



Luther Speight & Company, LLC
Certified Public Accountants and Consultants

POLICE PENSION FUND OF THE CITY OF NEW ORLEANS

**FINANCIAL STATEMENTS AND REPORT
OF INDEPENDENT CERTIFIED PUBLIC ACCOUNTANTS**

DECEMBER 31, 2021

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INDEPENDENT AUDITOR'S REPORT

To the Honorable Mayor and
City Council of the City of New Orleans

Opinion

We have audited the accompanying financial statements of the Police Pension fund of the City of New Orleans (the Fund), a component unit of the City of New Orleans as of and for the year ended December 31, 2021 and the related notes to the financial statements, which comprises the Fund's basic financial statements as listed in the table of contents.

In our opinion, the financial statements referred to above present fairly, in all material respects, information regarding the Fund's net position 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 audits in accordance with auditing standards generally accepted in the United States of America. 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 audits. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Responsibilities of Management for the Financial Statements

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

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 Fund's ability to continue as a going concern for one year after the date the financial statements are available to be issued.

Continued,

Management is also responsible for maintaining a current plan instrument, including all plan amendments, administering the plan, and determining that the Fund's transactions that are presented and disclosed in the financial statements are in conformity with the Fund's provisions, including maintaining sufficient records with respect to each of the participants, to determine the benefits due or which may become due to such participants.

Auditor's Responsibilities for the Audit of the Financial Statements

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

In performing an audit in accordance with generally accepted auditing standards, 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 Plan'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.

Continued,

Emphasis of a Matter

The Fund reflected a net OPEB liability of \$1,173,039 at December 31, 2021. The actuarial valuations were based on various assumptions made by the Fund's actuary and presented in the actuary's valuation and review report as of January 3, 2023. Because actual experience may differ from the assumptions used in the actuarial valuation, there is a risk that the net OPEB liability at December 31, 2021 could be materially different from the estimate. Our opinion is not modified with respect to this matter.

Required Supplementary Information

Accounting principles generally accepted in the United States of America require that the management's discussion and analysis and other required supplementary information, as listed 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.

Other Information

Our audit was conducted for the purpose of forming an opinion on the financial statements that collectively comprise the Plan's basic financial statements. The supporting schedules, as listed in the table of contents and the Schedule of Compensation, Benefits and Other Payments to Agency Head or Chief Executive Officer are presented for purposes of additional analysis and are not a required part of the basic financial statements. The supporting 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 basic financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the supplementary schedules are fairly stated, in all material respects in relation to the basic financial statements as a whole.

Other Reporting Required by Government Auditing Standards

In accordance with Government Auditing Standards, we have also issued our report dated January 9, 2023 on our consideration of the Police Pension 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 Plan's internal control over financial reporting and compliance.



Luther Speight & Company CPAs
New Orleans, Louisiana
January 9, 2023

**POLICE PENSION FUND OF THE CITY OF NEW ORLEANS
MANAGEMENT'S DISCUSSION AND ANALYSIS FOR THE YEAR ENDED
DECEMBER 31, 2021**

The following is management's discussion and analysis of the financial performance of Police Pension Fund of the City of New Orleans (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

- Assets of the Fund exceeded its liabilities at year end by \$1,431,307 (net position).
- For the Fund's year ended December 31, 2021, drivers and chauffeurs' licenses increased by 121% or \$83,886.
- The Fund recorded an overall decrease in net position of \$14,748.

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 the 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, liabilities and net position held in trust for pension and other postemployment 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 to and deductions from the plan's net position. It supports the change that has occurred to the prior year's net position value on the statement of fiduciary net position. In 2004, the Fund moved all pension operations and activities to the Municipal Police Employee's Retirement System ("MPERS"). The Fund currently exists for two reasons, to provide a fixed \$2,000 death and survivor benefit, and to hold deposits due to inactive members who left service without vesting in the prior plan and have not requested a refund.

Supplemental schedules include information on changes in reserve balances, administrative expenses, and compensation for the agency head.

**POLICE PENSION FUND OF THE CITY OF NEW ORLEANS
MANAGEMENT'S DISCUSSION AND ANALYSIS FOR THE YEAR ENDED
DECEMBER 31, 2021**

FUND FINANCIAL ANALYSIS

The Police Pension Fund of the City of New Orleans provided retirement benefits to all eligible police officers, members, and employees of the police department in the City of New Orleans. On March 6, 1983, the City of New Orleans entered into a merger contract with MPERS to transfer all active policemen who were participating in the City's Police Pension Fund.

In addition to the active policemen, all retirees, widows and survivors were also merged. Due to a difference in benefits, retirees with less than twenty years of service did not transfer on the date of the merger. The final retiree in this category merged during October 2002. Employer contributions funded these benefits.

**Statement of Fiduciary Net Position
December 31, 2021 and 2020**

	2021	2020
Assets		
Cash	\$ 100,955	\$ 52,875
Accounts Receivable	31,365	11,276
Investments	1,312,987	1,387,904
Total Assets	1,445,307	1,452,055
Total Liabilities	14,000	6,000
Net Position restricted for the pension benefits and other postemployment benefits	\$ 1,431,307	\$ 1,446,055

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

	2021	2020
Additions:		
Drivers' and chauffeurs' licences	\$ 153,180	\$ 69,294
Net investment income	1,232	3,751
Total Additions	154,412	73,045
Total Deductions	169,160	150,945
Decrease in plan net position	\$ (14,748)	\$ (77,900)

**POLICE PENSION FUND OF THE CITY OF NEW ORLEANS
MANAGEMENT'S DISCUSSION AND ANALYSIS FOR THE YEAR ENDED
DECEMBER 31, 2021**

Additions to Plan Net Position

Additions to Fund plan net position were derived primarily from drivers' license revenue and investment income. The change in drivers' and chauffeur's license revenues is primarily due to changes in driver's license renewal periods. Senate Bill 582 provided for drivers' licenses to be renewed for six years instead of four years beginning July 1, 2015. Net income increased by 111% as a result of the increase in 'drivers' and chauffeur's licenses during 2021 compared to prior year.

