Luther Speight & Company
Certified Public Accountants and Consultants

Celebrating 30 Years

EMPLOYEES' RETIREMENT SYSTEM OF THE CITY OF NEW ORLEANS

FINANCIAL STATEMENTS TOGETHER WITH INDEPENDENT AUDITOR'S REPORT FOR THE YEAR ENDED DECEMBER 31, 2021

EMPLOYEES' RETIREMENT SYSTEM OF THE CITY OF NEW ORLEANS
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Luther Speight & Company, LLC
Certified Public Accountants and Consultants

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 Employees' Retirement System of the City of New Orleans (the Plan), a component unit of the City of New Orleans, which comprises the statements of fiduciary net position as of December 31, 2021, the related statement of changes in fiduciary net position for the year then ended, and the related notes to the financial statements.

In our opinion, the financial statements referred to above present fairly, in all material respects, information regarding the Plan'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 Plan 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 Plan's ability to continue as a going concern for one year after the date the financial statements are available to be issued.

Management is also responsible for maintaining a current plan instrument, including all plan amendments, administering the plan, and determining that the plan's transactions that are presented and disclosed in the financial statements are in conformity with the Plan'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 Plan'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.

Emphasis of a Matter
The Plan reflected a total pension liability of $773,824,079 at December 31, 2021. The actuarial valuations were based on various assumptions made by the Plan's actuary and presented in the actuary's valuation and review report as of January 1, 2022. Because actual experience may differ from the assumptions used in the actuarial valuation, there is a risk that the total pension 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 September 29, 2022 on our consideration of the City of New Orleans Employees' Retirement System's 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
September 29, 2022

THE EMPLOYEES' RETIREMENT SYSTEM
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 Employees' Retirement System of the City of New Orleans. It is presented as a narrative overview and analysis for the 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 year ended December 31, 2021.

Financial Highlights

- The Plan's net assets at market value for the current year totaled $461 million as compared to the prior year of $419 million. This represents an increase of $42 million or 10%.
- The Plan's net assets at actuarial value for the current year totaled $439 million as compared to the prior year of $425 million. This represents an increase of $14 million or 3%.
- Net appreciation in fair value reflected a balance of $67 million for the current year. This balance represents an increase of $18 million as compared to the previous year net appreciation in fair value of $49 million.
- Total investments increased from a 2020 level of $456 million to the reported level of $506 million for the year 2021.
- Total contributions to the Plan were recorded at $31 million for 2021, which reflected a $11 million increase from the previous year.

Overview of the Financial Statements

An explanation of the financial statements and schedules that present the financial status of the Plan is as follows:

- Statement of Fiduciary Net Position – This statement reports the Plan's assets, liabilities, and resulting net position restricted for pension benefits as of December 31, 2021.
- Statement of Changes in Fiduciary Net Position – This statement reports the results of the Plan's activities during the calendar year 2021, categorically disclosing the additions to and deduction from Plan's net position. The net increase to Plan net position on this statement supports the change in net position on the Statement of Fiduciary Net Position between the years ended December 31, 2020 and 2021.
- Notes to the Financial Statements – The financial statement notes provide additional information that is essential to a complete understanding of the data set forth in the financial statements. They are considered an integral part of the financial statements.
- Required Supplementary Information (RSI) – The Plan implemented Governmental Accounting Standards Board (GASB) Statements 67 & 68 during previous years. The RSI is presented in accordance with those Statement requirements. Substantial actuarial information included within the RSI is provided by the Plan's Actuary with an actuarial valuation date of January 1, 2022.

THE EMPLOYEES' RETIREMENT SYSTEM
OF THE CITY OF NEW ORLEANS
MANAGEMENT'S DISCUSSION AND ANALYSIS
DECEMBER 31, 2021

A comparative analysis of the Plan's Assets at market value is as follows:

	2021	2020
ASSETS		
Cash	$ 4,729,416	$ 4,755,379
Receivables	1,480,444	3,301,067
Investments		
(Markets Quoted in Active Markets)		
Cash & Cash Equivalents	20,239,610	34,793,043
Domestic Fixed Income	82,872,096	79,217,589
Foreign Obligations	7,395,026	8,226,792
Domestic Equity	224,941,602	191,051,598
Foreign Equity	69,956,787	65,632,475
Subtotal	405,405,121	378,921,497
(Market Prices Determined by Other Means)		
Investment in Private Equities	24,855,839	19,781,249
Investment in Real estate	24,860,313	22,312,191
Middle Market Debt	7,964,644	7,848,261
Global Tactical Allocations	-	20,485,513
Hedge Funds	42,558,852	6,859,295
Subtotal	100,239,648	77,286,509
Total Investments at Fair Value	505,644,769	456,208,006
TOTAL ASSETS	$ 511,854,629	$ 464,264,452
LIABILITIES		
Due to Terminated Employees	1,436,399	3,424,611
Due to Broker for Securities Purchased	17,205	-
Accrued Management and Custodial Fee	371,174	197,806
TOTAL LIABILITIES	1,824,778	3,622,417
NET POSITION - RESTRICTED FOR PENSION BENEFITS	$ 510,029,851	$ 460,642,035

Additions to Plan Net Assets

Additions to the Plan's net position were derived primarily from contributions from employees and employers in addition to investment income. Net investment income decreased by $17 million compared to the prior year. The balance for 2021 reflected a net investment income of $71 million while the year 2020 reflected a $54 million result.

