

BUDGET & AUDIT COMMITTEE

BOARD OF TRUSTEES

OF

THE PUBLIC SCHOOL RETIREMENT SYSTEM OF MISSOURI

AND

THE PUBLIC EDUCATION EMPLOYEE RETIREMENT SYSTEM OF MISSOURI

December 6, 2021

MEMBERS PRESENT

Jason Steliga, Chair
Beth Knes, Vice-Chair
Dr. Melinda Moss

MEMBERS ABSENT

Sharon Kissinger

OTHERS PRESENT

Dearld Snider, Exec. Director
Bill Betts, Asst. Exec. Dir., Oper.
Craig Husting, Asst. Exec. Dir. Invest
Sarah Swoboda, General Counsel
Anita Brand, Chief Financial Officer
Maria Walden, Dir. Legislation & Pol
Jeff Hyman, Director of Internal Audit
Lisa Scheulen, Chief Technology Offic
Kim Harris, Dir. Human Resources
Jennifer Martin, Dir. Board Admin.

OTHER TRUSTEES PRESENT

Dr. Kyle Collins
Dr. D. Eric Park (virtual)

Meeting Convened

The meeting of the Budget & Audit Committee of the Board of Trustees convened at 8:30 a.m. at the Retirement System offices in Jefferson City, Missouri. In attendance were Board members Jason Steliga, Beth Knes, Dr. Kyle Collins, and Dr. Melinda Moss. Trustee Dr. Eric Park participated virtually, and trustee Sharon Kissinger was absent. Also present were Executive Director Dearld Snider; Assistant Executive Director, Operations Bill Betts; Assistant Executive Director, Investments Craig Husting; General Counsel Sarah Swoboda; Chief Financial Officer Anita Brand; Director of Legislation and Policy Maria Walden; Chief Technology Officer Lisa Scheulen; Human Resources/Benefit Plan Administrator Kim Harris; Director of Executive and Board Administration Jennifer Martin; and various other PSRS/PEERS staff members.

Approval of Minutes

No.0136

Ms. Knes moved that the minutes from the June 8, 2021 meeting of the Budget and Audit Committee be approved. Dr. Moss seconded the motion. A roll call vote was taken. Voting “Aye”—Steliga, Knes, Collins, Park and Moss; “Nay”—None. The motion carried unanimously.

Review of the FY2021 Comprehensive Annual Financial Report (ACFR)

Ms. Anita Brand from PSRS/PEERS reviewed the purpose of the ACFR. The ACFR is an accumulation of all activity conducted by the Systems during the fiscal year and becomes a historical document for current and future users. The ACFR is prepared in compliance with accounting requirements established by the Governmental Accounting Standards Board (GASB). The Government Finance Officers Association (GFOA) also provides guidance on the content of the ACFR. The Systems strive for excellence in reporting and transparency, therefore the ACFR exceeds the GFOA requirements. Ms. Brand focused on the report’s five distinct sections: 1. Introductory, 2. Financial, 3. Investment, 4. Actuarial and 5. Statistical. The full version is also found on the PSRS/PEERS website at <https://www.psr-peers.org/PSRS/Resources/Publications>.

Report of the External Auditor and Review of the June 30, 2021 Independent Auditor’s Report

Mr. Nick Mestres, Ms. Kim Skarda and Ms. Kristen Brown from Williams-Keepers, LLC discussed the recent June 30, 2021 audit of the Systems. Mr. Mestres indicated that Williams-Keepers, LLC had issued an unqualified audit opinion on the June 30, 2021 financial statements. Mr. Mestres indicated an unqualified audit opinion represents the following: the “highest opinion” available, that the financial statements are fairly presented in all material respects in accordance with U.S. Generally Accepted Accounting Principles, and the financial statements can be relied upon. Mr. Mestres briefly reviewed the audit process, financial statements, and footnotes. Ms. Brown reviewed the Audit Communications Letter to the Board of Trustees. She indicated they found no significant deficiencies or material weaknesses in internal

controls. Mr. Mestres also briefly discussed the Governmental Accounting Standards Board Statement No. 68 audit. He reviewed the roles of PSRS/PEERS' staff and Williams-Keepers, LLC during this process and the joint effort made with participating employers. Dr. Moss moved that the audit report be approved and recommended acceptance by the Budget and Audit Committee. Ms. Knes seconded the motion. A roll call vote was taken. Voting "Aye"—Steliga, Knes, Collins, Park and Moss; "Nay"—None. The motion carried unanimously.

No.0137

Budget Adjustment

Ms. Brand reviewed a memo regarding a budget amendment request. The budget amendment included costs related to the September 2021 security incident. As previously discussed with the Board of Trustees, the Systems engaged the assistance of external professional service firms including external legal counsel and a third-party provider for credit monitoring and notification assistance. In addition, the budget amendment included enhancing the Systems' Microsoft Office licensure and email gateways. Dr. Collins moved to approve the budget adjustment as recommended by the Budget and Audit Committee. Ms. Knes seconded the motion. A roll call vote was taken. Voting "Aye"—Steliga, Knes, Collins, Park and Moss; "Nay"—None. The motion carried unanimously.

No.0138

Other

None

Adjournment

No.0139

Dr. Moss moved that the meeting adjourn. Ms. Knes seconded the motion. A roll call vote was taken. Voting "Aye"—Steliga, Knes, Collins, Park and Moss; "Nay"—None. The motion carried unanimously.

**Prepared by
Jennifer Martin**

Jason Steliga, Chair

Dearld Snider, Executive Director