



Luther Speight & Company
Certified Public Accountants and Consultants

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

**AUDIT OF FINANCIAL STATEMENTS FOR THE
YEAR ENDED DECEMBER 31, 2021**

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Luther Speight & Company, LLC
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INDEPENDENT AUDITORS' REPORT

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

Opinion

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, 2021, and the related notes to the financial statements, as listed in the table of contents.

In our opinion, the financial statements referred to above present fairly, in all material respects, the 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, 2021, and the changes in financial position for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Basis for Opinion

We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in Government Auditing Standards, issued by the Comptroller General of the United States. Our responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of the Financial Statements section of our report. We are required to be independent of the Fund, and to meet our other ethical responsibilities, in accordance with the relevant ethical requirements relating to our audit. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinions,

Responsibilities of Management for the Financial Statements

Management is responsible for the preparation and fair presentation of 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.

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

Auditors' Responsibilities for the Audit of the Financial Statements

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

(Continued)

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

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

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

Required Supplementary Information

Accounting principles generally accepted in the United States of America require that the Management's Discussion and Analysis, Schedules of Changes in Net Pension Liability, Schedules of Employers' Net Pension Liability, Schedule of Investment Returns, the Schedule of Employer Contributions, and related notes, listed as Required Supplemental Information in the Table of Contents 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 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.

(Continued)

Supplementary Information

Our audit was conducted for the purpose of forming opinions on the financial statements of the New System and the Old System that collectively comprise the Firefighters' Pension and Relief Fund of the City of New Orleans basic financial statements. The schedule of administrative expenses and the schedule of compensation, benefits, and other payments to the agency head 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.

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, 2021, the Old System has net position restricted for pension benefits in the amount of \$8,605,953. As described in Note 4, the composition of net position for the Old System Trust has legally restricted account balances totaling \$1,405,124 leaving \$7,200,829 available for future benefit payments of its members. In addition, the actuarially determined total pension liability of the Old System Trust is \$111,209,832 at December 31, 2021. 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 13 to the financial statements.

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

As described in Note 4, the composition of net position for the New System Trust has legally restricted account balances totaling \$60,620,973 leaving a deficit of (\$7,751,247). The System's employer is legally obligated to meet all future obligations of the Fund. See Note 13 to the financial statements.

Actuarial Assumptions

As described above, the total pension liability for the New System and Old System was \$408,850,476 and \$111,209,832 as of December 31, 2021, 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, 2021 could be materially different from the estimate.

Our opinions are not modified with respect to these matters.

(Continued)

Other Reporting Required by *Government Auditing Standards*

In accordance with *Government Auditing Standards*, we have also issued our report dated September 26, 2022, 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.

A handwritten signature in blue ink, appearing to read "L. J. ...", is written over the printed text.

New Orleans, Louisiana
September 26, 2022

**FIREFIGHTERS' PENSION AND RELIEF FUND
OF THE CITY OF NEW ORLEANS
MANAGEMENT'S DISCUSSION AND ANALYSIS
DECEMBER 31, 2021**

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, 2021 by \$61,475,680 (net position), consisting of \$52,869,728 in the New System and \$8,605,953 in the Old System.
- The Fund's total net position increased by \$4,159,979, consisting of an increase of \$2,841,360 in the New System and an increase of \$1,318,620 in the Old System. The increase in the New System is due primarily to fair value earnings on investments during 2021. 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, 2021.

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

**FIREFIGHTERS' PENSION AND RELIEF FUND
OF THE CITY OF NEW ORLEANS
MANAGEMENT'S DISCUSSION AND ANALYSIS
DECEMBER 31, 2021**

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, 2021 and 2020

	<u>New System</u>		<u>Old System</u>	
	<u>2021</u>	<u>2020</u>	<u>2021</u>	<u>2020</u>
Cash	\$ 121,068	\$ 251,233	\$ 235,464	\$ 404,740
Receivables	-	651,922	-	-
Due (to)/from Old System/New System	-	(554,007)	1,152,241	554,007
Investments	56,644,471	52,547,273	8,321,076	7,610,910
Property and equipment, net	483,842	126,438	145,966	75,689
Total assets	<u>57,249,381</u>	<u>53,022,859</u>	<u>9,854,747</u>	<u>8,645,346</u>
Deferred outflows	<u>48,157</u>	<u>246,551</u>	<u>70,572</u>	<u>138,685</u>
Current Liabilities	1,152,241	2,555	21,257	10,150
Net pension liability	<u>301,908</u>	<u>462,625</u>	<u>148,701</u>	<u>260,227</u>
Total liabilities	<u>1,454,149</u>	<u>465,180</u>	<u>169,958</u>	<u>270,377</u>
Deferred inflows	<u>2,973,662</u>	<u>2,775,864</u>	<u>1,149,408</u>	<u>1,226,321</u>
Net position - restricted for pension benefits	<u>\$ 52,869,727</u>	<u>\$ 50,028,366</u>	<u>\$ 8,605,953</u>	<u>\$ 7,287,333</u>

Increase in Assets

The majority of assets include cash, and investments. Total assets increased by \$4,226,522 in the New System in 2021, primarily due to the net appreciation in the value of investments. Total assets increased by \$1,209,401 in the Old System in 2021, primarily due to contributions exceeding benefit payments and withdrawal of members' DROP and PLOP balances in 2021. Deferred outflows and net pension liability decreased for both systems due to the Fund's employees joining Municipal Employees' Retirement System of Louisiana.

**FIREFIGHTERS' PENSION AND RELIEF FUND
OF THE CITY OF NEW ORLEANS
MANAGEMENT'S DISCUSSION AND ANALYSIS
DECEMBER 31, 2021**

**Condensed Statements of Changes in Fiduciary Net Position
December 31, 2021 and 2020**

	<u>New System</u>		<u>Old System</u>	
	<u>2021</u>	<u>2020</u>	<u>2021</u>	<u>2020</u>
Additions:				
Contributions	\$ 38,726,199	\$ 37,315,444	\$ 13,871,601	\$ 15,282,529
Other additions	174,883	26,982	31,907	4,083
Investment income	3,059,476	4,385,827	61	22,929
Total additions	<u>41,960,558</u>	<u>41,728,253</u>	<u>13,903,569</u>	<u>15,309,541</u>
Total deductions	<u>38,483,374</u>	<u>33,649,832</u>	<u>13,220,773</u>	<u>13,509,857</u>
Operating expense to old system	<u>(635,825)</u>	<u>-</u>	<u>635,825</u>	<u>-</u>
Net increase in net position	<u>\$ 2,841,359</u>	<u>\$ 8,078,421</u>	<u>\$ 1,318,621</u>	<u>\$ 1,799,684</u>

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 2021 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.

	<u>New System</u>			<u>Old System</u>		
	<u>2021</u>	<u>2020</u>	<u>Increase (Decrease) Percentage</u>	<u>2021</u>	<u>2020</u>	<u>Increase (Decrease) Percentage</u>
Member contributions	\$ 3,253,474	\$ 3,089,859	5.30	\$ -	\$ -	-
Employer contributions and city appropriations	34,301,094	33,244,562	3.18	13,338,990	14,742,586	(9.52)
State insurance rebate	989,134	981,023	0.83	532,611	539,943	(1.36)
Transfer from other systems	182,497	-	-	-	-	-
Net investment income (loss)	3,059,476	4,385,827	(30.24)	61	22,929	(99.73)
Miscellaneous revenue	79,346	26,982	194.07	31,907	4,083	681.46
	<u>\$41,865,021</u>	<u>\$ 41,728,253</u>		<u>\$13,903,569</u>	<u>\$15,309,541</u>	

**FIREFIGHTERS' PENSION AND RELIEF FUND
OF THE CITY OF NEW ORLEANS
MANAGEMENT'S DISCUSSION AND ANALYSIS
DECEMBER 31, 2021**

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 \$4,833,542 in the New System in 2021, primarily due to an increase in DROP and PLOP withdrawals. Deductions from fiduciary net position decreased by \$289,083 in the Old System in 2021, primarily due to an increase in DROP withdrawals.