	<u>2021</u>	<u>2020</u>	<u>Increase (Decrease) Percentage</u>
Drivers' and chauffeur's licences	153,180	69,294	121%
Net Investment Income	1,232	3,751	-67%
	<u>\$ 154,412</u>	<u>\$ 73,045</u>	111%

Deductions from Plan Net Position

Deductions from plan net position include death and survivor benefits, transfers to other retirement systems and administrative expenses. Death benefits are paid to the beneficiaries of a deceased member from the Fund. Drivers' and chauffeur's license revenues in excess of administrative expenses are remitted to MPERS each month or when paid and reported as transfers to other retirement systems. Deductions from plan net position increased by 12% (\$18,215) in 2021. As drivers' and chauffeur's license revenues increased, administrative costs were not covered; therefore, no transfer to other retirement systems occurred in 2021.

	<u>2021</u>	<u>2020</u>	<u>Increase (Decrease) Percentage</u>
Death Benefits	50,000	38,000	32%
Administrative expenses	119,160	112,945	6%
	<u>\$ 169,160</u>	<u>\$ 150,945</u>	12%

Investments

The Police Pension Fund of the City of New Orleans is responsible for the prudent management of funds held in trust for the exclusive benefits of our members' pension benefits. Funds are invested to achieve maximum returns without exposing retirement assets to unacceptable risks.

**POLICE PENSION FUND OF THE CITY OF NEW ORLEANS
MANAGEMENT'S DISCUSSION AND ANALYSIS FOR THE YEAR ENDED
DECEMBER 31, 2021**

As such, funds are invested in U.S. Treasury Money Market Funds. Total investments at December 31, 2021 amounted to \$1,312,987 as compared to \$1,387,904 at December 31, 2020, a reduction of \$74,917. Investments were used to fund the current year benefits and administrative costs.

REQUESTS FOR INFORMATION

Questions concerning any of the information provided or requests for additional financial information should be addressed to William Roth, Board of Trustees of the Police Pension Fund of the City of New Orleans, New Police Complex, Room 408, 715 South Broad Avenue, New Orleans, Louisiana 70119.

POLICE PENSION FUND OF THE CITY OF NEW ORLEANS
STATEMENT OF FIDUCIARY NET POSITION
DECEMBER 31, 2021

	2021
<u>Assets</u>	
Cash	\$ 100,955
Accounts Receivable:	
Drivers' and chauffers' license receivable	31,365
Investments:	
US Treasury securities money market fund	1,312,987
Total Assets	1,445,307
 <u>Liabilities</u>	
Benefits payable	14,000
Net Position restricted for the pension benefits and other postemployment benefits	\$ 1,431,307

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

**POLICE PENSION FUND OF THE CITY OF NEW ORLEANS
STATEMENT OF CHANGES IN FIDUCIARY NET POSITION
FOR THE YEAR ENDED DECEMBER 31, 2021**

	2021
Additions: (Note 1)	
Other income:	
Drivers' and chauffeur's licences	\$ 153,180
Investment income	1,232
Total Additions	154,412
Deductions: (Note 1)	
Benefits paid	50,000
Administrative expenses	119,160
Total deductions	169,160
Net Decrease	(14,748)
Net position-restricted for pension benefits and other postemployment benefits:	
Beginning of year	1,446,055
End of year	\$ 1,431,307

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

POLICE PENSION FUND OF THE CITY OF NEW ORLEANS
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2021

NOTE 1 – DESCRIPTION OF PLAN

General

The Police Pension Fund of the City of New Orleans (the “Fund”), a fiduciary fund of the City of New Orleans (the “City”), is the administrator of a single employer pension plan. The Fund was originally established as a defined benefit pension plan under the laws of the State of Louisiana. The Fund was originally created for the purpose of providing retirement allowances and other benefits as stated under the provisions of Louisiana Revised Statute 11 for police officers, members and employees of the police department in the City of New Orleans. As described below, as the Fund now provides only death and survivor benefits, the Fund is considered to be an other postemployment benefit plan (“OPEB” plan) as defined by the Governmental Accounting Standards Board (“GASB”) Statement No. 74, *Financial Reporting for Postemployment Benefit Plans Other Than Pension Plans*.

On March 6, 1983, the City of New Orleans entered into a merger contract with the Municipal Police Employees' Retirement System (“MPERS”) to transfer all active policemen who were participating in the Fund (which was comprised of an "old" pre-1968 and a "new" post-1968 retirement system) to MPERS. In addition to the active policemen, all retirees, widows and survivors were also merged. (All full-time policemen hired after July 12, 1977 are directly enrolled in the MPERS through legislative mandate.)

As a result of the merger, all active policemen are subject to the benefit formula and retirement eligibility requirements prescribed by MPERS. In addition, all retirees, widows and survivors were guaranteed to continue receiving their current benefit regardless of MPERS' benefit provisions.

In conjunction with the merger of active policemen with the MPERS, the City entered into a private agreement "No Loss in Benefit Guarantee" with the local policemen. The purpose of the agreement was to guarantee those policemen who were merged, retirement benefits which would become payable by the Fund. Specifically, the Police Pension Fund provided retirement eligibility requirements of 16 and 20 years at any age, if employed prior to December 31, 1967. These eligibility requirements were more liberal than those of MPERS in that benefits are not payable until age 50 with 20 years of service or age 55 with a minimum of 12 years of service. Therefore, if a policeman retires prior to age 50, the agreement guarantees that the Fund will pay the benefit until age 50, at which time MPERS will commence retirement benefit payments. Similarly, for those policemen who were members of the old system, who retired with 16 years but less than 20 years, the agreement guarantees that the Fund will pay the benefit until age 55, at which time MPERS will commence retirement benefit payments. Effective October 31, 2002, all members had reached the eligibility requirements of MPERS and the Fund has no additional liability associated under this agreement.

POLICE PENSION FUND OF THE CITY OF NEW ORLEANS
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2021

NOTE 1 – DESCRIPTION OF PLAN (CONTINUED)

Act No. 793 of the 2004 Regular Session was enacted into law on July 8, 2004. This law provided for the disposition of the assets of the Fund by requiring that the total and final actuarial liabilities of the Fund be determined and maintained as well as funds sufficient to administer the Fund for a period of not less than the retirement age of the youngest member. Any amounts above these amounts were transferred to MPERS for the satisfaction of any debt or obligation owed by the City of New Orleans to that system.

