location for each deposit site (i.e. 5 collection locations for 5 deposit sites), obtain and inspect written policies and procedures relating to employee job duties (if no written policies or procedures, 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 listing of collection locations for the deposit site selected in procedure #4 was provided and included 1 collection location. No exceptions were noted as a result of performing this procedure.

We selected the 1 collection location for the deposit site. Review of the Entity's written policies and procedures or inquiry with employee(s) regarding job duties was performed in order to perform the procedures below.

a) Employees that are responsible for cash collections do not share cash drawers/registers.

For the 1 collection location, the employees responsible for cash collections share cash drawers/registers.

b) Each employee responsible for collecting cash is not responsible for preparing/making bank deposits, unless another employee/official is responsible for reconciling collection documentation (e.g. pre-numbered receipts) to the deposit.

For the 1 locations, the employee responsible for collecting cash prepares/makes the bank deposit and reconciles collection documentation to the deposit.

c) Each employee responsible for collecting cash is not 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.

For the 1 location, the employee responsible for collecting cash posts collection entries to the general ledger and reconciles ledger postings to each other and the deposit.

d) The employee(s) responsible for reconciling cash collections to the general ledger and/or subsidiary ledgers, by revenue source and/or agency fund additions are not responsible for collecting cash, unless another employee verifies the reconciliation.

There is no formal process to reconcile cash collections to the general ledger and/or subsidiary ledgers, by revenue source and/or agency fund additions, by a person who is not responsible for cash collections in the collection locations selected.

6. Inquire of management that all employees who have access to cash are covered by a bond or insurance policy for theft.

The Entity stated that all employees who have access to cash are bonded and/or covered under the Fund's fiduciary policy.

7. Randomly select two deposit dates for each of the 5 bank accounts selected for procedure #3 under "Bank Reconciliations" above (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 10 deposits and:

We randomly selected two deposit dates for each of the 3 bank accounts selected in procedure #3. We obtained supporting documentation for each of the 6 deposits and performed the procedures below.

a) Observe that receipts are sequentially pre-numbered.

The Entity does not maintain sequentially pre-numbered receipts. As such, we were unable to perform the procedure.

b) Trace sequentially pre-numbered receipts, system reports, and other related collection documentation to the deposit slip.

The Entity does not maintain sequentially pre-numbered receipts, system reports, and other related collection documentation. As such, we were unable to perform the procedure.

c) Trace the deposit slip total to the actual deposit per the bank statement.

No exceptions noted.

d) Observe that the deposit was made within one business day of receipt at the collection location (within one week if the depository is more than 10 miles from the collection location or the deposit is less than $100).

Schedule A

Five exceptions noted. We noted that the Entity does not always document the date of receipt of collection. Thus, we were only able to perform this procedure on one deposit noting it was deposited within one business day of receipt.

e) Trace the actual deposit per the bank statement to the general ledger.

No exceptions noted.

Non-payroll Disbursements (excluding card purchases/payments, travel reimbursements, and petty cash purchases)

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

The listing of locations that process payments for the fiscal period was provided. No exceptions were noted as a result of performing this procedure.

From the listing provided, we selected the 1 location and performed the procedures below.

9. For each location selected under #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, inquire of employees about their job duties), and observe that job duties are properly segregated such that:

The listing of employees involved with non-payroll purchasing and payment functions for the payment processing location was provided. No exceptions were noted as a result of performing this procedure.

Review of the Entity's written policies and procedures or inquiry with employee(s) regarding job duties was performed in order to perform the procedures below.

a) At least two employees are involved in initiating a purchase request, approving a purchase, and placing an order/making the purchase.

For the 1 location, a single employee initiates purchase requests, approves purchases and is responsible for placing / making purchases.

b) At least two employees are involved in processing and approving payments to vendors.

No exceptions noted.

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.

For the 1 location, the person processing payments was not prohibited from adding / modifying vendor files. The same employee is responsible for periodic review of vendor files.

Schedule A

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.

No exceptions noted.

10. For each location selected under #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 5 disbursements for each location, obtain supporting documentation for each transaction and:

A listing of non-payroll disbursements for the payment processing location was provided related to the reporting period. No exceptions were noted as a result of performing this procedure.

From the listing, we selected 5 disbursements and performed the procedures below.

a) Observe that the disbursement matched the related original invoice/billing statement.

No exceptions noted.

b) Observe that the disbursement documentation included evidence (e.g., initial/date, electronic logging) of segregation of duties tested under #9, as applicable.

The payment processor is not restricted from adding or modifying vendor files.

Credit Cards/Debit Cards/Fuel Cards/P-Cards

11. Obtain from management a listing of all active credit cards, bank debit cards, fuel cards, and P-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.