	<u>New System</u>			<u>Old System</u>		
			Increase (Decrease)			Increase (Decrease)
	<u>2021</u>	<u>2020</u>	<u>Percentage</u>	<u>2021</u>	<u>2020</u>	<u>Percentage</u>
Retirement benefits paid	\$ 26,824,171	\$ 25,556,155	4.96	\$ 11,942,794	\$ 12,876,348	(7.25)
Refund of contributions	420,800	201,611	108.72	-	-	-
Death benefits	24,000	39,000	(38.46)	45,000	63,000	(28.57)
Depreciation expense	-	-	-	26,773	10,796	147.99
Administrative expenses	223,497	786,610	(71.59)	629,153	345,003	82.36
DROP withdrawal	7,175,811	3,422,783	109.65	310,235	63,153	391.24
PLOP withdrawal	3,616,277	3,543,581	2.05	128,917	151,557	(14.94)
Transfer to other system	198,818	100,092	98.64	137,902	-	-
	<u>\$ 38,483,374</u>	<u>\$ 33,649,832</u>		<u>\$ 13,220,774</u>	<u>\$ 13,509,857</u>	

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, 2021 amounted to \$56,644,471 and \$8,321,076 for the New and Old Systems, respectively, as compared to \$52,547,273 and \$7,610,910 at December 31, 2020. Total investments increased approximately 9.28% in the New System and increased approximately 9.15% in the Old System. The change in investments for the New System and Old System was primarily attributable to changes in fair value during 2021 as well as the excess of contributions over benefits paid.

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.

FIREFIGHTER'S PENSION AND RELIEF FUND
OF THE CITY OF NEW ORLEANS
STATEMENT OF FIDUCIARY NET POSITION
FOR THE YEAR ENDED DECEMBER 31, 2021

	New System	Old System	Total
ASSETS			
Cash	\$ 121,068	\$ 235,464	\$ 356,532
Receivables			
Due (to) from Old System	-	1,152,241	1,152,241
Total receivables	-	1,152,241	1,152,241
Investments			
Money Market funds	10,664,696	8,321,076	18,985,772
Corporate bonds	187	-	187
Stocks	378	-	378
Mutual funds	38,351,860	-	38,351,860
Investments in limited liability companies	27,973	-	27,973
Investments in partnerships	7,298,377	-	7,298,377
Investments in real estate	301,000	-	301,000
Total investments	56,644,471	8,321,076	64,965,547
Property and equipment, net	483,842	145,966	629,808
Total assets	57,249,381	9,854,747	67,104,128
DEFERRED OUTFLOWS OF RESOURCES			
Related to pension	48,157	70,572	118,729
Total deferred outflow of resources	48,157	70,572	118,729
LIABILITIES			
Accounts payable and other liabilities	-	21,257	21,257
Net pension liability - MERS	301,908	148,701	450,609
Due (to) from Old System	1,152,241	-	1,152,241
Total liabilities	1,454,149	169,958	1,624,107
DEFERRED INFLOW OF RESOURCES			
Unavailable revenue	2,876,237	1,101,422	3,977,659
Related to pension	97,425	47,986	145,411
Total deferred inflow of resources	2,973,662	1,149,408	4,123,070
NET POSITION - RESTRICTED FOR PENSION BENEFITS	\$ 52,869,727	\$ 8,605,953	\$ 61,475,680

See accompanying notes to financial statements.

FIREFIGHTER'S PENSION AND RELIEF FUND
OF THE CITY OF NEW ORLEANS
STATEMENT OF CHANGES IN FIDUCIARY POSITION
FOR THE YEAR ENDED DECEMBER 31, 2021

	<u>New System</u>	<u>Old System</u>	<u>Total</u>
ADDITIONS			
Contributions			
Member	\$ 3,253,474	\$ -	\$ 3,253,474
Employer	34,301,094	-	34,301,094
City appropriation		13,338,990	13,338,990
Transfers in from other systems	182,497	-	182,497
Non-employer contribution			
Fire insurance rebate	989,134	532,611	1,521,745
Total contributions	<u>38,726,199</u>	<u>13,871,601</u>	<u>52,597,800</u>
Investment income/(loss)			
Interest and dividend income	656,430	2,087	658,517
Net appreciation in fair value	2,764,587	-	2,764,587
Total investment income/(loss)	<u>3,421,017</u>	<u>2,087</u>	<u>3,423,104</u>
Less investment expenses			
Investment management fees	90,000	-	90,000
Filing and legal	84,248	155	84,403
Custodian fees	11,246	1,871	13,117
Other investment expenses	176,047	-	176,047
Total investment expenses	<u>361,541</u>	<u>2,026</u>	<u>363,567</u>
Net investment income	<u>3,059,476</u>	<u>61</u>	<u>3,059,537</u>
OTHER ADDITIONS			
Partnership income	95,537	-	95,537
Miscellaneous revenue	79,346	31,907	111,253
Total other additions	<u>174,883</u>	<u>31,907</u>	<u>206,790</u>
DEDUCTIONS			
Retirement benefits paid	26,824,171	11,942,794	38,766,965
Refund of contributions	420,800	-	420,800
Death benefits	24,000	45,000	69,000
Depreciation expense	-	26,773	26,773
Administrative expenses	223,497	629,153	852,650
DROP withdrawal	7,175,811	310,235	7,486,046
PLOP withdrawal	3,616,277	128,917	3,745,194
Transfer to other retirement systems	198,818	137,902	336,720
Total deductions	<u>38,483,374</u>	<u>13,220,773</u>	<u>51,704,147</u>
Operating expense to Old System	<u>(635,825)</u>	<u>635,825</u>	<u>-</u>
NET INCREASE IN NET POSITION	<u>2,841,359</u>	<u>1,318,620</u>	<u>4,159,979</u>
NET POSITION - RESTRICTED FOR PENSION BENEFITS			
Beginning of year	50,028,366	7,287,333	57,315,699
End of year	<u>\$ 52,869,725</u>	<u>\$ 8,605,953</u>	<u>\$ 61,475,678</u>

See accompanying notes to financial statements.

**FIREFIGHTERS' PENSION AND RELIEF FUND
OF THE CITY OF NEW ORLEANS
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2021**

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 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 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, 2021, the Firefighters' Pension and Relief Fund's membership consisted of:

	<u>New System</u>	<u>Old System</u>
Inactive plan members or beneficiaries receiving benefits	796	374
Inactive plan members entitled to but not yet receiving benefits	86	-
Active plan members	464	-
Total participants as of the measurement date	<u>1,346</u>	<u>374</u>

**FIREFIGHTERS' PENSION AND RELIEF FUND
OF THE CITY OF NEW ORLEANS
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2021**

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.

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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 or non-service related survivor benefit is payable to the firefighter's parent(s). 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 ceases and the member is classified as retired.

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.

If employment continues 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.

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2. PLAN DESCRIPTION (CONTINUED)

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 rebates are recognized when due. The Fund has no component units as defined by the Governmental Accounting Standards Board.

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 are valued on the basis of historical cost, less accumulated depreciation, and is depreciated using the straight-line method of depreciation over the asset's 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.