After July 8, 2004, the Fund moved all pension operations and activities to MPERS. The Fund now exists solely to provide a \$2,000 death and survivor benefit, and to hold deposits due to inactive members who left service without vesting in the prior plan and have not requested a refund. An unfunded actuarial liability is no longer applicable to the Fund due to the transfer of pension operations to MPERS.

Plan Membership

At December 31, 2020, the Fund's membership consisted of 169 beneficiaries who have not yet received their death benefit.

Effective March 6, 1983, the Fund was closed to new entrants.

Death and Survivor Benefits

When a retired policeman dies, a death benefit of \$2,000 shall be paid to the beneficiary of the deceased member from the Fund.

Administrative Expenses

Administrative expenses of \$119,160 were paid out of the Fund's assets for the year ended December 31, 2021. Expenses include salaries to administer the Fund and office expenses.

Contributions

The Fund receives fifty percent of the license fee on the sale of drivers' and chauffeurs' licenses in the City of New Orleans (the City). The Fund received \$153,180 in 2021. Revenue is recognized in the period fees are collected by the City.

POLICE PENSION FUND OF THE CITY OF NEW ORLEANS
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2021

Act No. 793 of the 2004 regular session went into effect July 8, 2004 requiring that all excess revenue over operating expenses related to driver's license fees in New Orleans be remitted to Municipal Police Employees' Retirement System (MPERS). The Fund did not receive excess funds to remit to MPERS during the year ended December 31, 2021.

Plan Administration and Trusteeship

The Fund is administered by a Board of Trustees. Based on State statute, the board shall be composed of the Superintendent of Police, Director of Finance, Deputy Chief of the Police Department, all former Chiefs of Police, and six members from the active or retired rank of the police department. Election of the members from the active or retired rank shall be conducted under the direction and authority of the board.

Pass Through Transactions

The Fund serves as an agent for previous plan participants who have transferred over to Municipal Police Employees Retirement System (MPERS) (as discussed above) and for which bills are received monthly by the Fund from 6 agencies (CNO Hospitalization, Fraternal Order of Police, NOPD Employees' Credit Union, Police & Fireman's Insurance Assoc., Police Mutual Benevolent Assoc., Police Assoc. of New Orleans) for insurances, dues and other withholdings to be paid from these participant's pension distributions. Since the Fund no longer is responsible for these payments, a copy of these bills are sent to MPERS and MPERS sends the withheld amounts back to the Fund. The Fund then distributes the payments to the 6 agencies. The total amount passed through the fund was \$4,599,871 during 2021. There were no amounts received but not yet disbursed as of year-end.

NOTE 2 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Basis of Accounting

The accompanying financial statements are prepared using the accrual basis of accounting in accordance with accounting principles generally accepted in the United States of America.

Use of 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, and the actuarial present value of accumulated plan benefits at the date of the financial statements. Actual results could differ from those estimates.

POLICE PENSION FUND OF THE CITY OF NEW ORLEANS
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2021

Investment Valuation and Investment Transactions

The Fund holds only short-term investments with a remaining maturity at the time of purchase of one year or less which are reported at amortized cost, which approximates fair value.

Purchases and sales of investments are recorded on a trade date basis. Costs of investments disposed of are determined on the average cost basis. Interest income is recognized on an accrual basis.

Payments of Death Benefits

Benefits and refunds are recognized when due and payable in accordance with the terms of the fund.

NOTE 3 – RESERVES

Use of the term "reserve" by the Fund indicates that a portion of the fund balances 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 for the purchase of prior service. The Annuity Savings is debited when the prior service purchased is transferred to another retirement system. When a member terminates his service or upon his death before qualifying for a benefit, the refund of his contributions is made from this reserve.

The Annuity Savings balance is \$366,494 at December 31, 2021 and it is fully funded. Refunds and transfers to other systems are permitted for contributions made after December 31, 1967. Contributions made prior to December 31, 1967 may only be transferred to other systems.

B) Pension Reserve:

The Pension Reserve consists of the reserves for all pensions, excluding cost-of-living increases, granted to members and is the fund from which such pensions and annuities are paid. Survivors of deceased beneficiaries also receive benefits from this fund. The Pension Reserve balance is \$491,634 at December 31, 2021 and it is fully funded.

POLICE PENSION FUND OF THE CITY OF NEW ORLEANS
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2021

C) Pension Accumulation:

The Pension Accumulation consists of contributions from the driver's license fees, interest earned on investments, and any other income not covered by other accounts. This fund is relieved when expenditures are not covered by other accounts. The Pension Accumulation balance is \$573,179 at December 31, 2021.

NOTE 4 – CASH

Demand deposits account at December 31, 2021 for the Fund is summarized as follows:

Carrying Amount	Bank Balance
\$100,955	\$104,255

The Fund's bank balance of deposits at December 31, 2021 is not exposed to any custodial credit risk. Custodial credit risk is the risk that in the event of a bank failure, the Fund's deposits may not be returned. The bank deposits were completely secured by federal depository insurance or the pledge of securities held by the pledging banks agent in the Fund's name at December 31, 2021.

NOTE 5 - PLAN DISCLOSURES UNDER GASB STATEMENT 74

Plan Administration – The City of New Orleans Police Pension fund provides Life insurance benefits are provided through a comprehensive plan and are made available to employees upon actual retirement. All participants are retired so each are immediately eligible for coverage by a life insurance policy. Complete plan provisions are included in the official plan documents.

Plan Membership – At December 31, 2021, the Plan's membership consisted of the following:

Inactive plan members or beneficiaries currently receiving benefit payments	169
Inactive plan members entitled to but not yet receiving benefit payments	-
Active plan members	-
	169

POLICE PENSION FUND OF THE CITY OF NEW ORLEANS
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2021

Benefits Provided – Life insurance benefits are provided through a comprehensive plan and are made available to employees upon actual retirement. All participants are retired so each are immediately eligible for coverage by a life insurance policy.

Contributions – Employees do not contribute to their post-employment benefits costs until they become retirees and begin receiving those benefits. The plan provisions and contribution rates are contained in the official plan documents.