Procedure was not performed due to no exceptions occurring for this procedure in the prior year or the existence of mitigating internal controls as asserted by the entity.

12. Using the listing prepared by management, randomly select 5 cards (or all cards if less than 5) that were used during the fiscal period. Randomly select one monthly statement or combined statement for each card (for a debit card, randomly select one monthly bank statement), obtain supporting documentation, and:

Procedure was not performed due to no exceptions occurring for this procedure in the prior year or the existence of mitigating internal controls as asserted by the entity.

a) Observe that 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) was reviewed and approved, in writing, by someone other than the authorized card holder. [Note: Requiring such approval may constrain the legal authority of certain public officials (e.g., mayor of a Lawrason Act municipality); these instances should not be reported.)]

Procedure was not performed due to no exceptions occurring for this procedure in the prior year or the existence of mitigating internal controls as asserted by the entity.

b) Observe that finance charges and late fees were not assessed on the selected statements.

Procedure was not performed due to no exceptions occurring for this procedure in the prior year or the existence of mitigating internal controls as asserted by the entity.

13. Using the monthly statements or combined statements selected under #12 above, excluding fuel cards, randomly select 10 transactions (or all transactions if less than 10) from each statement, and obtain supporting documentation for the transactions (i.e. each card should have 10 transactions subject to testing). 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).

Procedure was not performed due to no exceptions occurring for this procedure in the prior year or the existence of mitigating internal controls as asserted by the entity.

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

14. 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 5 reimbursements, obtain the related expense reimbursement forms/prepaid expense documentation of each selected reimbursement, as well as the supporting documentation. For each of the 5 reimbursements selected:

Procedure was not performed due to no exceptions occurring for this procedure in the prior year or the existence of mitigating internal controls as asserted by the entity.

a) If reimbursed using a per diem, agree the reimbursement rate to 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 policy (procedure #1h).

d) Observe that each reimbursement was reviewed and approved, in writing, by someone other than the person receiving reimbursement.

Schedule A

Contracts

15. 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 5 contracts (or all contracts if less than 5) from the listing, excluding the practitioner's contract, and:

    An active vendor list for the fiscal period was provided. No exceptions were noted as a result of performing this procedure.

    From the listing provided, we randomly selected 5 contracts and performed the procedures below.

    a) Observe that the contract was bid in accordance with the Louisiana Public Bid Law (e.g., solicited quotes or bids, advertised), if required by law.

    Of the 5 contracts selected for our procedures, none were subject to Louisiana Public Bid Law. This procedure is not applicable.

    b) Observe that the contract was approved by the governing body/board, if required by policy or law (e.g. Lawrason Act, Home Rule Charter).

    No exceptions noted.

    c) If the contract was amended (e.g. change order), observe that the original contract terms provided for such an amendment.

    No exceptions noted.

    d) Randomly select one payment from the fiscal period for each of the 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.

    No exception noted.

Payroll and Personnel

16. Obtain a listing of employees/elected officials employed during the fiscal period and management's representation that the listing is complete. Randomly select 5 employees/officials, obtain related paid salaries and personnel files, and agree paid salaries to authorized salaries/pay rates in the personnel files.

    A listing of employees/elected officials employed during the fiscal year was provided. No exceptions were noted as a result of performing this procedure.

    The Fund only employs 4 employees/officials; therefore, we selected all employees/officials and performed the specified procedures. No exceptions noted.

17. Randomly select one pay period during the fiscal period. For the 5 employees/officials selected under #16 above, obtain attendance records and leave documentation for the pay period, and:

    We selected 1 pay period during the fiscal period and performed the procedures below for the 4 employees/officials selected in procedure #16.

    a) Observe that all selected employees/officials documented their daily attendance and leave (e.g., vacation, sick, compensatory). (Note: Generally, an elected official is not eligible to earn leave and does not document his/her attendance and leave. However, if the elected official is earning leave according to policy and/or contract, the official should document his/her daily attendance and leave.).

       The Entity's salaried employees/officials are not required to document their daily attendance. Annual leave usage is reported when taken. No attendance records were obtained for the Entity's 2 salaried employees.

    b) Observe that supervisors approved the attendance and leave of the selected employees/officials.

       The Entity's salaried employees/officials are not required to document their daily attendance. Annual leave usage is reported when taken. No attendance records were obtained for the Entity's 2 salaried employees.

    c) Observe that any leave accrued or taken during the pay period is reflected in the entity's cumulative leave records.

       No exceptions noted.