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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 12 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 revenue on the statement of fiduciary net position and will be recognized as revenue in the subsequent year. See Note 12 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 2021, employees contributed 10% of pensionable salary. Actual amount contributed by employees for the year ended December 31, 2021 was \$3,253,474. Employer contributions are made monthly. The actuarial determined contribution of the employer was \$40,146,006 for the year ending December 31, 2021. The actual amount contributed by the employer for the year ended December 31, 2021 was \$34,301,094 and fire insurance rebates were \$989,134.

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 \$11,895,377 for the year ending December 31, 2021. The actual amount contributed by the employer for the year ended December 31, 2021 was \$13,338,990 and fire insurance rebates were \$532,611.

The Fund receives fire insurance taxes of 2% of the fire insurance premiums written in the City of New Orleans. In 2021, 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, 2021. The total amount received during the year ended December 31, 2021 was \$1,521,745 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.

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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 \$31,858,442. There are no active members in the Old System; therefore, the Old System has no Annuity Savings balance.

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 \$22,460,965. The DROP balance of the Old System is \$581,111.

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 \$6,301,566. The PLOP balance of the Old System is \$824,012.

D) Reserve Summary

Net position is composed of the following at December 31, 2021:

	<u>New System</u>	<u>Old System</u>
Net Position	\$ 52,869,726	\$ 8,605,953
Reserves:		
Annuity savings reserve	(31,858,442)	-
DROP reserve	(22,460,965)	(581,111)
PLOP reserve	(6,301,566)	(824,013)
Net position available for other pension benefits (deficit)	<u>\$ (7,751,247)</u>	<u>\$ 7,200,829</u>

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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, 2021:

	Total Pension Liability	Plan Fiduciary Net Position	Employers' Net Pension Liability	Plan Fiduciary Net Position as a % of the Total Pension Liability
New System	\$ 408,850,476	\$ 52,869,728	\$ 355,980,748	12.93%
Old System	\$ 111,209,832	\$ 8,605,953	\$ 102,603,879	7.73%

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, 2021 valuation were based on the results of an experience study for the period from January 1, 2021 to December 31, 2021. 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, 2021 is based on actuarial valuation using a measurement date of December 31, 2021; updated using generally accepted actuarial procedures.

Information on the actuarial methods and assumptions used at December 31, 2021 is as follows:

Valuation Date: December 31, 2021 (same as measurement date)

Actuarial Cost Method: Entry Age Normal

Investment Rate of Return: New System – 7.5% (net of investment expenses)
Old System – 2.06% (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.

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5. NET PENSION LIABILITY OF EMPLOYER (CONTINUED)

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 2.06% for the New System and Old System, respectively, for the year ended December 31, 2021. The municipal bond index rate is 2.06%.

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, 2021 are as follows:

Asset Class	Target Allocation	Long-term Expected Real Rate of Return
Domestic equity	45.00%	7.50%
International equity	15.00%	8.50%
Fixed Income	15.00%	2.50%
Real Estate	10.00%	4.50%
International bonds	5.00%	3.50%
Alternative Assets	10.00%	6.28%
	Total Real Return	<u>6.28%</u>

The discount rate used to measure the total pension liability at December 31, 2021 for the New System and Old System was 7.5% and 2.06%, respectively. The discount rate used to measure the total pension liability at December 31, 2020 for the New System and Old System was 7.5% and 2.12%, respectively. The change in discount rates resulted in an increase in the total pension liability for the Old System of \$14,168,966. 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.

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5. NET PENSION LIABILITY OF EMPLOYER (CONTINUED)

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, 2021 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 2.06% 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, 2021:

NEW SYSTEM

	1% Decrease 6.50%	Current Discount Rate 7.50%	1% Decrease 8.50%
Total pension liability	\$ 444,109,860	\$ 408,850,476	\$ 376,260,755
Fiduciary net position	52,869,728	52,869,728	52,869,728
Net position liability	<u>\$ 391,240,132</u>	<u>\$ 355,980,748</u>	<u>\$ 323,391,027</u>

OLD SYSTEM

	1% Decrease 1.06%	Current Discount Rate 2.06%	1% Decrease 3.06%
Total pension liability	\$ 118,725,034	\$ 111,209,832	\$ 104,349,161
Fiduciary net position	8,605,953	8,605,953	8,605,953
Net position liability	<u>\$ 110,119,081</u>	<u>\$ 102,603,879</u>	<u>\$ 95,743,208</u>

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.

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6. DEPOSITS, CASH EQUIVALENTS, AND INVESTMENTS (CONTINUED)

Deposits

As of December 31, 2021, the Fund's cash balances in bank accounts totaled \$356,532. These deposits were within the levels of FDIC insurance covered by the respective financial institutions.

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.

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, 2021, the New System held investments in Lakewood Restoration Partners, LTD which represented approximately 11% of the New System's net position.

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, 2021.

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, 2021, \$378 of the New System's corporate bonds were short-term investment funds which are not rated. At December 31, 2021, 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.

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6. DEPOSITS, CASH EQUIVALENTS, AND INVESTMENTS (CONTINUED)

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.

As of December 31, 2021, the New System has net position available for benefits in the amount of \$52,869,727 with a total pension liability of \$408,850,476.

7. FAIR VALUE MEASUREMENTS

To the extent available, the Fund's investments are recorded at fair value as of December 31, 2021. 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 consider 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 consist 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 has 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.

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7. FAIR VALUE MEASUREMENTS (CONTINUED)

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, 2021.

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.

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7. FAIR VALUE MEASUREMENTS (CONTINUED)

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, 2021:

	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	\$ 7,844,372	\$ 7,844,372	\$ -	\$ -
Corporate Bonds - Domestic	187	-	187	-
Total Fixed Income Securities	7,844,559	7,844,372	187	-
Domestic Equity Securities	378	378	-	-
Equity Funds				
Large Cap Equity Fund	19,825,213	19,825,213		
International Equity Fund	5,835,460	5,835,460		
Daily Accrual Equity Fund	4,847,000	4,847,000		
Total Equity Securities	30,507,673	30,507,673	-	-
Alternative Investments:				
Limited Liability Corporations	27,973			27,973
Investments in Partnerships	7,298,192			7,298,192
Investments in Real Estate	301,000			301,000
Total Alternative Investments	7,627,565	-	-	7,627,565
Total Investments at Fair Value Level	\$ 45,979,960	\$ 38,352,423	\$ 187	\$ 7,627,565
Investments Measured At Net Asset Value (NAV)				
Money Market Funds	\$ 18,985,772			
Total Investments at NAV	18,985,772			
Total Investments	\$ 64,965,547			

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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, 2021 are presented in the following table:

	<u>Fair Value</u>	<u>Unfunded Commitments</u>	<u>Redemption Frequency (If Currently Eligible)</u>	<u>Redemption Notice Period</u>
Investments measured at NAV				
Money market funds	\$ 18,985,772	\$ -	Daily	Same day
Total investment measured at NAV	<u>\$ 18,985,772</u>	<u>\$ -</u>		

8. PROPERTY AND EQUIPMENT

Property and equipment consisted of the following at December 31, 2021:

Pension Fund - New System:

Land	\$ 126,438
Construction in Progress	<u>357,404</u>
Total furniture and equipment, net	<u>\$ 483,842</u>

Pension Fund - Old System:

Furniture and equipment	\$ 292,696
Less: accumulated depreciation	<u>(146,730)</u>
Total furniture and equipment, net	<u>\$ 145,966</u>

There was depreciation expense in the amount of \$26,773 for the year ended December 31, 2021.