Investments

Investment policy – The Board of Trustees shall have full power to invest and reinvest such funds, subject to the prudent-man rule limitations regarding investments set forth in Subtitle I, Chapter 4, Part II, Subpart I of this Title and shall have full power to hold, purchase, sell, assign, transfer, and dispose of any of the securities and investments in which any of the funds created herein shall have been invested, as well as the proceeds of said investments and any monies belonging to said funds. The following was the asset allocation policy as of December 31, 2021:

Asset Class	Target Allocation
Money Market	100%

Rate of Return – For the year ended December 31, 2021, the annual money-weighted rate of return on investments, net of investment expense, was 0.09%. The money-weighted rate of return expresses investment performance, net of investment expense, adjusted for the changing amounts actually invested.

Net OPEB Liability of the City of New Orleans Police Pension Fund

The components of the net OPEB liability of the City of New Orleans Police Pension Fund at December 31, 2021, were as follows:

Total OPEB liability	\$258,268
Plan fiduciary net position	1,431,307

Funds’ net OPEB liability	\$(1,173,039)

Plan fiduciary net position as a percentage of the total OPEB liability	554.19%

POLICE PENSION FUND OF THE CITY OF NEW ORLEANS
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2021

Actuarial Assumptions – The total OPEB liability was determined by an actuarial valuation as of January 1, 2021, using the following actuarial assumptions applied to all periods included in the measurement, unless otherwise specified:

Inflation	2.0% annually
Salary increases	None
Discount rate	2.5% annually
Healthcare cost trend rates	None

Mortality rates were based on the SOA RP-2014 Combined Table.

The actuarial assumptions used in the December 31, 2021 valuation were based on the results of ongoing evaluations of the assumptions from December 31, 2014 to December 31, 2021.

The long-term expected rate of return on OPEB 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 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. Best estimates of arithmetic real rates of return for each major asset class included in the target asset allocation as of December 31, 2021 are summarized in the following table:

Asset Class	Long-Term Expected Real Rate of Return
Corporate Bonds	5.0%
Agency Bonds	1.5%
Cash	0.0%

POLICE PENSION FUND OF THE CITY OF NEW ORLEANS
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Discount Rate – The discount rate used to measure the total OPEB liability was 2.50%. The projection of cash flows used to determine the discount rate assumed that Parish contributions will be made at rates equal to the actuarially determined contribution rates. Based on those assumptions, the OPEB 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 OPEB plan investments was applied to all periods of projected benefit payments to determine the total OPEB liability.

Sensitivity of the net OPEB liability to changes in the discount rate – The following represents the net OPEB liability of Police Pension Fund, as well as what the Police Pension Fund’s net OPEB liability would be if it were calculated using a discount rate that is 1-percentage-point lower (1.5%) or 1-percentage-point higher (3.5%) than the current discount rate:

	1.0% Decrease (1.5%)	Current Discount Rate (2.5%)	1.0% Increase (3.5%)
Net OPEB liability	\$ 279,832	\$ 258,268	\$ 239,329

City of New Orleans Police Pension
Schedule of Changes in Net OPEB Liability and Related Ratios for the
For the Year Ended December 31, 2021

Total OPEB Liability	<u>2018</u>	<u>2019</u>	<u>2020</u>	<u>2021</u>
Service cost	\$ -	\$ -	\$ -	\$ -
Interest	12,252	12,394	12,531	6,788
Changes of benefit terms	-	-	-	-
Differences between expected and actual experie	(6,572)	(6,896)	(224,445)	(246)
Changes of assumptions	-	-	(17,822)	-
Benefit payments	-	-	-	(19,793)
Net change in total OPEB liability	<u>5,680</u>	<u>5,498</u>	<u>(229,736)</u>	<u>(13,251)</u>
Total OPEB liability - beginning	<u>490,077</u>	<u>495,757</u>	<u>501,255</u>	<u>271,519</u>
Total OPEB liability - ending (a)	<u>\$ 495,757</u>	<u>\$ 501,255</u>	<u>\$ 271,519</u>	<u>\$ 258,268</u>
 Plan Fiduciary Net Position				
Contributions - employer	\$ 253,454	\$ 156,058	\$ 69,294	\$ 153,180
Contributions - member	-	-	-	-
Net investment income	22,243	27,435	3,751	1,232
Benefit payments	(48,000)	37,001	38,000	(50,000)
Administrative expense	(112,592)	114,332	112,945	(119,160)
Net change in plan fiduciary net position	<u>(25,210)</u>	<u>(41,332)</u>	<u>(77,900)</u>	<u>(14,748)</u>
Plan fiduciary net position - beginning	<u>1,590,497</u>	<u>1,565,287</u>	<u>1,523,955</u>	<u>1,446,055</u>
Plan fiduciary net position - ending (b)	<u>\$ 1,565,287</u>	<u>\$ 1,523,955</u>	<u>\$ 1,446,055</u>	<u>\$ 1,431,307</u>
Net OPEB liability - ending (a) - (b)	<u>-\$ 1,069,530</u>	<u>-\$ 1,022,700</u>	<u>-\$ 1,174,536</u>	<u>-\$ 1,173,039</u>
Plan fiduciary net position as a percentage of the total OPEB liability	-215.74%	-204.03%	-432.58%	554.19%
Covered-employee payroll	\$ -	\$ -	\$ -	\$ -
 Notes to Schedule:				
<i>Benefit Change:</i>	None	None	None	None
 <i>Changes of Assumptions:</i>				
<i>Discount Rate:</i>	2.50%	2.50%	2.50%	2.50%
<i>Mortality:</i>	RP-2000	RP-2000	RP-2014	RP-2014
<i>Trend:</i>	none	none	none	none

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

POLICE PENSION FUND OF THE CITY OF NEW ORLEANS
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2021

NOTE 6 – Measurement of Pension Liability

GASB Statement No. 67 defines the financial reporting standards for pension plans. Statement No. 67 enhances note disclosures and required supplementary information for defined benefit pension plans. The Fund is a fiduciary fund to provide for the payment of remaining assets to the beneficiaries of deceased members and refunding of deposits that are being held for inactive members who left without vesting and have not yet requested a refund. The Fund no longer functions as a pension trust fund. The Fund Administrator has evaluated the requirements of Statement No. 67 and determined that the reporting requirements are not applicable to the Fund.