18. Obtain a listing of those employees/officials that received termination payments during the fiscal period and management's representation that the list is complete. Randomly select two employees/officials, obtain related documentation of the hours and pay rates used in management's termination payment calculations, agree the hours to the employee/officials' cumulate leave records, and agree the pay rates to the employee/officials' authorized pay rates in the employee/officials' personnel files.:

    No terminations occurred in current fiscal year. This attribute was not applicable.

19. Obtain management's representation that employer and employee portions of payroll taxes, retirement contributions, health insurance premiums, and workers' compensation premiums have been paid, and associated forms have been filed, by required deadlines.

    No exceptions noted.

Ethics

20. Using the 5 randomly selected employees/officials from procedure #16 under "Payroll and Personnel" above obtain ethics documentation from management, and:

    a) Observe that the documentation demonstrates each employee/official completed one hour of ethics training during the fiscal period.

    No exceptions noted.

    b) Observe that the documentation demonstrates each employee/official attested through signature verification that he or she has read the entity's ethics policy during the fiscal period.

    For all 4 employees/officials, signature verification evidencing that the employee/official had read the Entity's ethics policy during the fiscal period could not be obtained.

Debt Service

21. Obtain a listing of bonds/notes issued during the fiscal period and management's representation that the listing is complete. Select all bonds/notes on the listing, obtain supporting documentation, and observe that State Bond Commission approval was obtained for each bond/note issued.

    Not applicable. The Entity does not issue debt.

22. 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 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.

    Not applicable. The Entity does not issue debt.

Other

23. 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.

    Procedure was not performed due to no exceptions occurring for this procedure in the prior year or the existence of mitigating internal controls as asserted by the entity.

24. 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.

    Procedure was not performed due to no exceptions occurring for this procedure in the prior year or the existence of mitigating internal controls as asserted by the entity.

Schedule B

Management's Corrective Action Plan

25. Obtain management's response and corrective action plan for any exceptions noted in the above agreed-upon procedures.

1) Written Policies and Procedures

Purchasing: *The Fund is entirely too small for the implementation of purchase orders and requisitions. While the Fund has no purchasing policies, best business practices govern the process. All major purchases are approved by the Board of Trustees. When applicable, services are bid out. The Fund has no major vendors. The Fund has had no major purchases during 2018 or other years. Office supplies are obtained from an office supply warehouse. All office supply purchases are approved prior to payment in writing. During 2013, the most recent year for a major purchase, the Fund solicited proposals for investment consultant services via a request for proposal process. Annual Fiduciary insurance is priced nationwide through its insurance broker, HUB International.*

Receipts: *The Fund has four revenue sources: city appropriations, employee contributions, state fire insurance revenue, and investment income. No cash is ever received by the Fund. City appropriations and employee contributions are remitted by the City at least monthly. The state fire insurance payment is made once annually and represents the only major revenue not received electronically. The Fund does not receive payments via check other than the annual fire premium payment, transfers from other retirement systems (usually 2 to 3 per year). Check receipts are deposited the next business banking day.*

Ethics: *This is another symptom of a small work environment. All four employees take and participate in the State's ethics program, an annual commitment to understanding the State's ethics laws and or receive ethics training at industry conferences. Participation certificates are maintained in the Fund's office.*

Disaster Recovery:

2) Board or Finance Committee

Board meetings are conducted to approve member retirement request and address other Board matters as necessary. There were no pending applications for retirement or matters of a significant nature that needed addressing in September and November. Therefore, no meeting was held.

Schedule B

3) **Bank Reconciliations**

Bank reconciliations: *Management has performed an undocumented review in the past. Management will begin documenting its review.*

4) **Collections**

Person responsible for collecting cash, making deposits and posting it to the general ledger (Segregation of duties): *The Fund does not receive any cash. The Fund only receives checks and wires. The Fund's limited staffing does not permit such segregation of duties.*

Log of sequentially pre-numbered receipts: *The Fund does not collect any cash. The limited number of checks received are deposited on the day after receipt. The Fund will begin numbering the receipts sequentially to make sure none of the receipts are lost in transitions.*

5) **Non- Payroll disbursements**

Purchase order initiation and approval: *The Fund does not use purchase orders.*

Segregation of duties: *The Fund's limited staffing does not permit such segregation of duties. The check register is reviewed by management weekly for unauthorized activity.*

6) **Payroll**

Attendance and leave records: *This was a salaried employee tested. Attendance records are not required for days worked. Annual leave and sick leave are reported when taken. Leave records for the salaried employee are maintained, but there would be no documentation of approval of leave.*

7) **Ethics**

The Fund contains 4 employees and their policies has not changed in years. So the management does not find it necessary to sign the ethics policy every year if the state ethics training is completed.