9. INVESTMENT IN LIMITED LIABILITY CORPORATION

At December 31, 2021, 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, 2021, the Fund had an investment of \$27,973 in the corporation.

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10. INVESTMENTS IN PARTNERSHIPS

At December 31, 2021, 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, 2021, the value of the Fund's investment in the partnership was \$6,183,404.
- b) 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, 2021, the value of the Fund's investment in the partnership was \$703,814.
- c) 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, 2021, the value of the Fund's investment in the partnership was \$448,143.

11. INVESTMENT IN REAL ESTATE

During the year ended December 31, 2021, the New System of the Fund had an investment in real estate as follows:

- The Fund has an investment in land located in Biloxi, Mississippi. As of December 31, 2021, the value of the land was \$301,000.

12. PENSION PLAN

All full-time NOFF employees who do not participate in NOFF participate in the Municipal Employees' Retirement System of Louisiana (MERS). MERS is a cost-sharing defined benefit pension plan administered by a public employee retirement system, the Municipal Employees' Retirement System of Louisiana (MERS). 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 at www.mersla.com.

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12. PENSION PLAN (CONTINUED)

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).

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, 2021, for the Fund and covered employees were as follows:

	NOFF	Employees
MERS Plan A	29.50%	10.00%

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:

	2021	2020
MERS Plan A	\$ 94,633	\$ 91,359

NOFF contributed \$215,600 for purchase of prior service credits for employees during the year ended December 31, 2021.

**FIREFIGHTERS' PENSION AND RELIEF FUND
OF THE CITY OF NEW ORLEANS
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2021**

12. PENSION PLAN (CONTINUED)

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, 2021 measurement date. The Fund uses this measurement to record its Net Pension Liability and associated amounts as of December 31, 2021 in accordance with GASB Statement 68. The schedule also includes the proportionate share allocation rate used at June 30, 2021 along with the change compared to the June 30, 2020 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.

	<u>Net Pension Liability at June 30, 2021</u>	<u>Rate at June 30, 2021</u>	<u>Increase (Decrease) to June 30, 2020 Rate</u>
MERS Plan A	\$ 450,609	0.162002%	(0.005193%)

The following schedule lists each pension plan's recognized pension expense of the Fund for the year ended December 31, 2021:

New System	\$ 164,103
Old System	<u>80,827</u>
MERS Plan A	<u>\$ 244,930</u>

At December 31, 2021, the Fund reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

	<u>Deferred Outflows of Resources</u>	<u>Deferred Inflows of Resources</u>
Differences between expected and actual experience	\$162	\$(5,142)
Changes of assumptions	16,466	-
Net difference between projected and actual earnings on pension plan investments	-	(126,960)
Changes in proportion and differences between Employer contributions and proportionate share of contributions	53,782	(13,299)
Employer contributions subsequent to the measurement date	<u>47,317</u>	<u>-</u>
Total	<u>\$70,410</u>	<u>\$(145,411)</u>

**FIREFIGHTERS' PENSION AND RELIEF FUND
OF THE CITY OF NEW ORLEANS
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2021**

12. PENSION PLAN (CONTINUED)

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

The Fund reported a total of \$47,317 as deferred outflow of resources related to pension contributions made subsequent to the measurement period of June 30, 2021 which will be recognized as a reduction in Net Pension Liability in the year ended December 31, 2022.

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

December 31,	MERS
2021	\$ 30,510
2022	(29,803)
2023	(32,731)
2024	(42,976)
	<u>\$ (75,000)</u>

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, 2020 are as follows:

	MERS
Valuation Date	June 30, 2021
Actuarial Cost Method	Entry Age Normal
Actuarial Assumptions:	
Expected Remaining Service Lives	3 years
Investment Rate of Return	6.85% (decreased from 6.95% in 2020)
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.

**FIREFIGHTERS' PENSION AND RELIEF FUND
OF THE CITY OF NEW ORLEANS
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2021**

12. PENSION PLAN (CONTINUED)

Actuarial Assumptions (Continued)

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.

**FIREFIGHTERS' PENSION AND RELIEF FUND
OF THE CITY OF NEW ORLEANS
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2021**

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 rate of return is 6.95% for the year ended June 30, 2021.

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, 2021:

	<u>Target Allocation</u>	<u>Long-term Expected Real Rate of Return</u>
Public equity	53.00%	2.31%
Public fixed income	38.00%	1.65%
Alternatives	<u>9.00%</u>	<u>0.39%</u>
Total	<u>100.00%</u>	4.35%
Inflation		<u>2.60%</u>
Expected Arithmetic Nominal Return		<u>6.95%</u>

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 6.85%, for the year ended June 30, 2021.

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:

12. PENSION PLAN (CONTINUED)

Sensitivity of the Employer’s Proportionate Share of the Net Pension Liability to Changes in the Discount Rate (Continued)

<u>MERS</u>	<u>1.0% Decrease</u>	<u>Current Discount Rate</u>	<u>1.0% Increase</u>
Rates	5.85%	6.85%	7.85%
NOFF's Share of NPL	\$ 667,375	\$ 450,609	\$ 267,520

Payables to the Retirement Plan

NOFF recorded accrued liabilities due to retirement plan for the year ended December 31, 2021, primarily related to payroll. The amount due at December 31, 2021 to the Retirement Plan is \$21,257 and is included in liabilities and reported with accounts payable and other liabilities.

13. FUNDING OBLIGATIONS

At December 31, 2021, the Old System has net position available for benefits in the amount of \$8,605,953. As discussed in Note 4, the composition of net position for the Old System Trust has legally restricted account balances totaling \$1,405,123 leaving \$7,200,830 available for future benefit payments of its members. In addition, the actuarially determined total pension liability of the Old System Trust is \$111,209,832 at December 31, 2021. 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, 2021, the New System has net position available for benefits in the amount of \$52,869,728 with a total pension liability of \$408,850,476. Also, as described in Note 4, the composition of net position for the New System Trust has legally restricted account balances totaling \$60,620,973 leaving a deficit of (\$7,751,247). 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.

14. SUBSEQUENT EVENTS

Management evaluated subsequent events as of September 26, 2022, which is the date these financial statements were available to be issued. Management has noted that a former investment manager for NOFF was convicted of embezzling \$937,658 during 2022. The fraud occurred over the prior periods ranging from 2009 to 2017. The former investment manager diverted funds from investments related to insurance policies. NOFF recovered approximately \$210,000 of the embezzled funds. Management believes that further recoveries are remote. There were no additional disclosures or adjustments to these financial statements required.