REQUIRED SUPPLEMENTARY INFORMATION

Police Pension Fund of the City of New Orleans
Schedule of Changes in Net OPEB Liability (Asset) and Related Ratios
For the Year Ended December 31, 2021

	<u>2021</u>	<u>2020</u>	<u>2019</u>
Total OPEB Liability			
Service cost	\$ -	\$ -	\$ -
Interest		12,531	12,394
Changes of benefit terms		-	-
Differences between expected and actual experience		(224,445)	(6,896)
Changes of assumptions		(17,822)	-
Benefit payments		-	-
Net change in total OPEB liability	-	(229,736)	5,498
Total OPEB liability - beginning	271,519	501,255	495,757
Total OPEB liability - ending (a)	<u>\$ 271,519</u>	<u>\$ 271,519</u>	<u>\$ 501,255</u>
Plan Fiduciary Net Position			
Contributions - employer	\$ 153,180	\$ 69,294	\$ 156,058
Contributions - member	-	-	-
Net investment income	1,232	3,751	27,435
Benefit payments	(50,000)	(38,000)	(37,001)
Transfer to other retirement system	-	-	(73,492)
Administrative expense	(119,160)	(112,945)	(114,332)
Net change in plan fiduciary net position	(14,748)	(77,900)	(41,332)
Plan fiduciary net position - beginning	1,446,055	1,523,955	1,565,287
Plan fiduciary net position - ending (b)	<u>\$ 1,431,307</u>	<u>\$ 1,446,055</u>	<u>\$ 1,523,955</u>
Net OPEB liability (asset) - ending (a) - (b)	<u>\$ (1,159,788)</u>	<u>\$ (1,174,536)</u>	<u>\$ (1,022,700)</u>
Plan fiduciary net position as a percentage of the total OPEB liability (asset)	-427.15%	-432.58%	-204.03%
Covered payroll	\$ -	\$ -	\$ -

Police Pension Fund of the City of New Orleans
Schedule of Employer Contributions
For the Year Ended December 31, 2021

	<u>2021</u>	<u>2020</u>	<u>2019</u>
Actuarially determined contribution	\$ -	\$ -	\$ -
Contributions in relation to the actuarially determined contribution			
Employer contributions to trust	-	-	-
Employer-paid retiree premiums	-	-	-
Contribution deficiency (excess)	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>
Covered payroll	\$ -	\$ -	\$ -
 Contributions as a percentage of covered payroll	 0.00%	 0.00%	 0.00%

Notes to Schedule:

Actuarially determined contributions are calculated as of the last day of the fiscal year in which contributions are reported.

Valuation Date	December 31 of applicable year
Actuarial Cost Method	Individual entry Age Normal
Amortization Method	Level dollar, Open
Amortization period	30 Years
Assets Valuation Method	Market Value
Inflation	for 2021, 2.00% for previous years
Healthcare trend	None
Salary increase	None
Investment return	2.5%
Retirement age	100% of participants are retired
Mortality	SOA RP-200 Combined Mortality table
Turnover	0%

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

Police Pension Fund of the City of New Orleans
Schedule of Investment Returns
For the Last Ten Years

	<u>2021</u>	<u>2020</u>	<u>2019</u>	<u>2018</u>	<u>2017</u>
Annual money-weighted rate of return, net of investment expense	0.01%	0.25%	1.80%	1.46%	0.48%

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

SUPPLEMENTARY INFORMATION

POLICE PENSION FUND OF THE
CITY OF NEW ORLEANS
STATEMENT OF CHANGES IN RESERVE BALANCES
FOR THE YEAR ENDED DECEMBER 31, 2021

	<u>Annuity Saving</u>	<u>Pension Reserve</u>	<u>Pension Accumulatio n</u>	<u>Total</u>
Balance - Beginning of year	\$ 366,494	\$ 541,634	\$ 537,927	\$1,446,055
Revenue and transfers				
Drivers' and chauffeurs' licenses	-	-	153,180	153,180
Other - Miscellaneous	-	-	-	-
Net investment income	-	-	1,232	1,232
	-	-	154,412	154,412
Expenditure and Transfers				
Benefits paid	-	50,000	-	50,000
Transfers to other state retirement systems	-	-	-	-
Administrative services	-	-	119,160	119,160
	-	50,000	119,160	169,160
Net (Decrease) increase	-	(50,000)	35,252	(14,748)
Balance - End of year	<u>\$ 366,494</u>	<u>\$ 491,634</u>	<u>\$ 573,179</u>	<u>\$1,431,307</u>

See independent auditor's report.

POLICE PENSION FUND OF THE
CITY OF NEW ORLEANS
SUPPLEMENTARY INFORMATION
SCHEDULE OF ADMINISTRATIVE EXPENSES
FOR THE YEAR ENDED DECEMBER 31, 2021

Office salaries	\$	103,200
Office expense		8,067
Payroll taxes		<u>7,893</u>
	<u>\$</u>	<u>119,160</u>

POLICE PENSION FUND OF THE
CITY OF NEW ORLEANS
SUPPLEMENTARY INFORMATION
SCHEDULE OF COMPENSATION, BENEFITS, AND
OTHER PAYMENTS TO THE AGENCY HEAD
FOR THE YEAR ENDED DECEMBER 31, 2021

Agency Head Name: David G. Lentz

<u>Purpose</u>	<u>Amount</u>
Salary	\$ 53,628
Benefits	-
Reimbursements	-
	<u>\$ 53,628</u>



Luther Speight & Company, LLC
Certified Public Accountants and Consultants

**INDEPENDENT AUDITOR'S REPORT ON INTERNAL CONTROL
OVER FINANCIAL REPORTING AND ON COMPLIANCE AND OTHER MATTERS
BASED ON AN AUDIT OF FINANCIAL STATEMENTS PERFORMED IN
ACCORDANCE WITH GOVERNMENT AUDITING STANDARDS**

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

Board of Trustees and Management of
the Police Pension Fund 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 Pension Fund of the City of New Orleans (the Fund) as of and for the year ended December 31, 2021, and the related notes to the financial statements, which collectively comprise the Fund's basic financial statements, and have issued our report thereon dated January 9, 2023.

Internal Control Over Financial Reporting

Our consideration of internal control was for the limited purpose described in the preceding paragraph and was not designed to identify all deficiencies in internal control that might be material weaknesses or significant deficiencies and therefore, material weaknesses or significant deficiencies may exist that have not been identified. However, as described in the accompanying schedule of findings and questioned costs, we did identify certain deficiencies in internal control that we consider to be material weaknesses and significant deficiencies.

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. We consider the deficiencies described in the accompanying schedule of findings and questioned costs as Finding #2021-01 to be a material weakness. *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.

Continued,

Compliance and Other Matters

As part of obtaining reasonable assurance about whether the Fund's financial statements are free of material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts and grants agreements, noncompliance with which could have a direct and material effect on the financial statements. However, providing an opinion on compliance with those provisions was not an objective of our audit and, accordingly, we do not express such an opinion. The results of our tests disclosed an instance of noncompliance or other matters that are required to be reported under *Government Auditing Standards* and which are described in the accompanying schedule of findings and questioned costs as Finding #2021-02.

The Fund's Response to Findings

The Fund's response to the findings identified in our audit is described in the accompanying schedule of findings and questioned costs. The Fund's response was not subjected to the auditing procedures applied in the audit of the financial statements and, accordingly, we express no opinion on it.

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.



Luther Speight & Company CPAs
New Orleans, Louisiana
January 9, 2023

POLICE PENSION FUND FOR THE CITY OF NEW ORLEANS
SCHEDULE OF FINDINGS AND RESPONSES
DECEMBER 31, 2021

FINDING 2021-01 GENERAL ACCOUNTING PROCEDURES AND CONTROLS NOT ADEQUATE (MATERIAL WEAKNESS)

CRITERIA:

Generally accepted accounting principles require that organizations maintain detailed financial accounting records that support the preparation of financial statements that present the activities of the organization in accordance with the applicable standards.

CONDITION:

The Police Pension Fund maintained manual accounting records that did not include the required basic financial statements, general ledger and supporting subsidiary ledgers. During the course of the audit, the Fund contracted with an independent accounting firm to prepare the required financial statements, general ledgers and supporting reports.

CAUSE:

We were unable to determine the cause for the condition.

EFFECT:

The Fund did not have adequate internal controls over financial reporting. In addition, delays in the completion of the audit were incurred.

RECOMMENDATION:

We recommend that the Fund implements procedures to assure its financial reporting includes financial statements and the supporting ledgers. The Fund should consider outsourcing this function if in-house resources are not available.

MANAGEMENT'S RESPONSE:

Management will hire a bookkeeper/accountant to produce and assist with the production of the correct financial accounting records going forward to include the year 2022. (Final approval from the Board members pending.)

POLICE PENSION FUND FOR THE CITY OF NEW ORLEANS
SCHEDULE OF FINDINGS AND RESPONSES
DECEMBER 31, 2021

FINDING 2021-02 TIMELY SUBMISSION OF AUDIT REPORT TO LEGISLATIVE
AUDITOR (NONCOMPLIANCE)

CRITERIA:

Under Louisiana Revised statutes, the Fund is required to have an annual audit of its financial statements prepared in accordance with US generally accepted accounting principles and to complete the audit and file it with the Louisiana Legislative Auditor by June 30th of each year.

CONDITION:

The Fund did not meet the June 30, 2022 deadline for reporting to the Legislative Auditor. The Fund requested and received an extension of time until December 31, 2022 from the Legislative Auditor to file its financial statements. However, an additional request for an extension of time until March 31, 2023 was denied.

CAUSE:

Due to the effects of the December 2019 Cyberattack and the impacts of the COVID-19 crisis in 2020 and 2021, the audit for the 2020 year and the process to procure an audit firm for the 2021 year was delayed. The Fund also required additional time to close the books and record the final adjustments to their accounting records.

EFFECT:

The delay in audit procurement caused by the emergency-related factors presented above and the inability of the Fund to complete the closing entries timely resulted in the audit completion date being delayed.

RECOMMENDATION:

The Fund should implement a plan to assure that the financial reporting is completed timely to ensure future reports are issued by June 30th of each year.

MANAGEMENT'S RESPONSE:

Management will hire a bookkeeper/accountant to produce and assist with the production of the correct financial accounting records going forward to include the year 2022. This will ensure the audit is completed in a timely manner.

**POLICE PENSION FUND OF THE CITY OF NEW ORLEANS
SCHEDULE OF FINDINGS
FOR THE YEAR ENDED DECEMBER 31, 2021**

SUMMARY OF AUDITOR'S RESULTS:

1. The opinion issued on the financial statements of Police Pension Fund of the City of New Orleans for the year ended December 31, 2021 was unmodified.

2. Internal Control:

Significant deficiencies: None noted
Material weaknesses: Finding #2021-01

3. Compliance and Other Matters:

Noncompliance material to financial statements: Finding #2021-02

FINDINGS REQUIRED TO BE REPORTED UNDER GENERALLY ACCEPTED
GOVERNMENTAL AUDITING STANDARDS:

None

SUMMARY OF PRIOR YEAR FINDINGS:

None



Luther Speight & Company, LLC
Certified Public Accountants and Consultants

POLICE PENSION 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**

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

Board of Trustees and Management of the
Police Pension Fund of the City of New Orleans, Louisiana
and the Louisiana Legislative Auditor:

We have performed the procedures enumerated below on the control and compliance (C/C) areas identified in the Louisiana Legislative Auditor's (LLA's) Statewide Agreed-Upon Procedures (SAUPs) for the fiscal period January 1, 2021 through December 31, 2021. The Police Pension Fund of the City of New Orleans' (the Fund) management is responsible for those C/C areas identified in the SAUPs.

The Fund has agreed to and acknowledged that the procedures performed are appropriate to meet the intended purpose of the engagement, which is to perform specified procedures on the C/C areas identified in LLA's SAUPs for the fiscal period January 1, 2021 through December 31, 2021. Additionally, LLA has agreed to and acknowledged that the procedures performed are appropriate for its purposes. This report may not be suitable for any other purpose. The procedures performed may not address all the items of interest to a user of this report and may not meet the needs of all users of this report and, as such, users are responsible for determining whether the procedures performed are appropriate for their purposes.