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, 2021

	New System							
	2021	2020	2019	2018	2017	2016	2015	2014
Total Pension Liability								
Service Cost	\$ 7,029,535	\$ 7,532,704	\$ 6,289,441	\$ 5,851,426	\$ 6,020,016	\$ 6,277,772	\$ 6,183,235	\$ 5,864,836
Interest	31,913,679	31,226,471	29,295,484	29,890,231	29,807,146	28,032,524	25,108,885	31,786,464
Changes of Benefit Terms	-	-	4,291,492	-	-	(18,912,503)	-	-
Differences Between Expected and Actual Expenses	(36,498,412)	(19,459,642)	11,154,725	(8,072,878)	(222,473)	45,022,465	(18,529,944)	(16,071,547)
Changes in Assumptions	-	25,416,108	9,117,253	-	-	-	(80,611,355)	95,806,073
Pension Payments	(38,238,097)	(32,863,222)	(35,940,582)	(35,256,899)	(33,736,884)	(39,880,379)	(40,760,039)	(38,888,749)
Net change in Total Pension Liability	(35,784,295)	11,850,219	24,207,813	(7,588,120)	1,867,805	20,589,879	(108,605,218)	78,497,078
Total Pension Liability, Beginning	444,634,771	432,784,552	408,576,739	416,164,859	414,297,054	393,707,175	502,316,393	423,819,315
Total Pension Liability, Ending (a)	\$ 408,850,476	\$ 444,634,771	\$ 432,784,552	\$ 408,576,739	\$ 416,164,859	\$ 414,297,054	\$ 393,707,175	\$ 502,316,393
Plan Fiduciary Net Position								
Contributions - Member	\$ 3,253,474	\$ 3,089,859	\$ 3,123,545	\$ 3,052,370	\$ 3,011,193	\$ 2,729,769	\$ 2,634,721	\$ 2,038,542
Contributions - Employer	35,290,228	33,244,562	33,217,683	33,189,708	35,245,772	31,393,089	29,635,220	19,902,654
Contributions - Non-Employer Contributing Entities	-	981,023	959,860	913,159	983,081	885,504	865,912	745,884
Net Investment Income (Loss)	2,790,254	4,385,827	8,561,116	(12,648,537)	(5,309,489)	(1,518,395)	(6,683,482)	(5,328,054)
Pension Payments	(38,238,097)	(32,863,222)	(35,940,582)	(35,256,899)	(33,736,884)	(39,880,379)	(40,760,039)	(38,888,749)
Administrative Expenses	(274,407)	(785,610)	(953,901)	(565,575)	(555,675)	(879,623)	(822,056)	(600,909)
Miscellaneous Revenue	-	26,982	1,562,262	-	-	-	-	-
Net Change in Plan Fiduciary Net Position	2,841,362	6,078,421	10,529,983	(11,315,774)	(262,002)	(7,270,095)	(15,109,724)	(22,130,631)
Plan Fiduciary Net Position, Beginning	50,028,366	41,949,945	31,419,962	42,735,736	42,997,738	50,267,773	65,377,497	87,506,128
Plan Fiduciary Net Position, Ending (b)	\$ 52,869,728	\$ 50,028,366	\$ 41,949,945	\$ 31,419,962	\$ 42,735,736	\$ 42,997,738	\$ 50,267,773	\$ 65,377,497
Net Pension Liability, Ending = (a) - (b)	\$ 355,980,748	\$ 394,606,405	\$ 390,834,607	\$ 377,156,777	\$ 373,429,123	\$ 371,299,316	\$ 343,439,402	\$ 436,938,896
Plan Fiduciary Net Position as a % of Total Pension Liability	12.93%	11.25%	9.59%	7.69%	10.27%	10.38%	12.77%	13.02%
Covered Payroll	25,440,916	32,367,204	28,816,039	28,171,135	27,762,475	27,148,936	27,088,650	26,984,531
Net Pension Liability as a % of Covered Payroll	1209.14%	1219.16%	1356.31%	1338.81%	1345.09%	1367.64%	1267.84%	1619.22%
	Old System							
	2021	2020	2019	2018	2017	2016	2015	2014
Total Pension Liability								
Service Cost	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Interest	2,531,583	3,076,091	4,981,565	5,234,203	5,433,119	5,722,877	6,202,285	11,143,269
Differences Between Expected and Actual Expenses	(5,233,722)	(31,205)	(10,208,293)	8,500,536	(5,868,851)	(4,198,811)	3,054,837	12,642,392
Changes in Assumptions	462,155	16,644,856	9,738,720	(5,077,869)	2,383,939	(2,589,493)	1,457,230	24,967,584
Pension Payments	(11,929,022)	(13,154,058)	(14,340,912)	(15,296,667)	(16,786,524)	(17,978,200)	(18,119,812)	(20,640,928)
Net change in Total Pension Liability	(14,168,566)	6,525,684	(9,828,920)	(6,639,797)	(14,938,317)	(19,043,627)	(7,895,460)	28,112,317
Total Pension Liability, Beginning	125,578,798	118,843,114	128,672,034	135,311,831	150,250,148	169,283,775	176,689,235	148,576,918
Total Pension Liability, Ending (a)	\$ 111,209,832	\$ 125,378,798	\$ 118,843,114	\$ 128,672,034	\$ 135,311,831	\$ 150,250,148	\$ 169,283,775	\$ 176,689,235
Plan Fiduciary Net Position								
Contributions - Member	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Contributions - Employer	13,871,600	14,742,586	14,680,217	16,148,777	11,688,825	11,460,735	17,200,090	15,426,727
Contributions - Non-Employer Contributing Entities	-	539,943	563,727	608,772	691,674	659,878	865,912	745,884
Net Investment Income (Loss)	31,968	22,929	91,886	69,664	40,908	(206,646)	200,276	1,622,814
Depreciation Expense	-	-	-	-	-	-	-	-
Pension Payments	(11,929,022)	(13,154,058)	(14,340,912)	(15,296,667)	(16,786,524)	(17,978,200)	(18,119,812)	(20,640,928)
Administrative Expenses	(655,926)	(351,716)	(534,905)	(322,268)	(330,530)	(423,979)	(403,870)	(573,396)
Net Change in Plan Fiduciary Net Position	1,318,620	1,799,684	460,013	1,208,278	(4,695,647)	(6,488,212)	(257,494)	(2,418,899)
Plan Fiduciary Net Position, Beginning	7,287,333	5,497,649	5,027,636	3,819,358	8,515,005	15,003,217	15,260,711	17,679,610
Plan Fiduciary Net Position, Ending (b)	\$ 8,605,953	\$ 7,287,333	\$ 5,487,649	\$ 5,027,636	\$ 3,819,358	\$ 8,515,005	\$ 15,003,217	\$ 15,260,711
Net Pension Liability, Ending = (a) - (b)	\$ 102,603,879	\$ 118,091,465	\$ 113,355,465	\$ 123,644,398	\$ 131,492,473	\$ 141,735,143	\$ 154,280,558	\$ 161,428,524
Plan Fiduciary Net Position as a % of Total Pension Liability	7.74%	5.81%	4.62%	3.91%	2.82%	5.67%	8.86%	8.64%
Covered Payroll	-	-	-	-	-	-	-	-
as a % of Covered Payroll	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, 2021

New System						
	Total Pension Liability	Plan Fiduciary Net Position	Employers' Net Pension Liability	Plan Fiduciary Net Position as a % of Total Pension	Covered Payroll	Employers' Net Pension Liability (Asset) as a % of Covered Payroll
2021	\$ 408,850,476	\$ 52,869,728	\$ 355,980,748	12.93%	\$ 29,440,916	1209.14%
2020	444,634,771	50,028,366	394,606,405	11.25%	32,367,204	1219.16%
2019	432,784,552	41,949,945	390,834,607	9.69%	28,816,039	1356.31%
2018	408,576,739	31,419,962	377,156,777	7.69%	28,171,135	1338.81%
2017	416,164,859	42,735,736	373,429,123	10.27%	27,762,479	1345.09%
2016	414,297,054	42,997,738	371,299,316	10.38%	27,148,936	1367.64%
2015	393,707,175	50,267,773	343,439,402	12.77%	27,088,650	1267.84%
2014	502,316,393	65,377,497	436,938,896	13.02%	26,984,531	1619.22%
2013	423,819,515	87,508,126	336,311,389	20.65%	28,002,465	1201.01%