The procedures and associated 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):

Results: *The entity does not maintain written policies and procedures. Thus, we were not able to observe that they address each of the following categories and sub-categories below.*

Management's Response: *There are three employees in the department/office. Written policies and procedures are not necessary at this time.*

- a) **Budgeting**, including preparing, adopting, monitoring, and amending the budget
- b) **Purchasing**, including (1) how purchases are initiated; (2) how vendors are added to the vendor list; (3) the preparation and approval process of purchase requisitions and purchase orders; (4) controls to ensure compliance with the public bid law; and (5) documentation required to be maintained for all bids and price quotes.
- c) **Disbursements**, including processing, reviewing, and approving
- d) **Receipts/Collections**, including receiving, recording, and preparing deposits. Also, policies and procedures should include management's actions to determine the completeness of all collections for each type of revenue or agency fund additions (e.g., periodic confirmation with outside parties, reconciliation to utility billing after cutoff procedures, reconciliation of traffic ticket number sequences, agency fund forfeiture monies confirmation).
- e) **Payroll/Personnel**, including (1) payroll processing, and (2) reviewing and approving time and attendance records, including leave and overtime worked.
- f) **Contracting**, including (1) types of services requiring written contracts, (2) standard terms and conditions, (3) legal review, (4) approval process, and (5) monitoring process
- g) **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)
- h) **Travel and expense reimbursement**, including (1) allowable expenses, (2) dollar thresholds by category of expense, (3) documentation requirements, and (4) required approvers
- 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.
- j) **Debt Service**, including (1) debt issuance approval, (2) continuing disclosure/EMMA reporting requirements, (3) debt reserve requirements, and (4) debt service requirements.

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

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:

Results: *We obtained and inspected the board meeting minutes for the 2021 fiscal period.*

- a) Observe that the board/finance committee meets 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: *We observed that the board met quarterly with a quorum during the 2021 fiscal year. No exceptions were noted.*

- 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: *We observed that the minutes referenced financial reports including receipts and disbursements, and details pertaining to retirees and related benefits.*

- 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: *Not applicable.*

Bank Reconciliations

3. Obtain a listing of client bank accounts for the fiscal period from management and management's representation that the listing is complete. Ask management to identify the entity's main operating account. Select the entity's main operating account and randomly select 4 additional accounts (or all accounts if less than 5). Randomly select one month from the fiscal period, obtain, and inspect the corresponding bank statement and reconciliation for each selected account, and observe that:

Results: *We obtained a listing of client bank accounts for the fiscal period from management which consists of a checking account (main operating account) and an investment account. We randomly selected the month of December and determined the following pertaining to the operating account:*

- 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: *The bank reconciliation does not include evidence that it was prepared within two months of the related statement closing date; the reconciliation was not initialed and dated, and there is no evidence of an electronic log.*

Management's Response: *Bank reconciliations are reviewed by the board at board meetings and approved by vote.*

- 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: *The bank reconciliation does not include evidence that a member of management/board member who does not handle cash, post ledgers, or issue checks has reviewed it.*

Management's Response: *Bank reconciliations are reviewed by the board at board meetings and approved by vote.*

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

Results: *Not applicable, as the entity does not have reconciling items that have been outstanding for more than twelve months*

Collections

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

Results: *We obtained a single deposit site for the entity as follows:
715 S. Broad Street, Room B23, New Orleans, Louisiana 70119.*

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

Results: *LSC noted that funds are received via mail at 715 S. Broad Street, Room B23, New Orleans, Louisiana 70119. We observed that the job duties below are properly segregated at the collection site. No exceptions were noted.*

- 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.
6. 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: *Not applicable to entity.*

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

Results: *We noted that the Entity’s collections were supported by proper documentation. Deposits are made within a few days of receipt of funds. We also noted no exceptions found when tracing the deposit to the bank statement and to the handwritten ledgers.*

- 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.

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

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

Results: *The entity processes payments at the following location: 715 South Broad Street Room 408, New Orleans, Louisiana 70119.*

9. For each location selected under #8 above, obtain a listing of those employees involved with non-payroll purchasing and payment functions. Obtain written policies and procedures relating to employee job duties (if the agency has no written policies and procedures, inquire of employees about their job duties), and observe that job duties are properly segregated such that:

Results: *We obtained a listing of the employees involved with non-payroll purchasing and payment functions but were unable to observe that the job duties detailed below are properly segregated.*

Management's Response: *We do not have written policies and procedures pertaining to employee job duties, but the duties below are properly segregated. Two employees are required to sign off on checks, and other controls are in place to ensure that there are no discrepancies. Some of the duties below are not applicable; we do not initiate purchase requests or approve purchases, and we do not process and approve vendor payments.*

- a) At least two employees are involved in initiating a purchase request, approving a purchase, and placing an order/making the purchase.
- b) At least two employees are involved in processing and approving payments to vendors.
- c) The employee responsible for processing payments is prohibited from adding/modifying vendor files unless another employee is responsible for periodically reviewing changes to vendor files.
- d) Either the employee/official responsible for signing checks mails the payment or gives the signed checks to an employee to mail who is not responsible for processing payments.

[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.]

10. For each location selected under #8 above, obtain the entity's non-payroll disbursement transaction population (excluding cards and travel reimbursements) and obtain management's representation that the population is complete. Randomly select 5 disbursements for each location, obtain supporting documentation for each transaction, and:

Results: *We obtained the entity's non-payroll disbursement transaction population, specifically a detailed account of death benefits that were paid during the fiscal period. We selected five disbursements and obtained supporting documentation including the Death Benefits Bifurcation maintained by the entity.*

- 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.