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
2021	\$ 111,209,832	\$ 8,605,953	\$ 102,603,879	7.74%	\$ -	N/A
2020	125,378,798	7,287,333	118,091,465	5.81%	-	N/A
2019	118,843,114	5,487,649	113,355,465	4.62%	-	N/A
2018	128,672,034	5,027,636	123,644,398	3.91%	-	N/A
2017	135,311,831	3,819,358	131,492,473	2.82%	-	N/A
2016	150,250,148	8,515,005	141,735,143	5.67%	-	N/A
2015	169,293,775	15,003,217	154,290,558	8.86%	-	N/A
2014	176,689,235	15,260,711	161,428,524	8.64%	-	N/A
2013	148,576,918	17,679,610	130,897,308	11.90%	-	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, 2021

New System					
Fiscal Year	Actuarially Determined Contribution	Contributions in Relation to the			Contributions as a % of Covered Payroll
		Actuarial Determined Contribution*	Contribution Excess (Deficiency)	Covered Payroll	
2021	\$ 40,146,006	\$ 34,301,094	5,844,912	\$ 29,440,916	116.51%
2020	35,435,883	34,225,585	(1,210,298)	32,367,204	105.74%
2019	34,147,005	34,177,543	30,538	28,816,039	118.61%
2018	34,102,683	34,102,867	184	28,171,135	121.06%
2017	33,639,710	36,328,853	2,689,143	27,762,479	130.86%
2016	35,880,883	32,278,593	(3,602,290)	27,148,936	118.89%
2015	31,992,690	30,501,132	(1,491,558)	27,088,650	112.60%
2014	36,182,434	20,648,538	(15,533,896)	26,984,531	76.52%
2013	34,386,640	12,313,856	(22,072,784)	28,002,465	43.97%
2012	32,212,794	12,157,108	(20,055,686)	29,688,472	40.95%
2011	29,424,359	11,987,484	(17,436,875)	29,994,149	39.97%
2010	24,532,819	9,489,294	(15,043,525)	27,427,244	34.60%

Old System					
Fiscal Year	Actuarially Determined Contribution	Contributions in Relation to the			Contributions as a % of Covered Payroll
		Actuarial Determined Contribution*	Contribution Excess (Deficiency)	Covered Payroll	
2021	\$ 11,895,377	\$ 13,338,990	\$ (1,443,613)	\$ -	N/A
2020	13,825,460	15,282,529	1,457,069	-	N/A
2019	15,654,432	15,243,944	(410,488)	-	N/A
2018	15,339,217	16,757,549	1,418,332	-	N/A
2017	16,598,777	12,380,499	(4,218,278)	-	N/A
2016	17,168,843	12,120,613	(5,048,230)	-	N/A
2015	17,404,180	18,065,912	661,732	-	N/A
2014	18,841,269	17,172,611	(1,668,658)	-	N/A
2013	22,532,004	20,896,181	(1,635,823)	-	N/A
2012	22,461,146	20,740,622	(1,720,524)	-	N/A
2011	22,612,929	20,975,753	(1,637,176)	-	N/A
2010	22,166,070	20,873,788	(1,292,282)	-	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, 2021**

	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 %
2020	10.16 %
2021	6.28 %

	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
2020	0.25
2021	0.25

* 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
 SCHEDULE OF PROPORTIONATE SHARE
 OF THE NET PENSION LIABILITY
 FOR THE YEAR ENDED DECEMBER 31, 2021*

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	11.82%	
				Employer's Proportionate Share of the net Pension Liability (Asst) 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)					
2021	0.162002%	\$ 450,609	\$ 305,215	147.6365%	11.82%
2020	0.167200%	\$ 722,852	\$ 311,649	231.9443%	64.52%
2019	0.124290%	\$ 519,366	\$ 324,270	160.1647%	64.68%

Note to Schedule:

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

(*) The amount 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, 2021**

<u>Pension Plan</u>	<u>Contractually Required Contribution¹</u>	<u>Contributions in Relation to Contractually Required Contribution²</u>	<u>Contribution Deficiency (Excess)</u>	<u>Employer's Covered Payroll³</u>	<u>Contributions as a % of Covered Payroll</u>
Municipal Employees' Retirement System - Plan A (MERS)					
2021	\$ 94,633	\$ 94,633	\$ -	\$ 315,354	30.001%
2020	\$ 91,359	\$ 91,359	\$ -	\$ 320,791	28.479%
2019	\$ 91,508	\$ 91,508	\$ -	\$ 340,985	26.836%

Note to Schedule:

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, 2021**

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, 2021 is as follows:

Valuation Date:	December 31, 2021 (same as measurement date)
Actuarial Cost Method:	Entry Age Normal
Investment Rate of Return:	New System – 7.5% (net of investment expenses) Old System – 2.06% (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:	Non-disabled RP-2014 Table for males and females without projection; Disabled same as non-disabled except Table is set forward 5-years.
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.

**FIREFIGHTERS' PENSION AND RELIEF FUND
OF THE CITY OF NEW ORLEANS
NOTES TO REQUIRED SUPPLEMENTARY INFORMATION
DECEMBER 31, 2021**

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:

<u>Valuation Date</u>	<u>New System</u>	<u>Old System</u>
December 31, 2021	7.50%	2.06%
December 31, 2020	7.50%	2.12%
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, 2021**

	New System	Old System
Accounting, auditing, legal and other professional fees	\$ 30,442	\$ 162,037
Insurance	192,740	4,587
Office Supplies	315	12,142
Payroll and Payroll Taxes	-	380,443
Pension seminars and education	-	2,281
Postage & Express Services	-	11,974
Meals	-	103
Bank Charges	-	64
Rent	-	36,652
Telephone	-	18,870
	<u>\$ 223,497</u>	<u>\$ 629,153</u>

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, 2021**

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

<u>Purpose</u>	<u>Amount</u>
Salary	\$ 79,167
Benefits	-
Payroll taxes	-
Meals	103
Mileage reimbursement	398
	<u>\$ 79,668</u>

See independent auditors' report.



Luther Speight & Company, LLC
Certified Public Accountants and Consultants

**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 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, 2021, and the related notes to the financial statements, and have issued our report thereon dated September 26, 2022.

Internal Control Over Financial Reporting

In planning and performing our audit, we considered the Fund's internal control over financial reporting (internal control) as a basis for designing 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*.

(Continued)

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.



New Orleans, Louisiana
September 26, 2022

FIREFIGHTERS PENSION AND RELIEF FUND FOR THE
CITY OF NEW ORLEANS

SCHEDULE OF FINDINGS AND RESPONSES

DECEMBER 31, 2021

There were no findings noted during our examination. However, our subsequent event audit procedures identified a misappropriation of NOFF funds that occurred in prior years that was not previously reported to the Louisiana Legislative Auditor's Office. The information and disclosures required by the Legislative Auditor's Office related to the fraud is as follows:

	ELEMENT OF FINDING	RESPONSE
1	A general statement describing the fraud or misappropriation that occurred.	An outside investment manager of the Fund failed to submit Fund proceeds of certain insurance policies to the Fund, converting them to his own use.
2	A description of the funds or assets that were the subject of the fraud or misappropriation (ex., utility receipts, petty cash, computer equipment).	Insurance policy proceeds purchased by and held by the outside investment manager
3	The amount of funds or approximate value of assets involved.	Insurance policy proceeds diverted totaled \$937,658.77
4	The department or office in which the fraud or misappropriation occurred.	The fraud was perpetrated by an outside investment manager.
5	The period of time over which the fraud or misappropriation occurred.	The fraud was believed to have occurred between 2004 and 2017.
6	The title/agency affiliation of the person who committed or is believed to have committed the act of fraud or misappropriation.	The investment firm was called American Pension Consultants.
7	The name of the person who committed or is believed to have committed the act of fraud or misappropriation, if formal charges have been brought against the person and/or the matter has been adjudicated.	Wayne Triche was charged with this fraud.
8	Is the person who committed or is believed to have committed the act of fraud still employed by the agency?	Wayne Triche was never employed by the Fund. His firm was engaged as an investment manager.