Results: *We observed that the amount paid to beneficiaries matched the Death Benefits Bifurcation maintained by the entity, as well as the employee and beneficiary names.*

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

Results: *The disbursement documentation we obtained for testing did not include evidence of segregation of duties; there were no initials or review dates indicated, and no evidence of electronic logging.*

Management's Response: *The duties below are properly segregated. Two employees are required to sign off on checks, and other controls are in place to ensure that there are no discrepancies. Also, disbursement documentation including all support is reviewed by the board at the quarterly meetings.*

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

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

Results: *Not applicable, as the entity does not utilize credit cards, bank debit cards, fuel cards or P-cards.*

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

- 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: *Not applicable to entity.*

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

Results: *Not applicable to entity.*

13. Using the monthly statements or combined statements selected under #12 above, excluding fuel cards, randomly select 10 transactions (or all transactions if less than 10) from each statement, and obtain supporting documentation for the transactions (i.e., each card should have 10 transactions subject to testing). For each transaction, observe 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: *Not applicable to entity.*

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

14. Obtain from management a listing of all travel and travel-related expense reimbursements during the fiscal period and management's representation that the listing or general ledger is complete. Randomly select 5 reimbursements, obtain the related expense reimbursement forms/prepaid expense documentation of each selected reimbursement, as well as the supporting documentation. For each of the 5 reimbursements selected:

Results: *The entity did not have travel and travel-related expense reimbursements for the December 2021 fiscal period.*

- 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).

Results: *Not applicable to entity.*

- b) If reimbursed using actual costs, observe the reimbursement is supported by an original itemized receipt that identifies precisely what was purchased.

Results: *Not applicable to entity.*

- 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).

Results: *Not applicable to entity.*

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

Results: *Not applicable to entity.*

Contracts

15. Obtain from management a listing of all agreements/contracts for professional services, materials and supplies, leases, and construction activities that were initiated or renewed during the fiscal period. *Alternately, the practitioner may use an equivalent selection source, such as an active vendor list.* Obtain management's representation that the listing is complete. Randomly select 5 contracts (or all contracts if less than 5) from the listing, excluding the practitioner's contract, and:

Results: *The entity does not have agreements/contracts for professional services, materials and supplies, leases, or construction activities that were initiated or renewed for the December 2021 fiscal period.*

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

Results: *Not applicable to entity.*

- 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: *Not applicable to entity.*

- 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: *Not applicable to entity.*

- 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: *Not applicable to entity.*

Payroll and Personnel

- 16. 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: *We requested and obtained paid salaries and personnel files for each of the entity's three employees. The paid salaries agreed to the authorized salaries, as set by the entity's official board. We noted no exceptions.*

- 17. 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:

Results: *We did not receive the requested attendance records and leave documentation for the pay period selected for each of the three employees.*

Management's Response: *We do not maintain attendance records or leave documentation, being that the department only consists of three people. Employees do not keep time sheets or other records; employees are to abide by the work schedule (days, hours) that are fixed and agreed to by the board. There is one full-time employee and two part-time employees (the two employees share a full-time position, each working twenty hours per week).*

- 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.)
 - b) Observe whether supervisors approved the attendance and leave of the selected employees or officials.
 - c) Observe any leave accrued or taken during the pay period is reflected in the entity's cumulative leave records.
 - d) Observe the rate paid to the employees or officials agree to the authorized salary/pay rate found within the personnel file.
18. 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: *Not applicable.*

19. 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: *We obtained management's representation that employer and employee portions of third-party payroll related amounts have been paid, and any associated forms have been filed, by the required deadlines.*

Ethics

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

Results: *We requested but did not receive ethics documentation from management.*

Management's Response: *We are not required to complete ethics training. Therefore, we do not maintain documentation that demonstrates employees were notified of any changes to ethics policies during the year.*

- a) Observe whether the documentation demonstrates each employee/official completed one hour of ethics training during the fiscal period.
- b) Observe whether the entity maintains documentation which demonstrates each employee and official were notified of any changes to the entity's ethics policy during the fiscal period, as applicable.

Debt Service

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

Results: *Not applicable to entity.*

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

Results: *Not applicable to entity.*

Fraud Notice

23. Obtain a listing of misappropriations of public funds and assets during the fiscal period and management's representation that the listing is complete. Select all misappropriations on the listing, obtain supporting documentation, and observe that the entity reported the misappropriation(s) to the legislative auditor and the district attorney of the parish in which the entity is domiciled.

Results: *The entity confirmed that there were no misappropriations of public funds and assets during the fiscal period.*

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

Results: *The entity does not have a website and does not have R.S. 24:523.1 concerning the reporting of misappropriation, fraud, waste, or abuse of public funds posted on its premises.*

Management's Response: *This and other notices are required to be posted in the police headquarters, not the board office.*

Information Technology Disaster Recovery/Business Continuity

25. 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 requested but did not obtain the entity's most recent documentation supporting backup of its critical data.*

Management's Response: *Back up of critical data is performed weekly or bi-weekly, depending on the volume of data that is entered into the system. Data backups are performed by Virtual Business Solutions, but employees also backup data to flash drives. The last backup was performed on January 11, 2023 before the close of business.*

- 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 were not able to obtain and inspect the entity's most recent documentation supporting testing/verification that its backups can be restored.*

Management's Response: *Tests are performed by Virtual Business Solutions and can be restored by them if necessary. The last test was performed on January 11, 2023.*

- 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 obtained a listing of the entity's computers currently in use and their locations. Both computers have active antivirus software run and monitored by Virtual Business Solutions. The operating system in use is currently supported by the vendor.*

Sexual Harassment

26. 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: *We were unable to obtain sexual harassment training documentation from management.*

Management's Response: *Employees are not required to complete sexual harassment training.*

27. 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: *Not applicable.*

28. 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: *Not applicable.*

1. Number and percentage of public servants in the agency who have completed the training requirements.
2. Number of sexual harassment complaints received by the agency.
3. Number of complaints which resulted in a finding that sexual harassment occurred.
4. Number of complaints in which the finding of sexual harassment resulted in discipline or corrective action; and
5. The amount of time it took to resolve each complaint.

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

We are required to be independent of the Organization and to meet our other ethical responsibilities, in accordance with the relevant ethical requirements related to our agreed-upon procedures engagement.

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

A handwritten signature in blue ink, appearing to read "Luther Speight", is written over the printed name of the firm.

Luther Speight & Company CPAs
New Orleans, Louisiana
January 9, 2023