Continued

9	If the person who committed or is believed to have committed the act of fraud is still employed by the agency, do they have access to assets that may be subject to fraud or misappropriation?	No.
10	Has the agency notified the appropriate law enforcement body about the fraud or misappropriation?	Yes, the U.S Attorney is involved in the matter.
11	What is the status of the investigation at the date of the auditor's/accountant's report?	The investigation is complete.
12	If the investigation is complete and the person believed to have committed the act of fraud or misappropriation has been identified, has the agency filed charges against that person?	Yes, and indictment was filed in 2016.
13	What is the status of any related adjudication at the date of the auditor's/accountant's report?	A plea deal was signed with the US Attorney's office on March 16, 2022.
14	Has restitution been made or has an insurance claim been filed?	Restitution of \$937,658.77 has been ordered. Insurance claims not applicable.
15	Has the agency notified the Louisiana Legislative Auditor and the District Attorney in writing, as required by Louisiana Revised Statute 24:523 (Applicable to local governments only)	The US Attorney handled this matter. It appears the prior Fund management did not directly notify the Legislative Auditor or the District Attorney in writing.
16	Did the agency's internal controls allow the detection of the fraud or misappropriation in a timely manner?	Yes.
17	If the answer to the last question is "no," describe the control deficiency/significant deficiency/material weakness that allowed the fraud or misappropriation to occur and not be detected in a timely manner.	N/A
18	Management's plan to ensure that the fraud or misappropriation does not occur in the future	The Fund's investment policy prohibits direct investments of this type.

FIREFIGHTERS PENSION AND RELIEF FUND FOR THE
CITY OF NEW ORLEANS

SCHEDULE OF PRIOR YEAR FINDINGS
DECEMBER 31, 2021

No findings were included in the prior year's report.



Luther Speight & Company
Certified Public Accountants and Consultants

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

AGREED UPON PROCEDURES REPORT

FOR THE YEAR ENDED DECEMBER 31, 2021



Luther Speight & Company, LLC
Certified Public Accountants and Consultants

INDEPENDENT ACCOUNTANT'S REPORT ON APPLYING AGREED-UPON PROCEDURES

To the Board of Directors of Firefighters' Pension and Relief Fund of the City of New Orleans and the Louisiana Legislative Auditor:

We have performed the procedures enumerated below, which were agreed to by Firefighters' Pension and Relief Fund of The City of New Orleans (entity) and the Louisiana Legislative Auditor (LLA) on the control and compliance (C/C) areas identified in the LLA's Statewide Agreed-Upon Procedures (SAUPs) for the fiscal period January 1, 2021 through December 31, 2021. 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 below either for the purpose for which this report has been requested or for any other purpose.

The procedures and associated findings are as follows:

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

Results: *Annually, the fund actuary meets with the Board to present its actuarially required contributions for the upcoming year.*

- 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.

Results: Per review of the Entity's Financial Policies document, we noted information included adequately addressed the required procedures related to 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. The documented procedures include adequate information related to controls to ensure compliance with the public bid law and documentation required.

- c) **Disbursements**, including processing, reviewing, and approving

Results: The policies and procedures appear to appropriately address the required elements above.

- d) **Receipts/Collections**, including receiving, recording, and preparing deposits. Also, policies and procedures should include management's actions to determine the completeness of all collections for each type of revenue or agency fund additions (e.g. periodic confirmation with outside parties, reconciliation to utility billing after cutoff procedures, reconciliation of traffic ticket number sequences, agency fund forfeiture monies confirmation).

Results: The policies and procedures appear to appropriately address the required elements above.

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

Results: The policies and procedures appear to appropriately address the required elements above.

- 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

Results: The policies and procedures appear to appropriately address the required elements above.

- 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)

Results: Documented procedures regarding how cards are to be controlled, allowable business uses, documentation requirements and monitoring card usage was provided.

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

Results: Information regarding allowable expenses, dollar thresholds by category of expense, and documentation requirements were included in the Financial Policies document.

- 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.

Results: All employees of NOFFPF are required to complete an Ethics course, and a course completed certificate is kept on file.

- j) **Debt Service**, including (1) debt issuance approval, (2) continuing disclosure/EMMA reporting requirements, (3) debt reserve requirements, and (4) debt service requirements.

Results: Not applicable, as the entity has no debt.

- 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.

Results: NOFFPF has contracted a third-party company to handle all their data backup and antivirus for all computers.

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

Results: NOFFPF requires all employees to complete an ethics training but does not state in the policy manual that sexual harassment training has to be completed as well.

Management's Response: NOFFPF will update its policy to include required sexual harassment training.

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.

Results: NOFFPF Board meets monthly and provides Board Minutes on its website.

- b) For those entities reporting on the governmental accounting model, observe whether the minutes referenced or included monthly budget-to-actual comparisons on the general fund, quarterly budget-to-actual, at a minimum, on proprietary funds, and semi-annual budget-to-actual, at a minimum, on all special revenue funds. Alternately, for those entities reporting on the nonprofit 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.

Results: NOFFPF reports using the governmental accounting model. The minutes adequately address the changes in the investment portfolio and participant benefit payments. Financial disclosures in the minutes were adequate.

- c) For governmental entities, obtain the prior year audit report and observe the unassigned fund balance in the general fund. If the general fund had a negative ending unassigned fund balance in the prior year audit report, observe that the minutes for at least one meeting during the fiscal period referenced or included a formal plan to eliminate the negative unassigned fund balance in the general fund.

Results: The entity is a defined benefit pension plan. As such negative net position exist due to the unfunded pension liabilities resulting from GASB 67 & 68.

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.

Results: *We obtained a list of all bank accounts for the audit period from management.*

4. 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).

Results: *Management identified the entity's main operating account. All accounts were selected.*

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

Results: *Per review of the 5 bank reconciliations and bank statements, we noted that all 5 had evidence (date and time) as being reconciled. In addition, those 5 accounts were reconciled within 2 months of year-end.*

- 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

Results: *We noted that the bank reconciliations did not have a signature or date that documented evidence of review and approval.*

Management's Response: *We will document management's review and approval of the bank reconciliations in the future.*

- 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.

Results: *We noted no reconciling items that have been outstanding for more than 12 months from year-end.*

Collections

6. 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).

Results: *The entity does not receive cash; all deposit are either wire transfers or checks that are deposited the day after receipt.*

7. 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) Employees responsible for cash collections do not 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.
 - 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.
 - 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/official verifies the reconciliation.

Results: *N/A due to cash is not collected on site.*

8. Obtain from management a copy of the bond or insurance policy for theft covering all employees who have access to cash. Observe the bond or insurance policy for theft was enforced during the fiscal period.

Results: *The entity does not receive or handle any cash. As such a bond is not applicable.*

9. 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:
- a) Observe that receipts are sequentially pre-numbered.
 - b) Trace sequentially pre-numbered receipts, system reports, and other related collection documentation to the deposit slip.
 - c) Trace the deposit slip total to the actual deposit per the bank statement.
 - d) Observe 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 and the cash is stored securely in a locked safe or drawer).
 - e) Trace the actual deposit per the bank statement to the general ledger.

Results: The entity's collections and deposits are primarily wire transfers, so deposit slips are not provided for our samples. Our testing agrees with the above stated attributes.

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

10. 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).

Results: Non-Payroll Disbursements are processed through one location and the policy and procedure manual states procedures.

11. 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:

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

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

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

Results: The policy and procedure manual properly documents the segregation of duties for disbursements.

12. 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) Observe whether the disbursement matched the related original itemized invoice and supporting documentation indicates deliverables included on the invoice were received by the entity.
- b) Observe whether the disbursement documentation included evidence (e.g., initial/date, electronic logging) of segregation of duties tested under #9, as applicable.

Results: Our test work shows all items sampled follow the above attributes, except the electronic logging.

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

13. 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.

Results: *LSC received a listing of active credit cards.*

14. 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:

- a) Observe whether there is evidence that the monthly statement or combined statement and supporting documentation (e.g., original receipts for credit/debit card purchases, exception reports for excessive fuel card usage) were reviewed and approved, in writing (or electronically approved), by someone other than the authorized card holder. [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.]

Results: *There is evidence showing that the statements were reviewed and approved. Client's accountant has all employee transactions posted to the general ledger where they segregate charges.*

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

Results: *Finance charges and late fees were not assessed on any of the cards.*

15. 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 it is supported by (1) an original itemized receipt that identifies precisely what was purchased, (2) written documentation of the business/public purpose, and (3) documentation of the individuals participating in meals (for meal charges only). For missing receipts, the practitioner should describe the nature of the transaction and note whether management had a compensating control to address missing receipts, such as a "missing receipt statement" that is subject to increased scrutiny.

Results: *Client supplied receipts and documentation for transactions on selected employees' December 2021 statements. We noted no exceptions.*

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

16. 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:
- a) If reimbursed using a per diem, observe the approved reimbursement rate is no more than those rates established either by the State of Louisiana or the U.S. General Services Administration (www.gsa.gov).
 - b) If reimbursed using actual costs, observe the reimbursement is supported by an original itemized receipt that identifies precisely what was purchased.
 - c) Observe 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 each reimbursement was reviewed and approved, in writing, by someone other than the person receiving reimbursement.

Results: Our test work indicated that NOFFPF complies with the above stated attributes.

Contracts

17. 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:
- a) Observe whether the contract was bid in accordance with the Louisiana Public Bid Law (e.g., solicited quotes or bids, advertised), if required by law.

Results: We noted that none of the vendors selected were subject to Louisiana Public Bid Law.

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

Results: We noted that all contracts have supporting documentation that the Board has approved them.

- c) If the contract was amended (e.g., change order), observe the original contract terms provided for such an amendment and that amendments were made in compliance with the contract terms (e.g., if approval is required for any amendment, was approval documented).

Results: We noted that of the selected contracts, there were no amendments or change orders.

- 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 the invoice and related payment agreed to the terms and conditions of the contract.

Results: We obtained supporting invoice for each of the contracts and agreed the payment to the contract terms without exception.

Payroll and Personnel

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

Results: NOFFPF did not maintain complete personnel file documentation that included offer letters or personnel change forms documenting salary increases.

Management's Response:

The Fund employs four individuals, two of which have been employed for over 40 years and 27 years respectively. Katrina destroyed any offer letters issued at that time. Starting salary, salary increases and payroll changes are approved by the Board and Personnel Committee. Those items will be added to the personnel files where necessary.

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

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

Results: NOFFPF has two hourly and two salary employees. The hourly employees completed, however timesheets were not prepared for salaried employees.

Management's Response:

The two salaried employees report time on an exception basis noting any vacation and sick time are reported to the payroll clerk for deduction from the annual leave balance.

- b) Observe whether supervisors approved the attendance and leave of the selected employees or officials.

Results: *Approvals were noted on the timesheets for the two hourly employees. No vacation time or sick time was used in the testing period*

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

Results: *NOFFPF employee's timesheets keep a running toll of accrued sick and vacation time, and their CPA records to the financials at the end of the month. No vacation time or sick time was used in the testing period*

- d) Observe the rate paid to the employees or officials agree to the authorized salary/pay rate found within the personnel file.

Results: *Personnel files did not include authorized salary rate documentation.*

Management's Response:

All salaries paid are approved by the Board. Minutes affecting pay changes will be included in each personnel file.

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

Results: *There were no employees terminated within the fiscal period.*

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

Results: *Management advised that all payroll taxes are current.*

Ethics

Results: All employees have completed their Ethics training and have copies of completion certificates.

Debt Service

Results: Section is not applicable, as the Organization is has no debt.

Fraud Notice

22. 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.

Results: No misappropriations of public funds and assets were noted. Fraud occurred in years prior to the current administration that was adjudicated during early 2022. The former employee was convicted and incarcerated.

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

Results: The appropriate notice is posted to the entity's website.

Information Technology Disaster Recovery/Business Continuity

23. Perform the following procedures, verbally discuss the results with management, and report "We performed the procedure and discussed the results with management."

- a) Obtain and inspect the entity's most recent documentation that it has backed up its critical data (if no written documentation, inquire of personnel responsible for backing up critical data) and observe that such backup occurred within the past week. If backups are stored on a physical medium (e.g., tapes, CDs), observe evidence that backups are encrypted before being transported.

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

- b) Obtain and inspect the entity's most recent documentation that it has tested/verified that its backups can be restored (if no written documentation, inquire of personnel responsible for testing/verifying backup restoration) and observe evidence that the test/verification was successfully performed within the past 3 months.

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

- c) Obtain a listing of the entity's computers currently in use and their related locations, and management's representation that the listing is complete. Randomly select 5 computers and observe while management demonstrates that the selected computers have current and active antivirus software and that the operating system and accounting system software in use are currently supported by the vendor.

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

Sexual Harassment

24. Using the 5 randomly selected employees/officials from procedure #16 under "Payroll and Personnel" above, obtain sexual harassment training documentation from management, and observe the documentation demonstrates each employee/official completed at least one hour of sexual harassment training during the calendar year.

Results: There was no documentation regarding sexual harassment training courses taken by the entity's personnel.

Management's Response:

The Fund employs four individuals. We believe annual ethics training and access to the Board provides sufficient coverage of harassment issues. Management will add sexual harassment training as required.

25. Observe the entity has posted its sexual harassment policy and complaint procedure on its website (or in a conspicuous location on the entity's premises if the entity does not have a website).

Results: Website does not mention sexual harassment policy or complaint procedure.

Management's Response:

The Fund will add a sexual harassment section to its personnel policy.

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

Results: We were not provided with any referenced reports. Accordingly, we could not perform the procedures outlined below.

Management's Response:

1. Number and percentage of public servants in the agency who have completed the training requirements.

Management's Response:

The Fund employs four. All have completed ethics training, which covers sexual harassment.

2. Number of sexual harassment complaints received by the agency.

Management's Response:

There have been no complaints filed.

3. Number of complaints which resulted in a finding that sexual harassment occurred.

Management's Response:

Not applicable

4. Number of complaints in which the finding of sexual harassment resulted in discipline or corrective action; and

Management's Response:

Not applicable

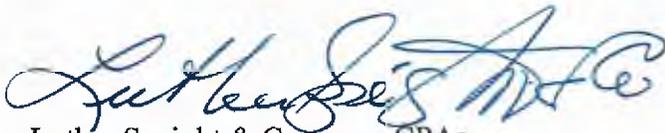
5. Amount of time it took to resolve each complaint.

Management's Response:

Not applicable

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 report is distributed by the LLA as a public document.

A handwritten signature in blue ink, appearing to read "Luther Speight & Co.", written in a cursive style.

Luther Speight & Company CPAs
New Orleans, Louisiana
September 26, 2022