The Plan's contributions are comprised primarily of employer and employee contributions. As indicated below, the contribution levels reflected increases between the 2021 and 2020 years:

Contributions	2021	2020
Employer - City of New Orleans	$ 19,466,623	$ 29,433,644
Employer - Other Agencies	2,185,227	3,181,539
Employee	8,509,475	8,851,861
Other	965,183	261,920
	$ 31,126,508	$ 41,728,964

Deductions from Plan Net Assets

Deductions from the Plan net assets include retirement, disability, death, and survivor benefits. These deductions remained relatively constant between 2020 and 2021 at a reported level of $54 million for 2020 and $53 million for 2021. A summary of the Plan additions and deductions are as follows:

	2021	2020
Total Additions	$102,077,581	$ 95,744,298
Total Deductions	52,689,765	54,073,595
Net Increase/(Decrease) in Plan Net Assets	$ 49,387,816	$ 41,670,703

Significant Actuarial Matters

The actuarial valuation for the plan was performed by Segal Consulting. The summary of significant actuarial matters is substantially based upon their actuarial valuation and review report effective January 1, 2022. The actuarial highlights include:

1. The plan's actuary strongly recommended an actuarial funding method that targets 100% funding of the actuarial accrued liability. Generally, this implies payments that are ultimately at least enough to cover normal cost, interest on the unfunded actuarial accrued liability and the principal balance. The funding policy adopted by the plan meets this standard.

2. The actuarially determined contribution (ADC) for the upcoming year is $24,450,297, an increase of $476,929 from last year. The contribution as a percentage of payroll decreased from 17.66% to 17.18% of payroll.

3. Actual contributions made during the fiscal year ending December 31, 2021 were $21,651,850, 90.32% of the actuarially determined contribution (ADC). In the prior fiscal year, actual contributions were $32,615,183, 142.48% of the prior year ADC.

4. The funded ratio (the ratio of the actuarial value of assets to actuarial accrued liability) is 59.59%, compared to the prior year funded ratio of 58.84%. This ratio is one measure of funding status, and its history is a measure of funding progress. Using the market value of assets, the funded ratio is 65.91%, compared to 61.72% as of the prior valuation date. These measurements are not necessarily appropriate for assessing the sufficiency of plan assets to cover the estimated cost of settling the plan's benefit obligation or the need for the amount of future contributions.

5. The unfunded actuarial accrued liability is $312.7 million, which is an increase of $5.5 million since the prior valuation.

6. The actuarial loss from investment and other experience is $11,694,925, or 1.51% of actuarial accrued liability.

7. The net experience loss from sources other than investment experience was 1.95% of the actuarial accrued liability. This gain/loss was primarily due to data adjustments provided by the System.

8. The rate of return on the market value of assets was 15.77% for the January 1, 2021 to December 31, 2021 plan year. The return on the actuarial value of assets was 8.12% for the same period due to the recognition of prior years' investment gains and losses. This resulted in an actuarial gain when measured against the assumed rate of return of 7.25%. This actuarial investment gain decreased the average employer contribution rate by 0.2% of pay. Given the low fixed income interest rate environment, target asset allocation and expectations of future investment returns for various classes, we advise the Board to continue to monitor actual and anticipated investment returns relative to the assumed long-term rate of return on investments of 7.25%.

9. The actuarial value of assets is 90.41% of the market value of assets. The investment experience in the past years has only been partially recognized in the actuarial value of assets. As the deferred net gain is recognized in future years, the cost of the Plan is likely to decrease unless the net gain is offset by future experience. The recognition of the market gains of $48,937,213 will also have an impact on the future funded ratio. If the net deferred gains were recognized immediately in the actuarial value of assets, the ADC would decrease from 17.18% to about 14.94% of payroll.

10. With this valuation, the Board has elected to adopt a 5-year straight line amortization of investment gains and losses for the purpose of the actuarial value of assets. Previously, the System had used a seven-year smoothing period which reflected the actual cash flow and adjusted for each prior year's market value to the current valuation date using the actuarial interest assumption in effect for each of the seven years. The asset method was implemented as if it had been in effect for the past five years, recognizing prior years' market value asset gains and losses. As a result of this asset method change, the unfunded actuarial accrued liability decreased by $8,717,521. The total impact was a decrease in the ADC of $569,647, or 0.4% of payroll.

11. This report constitutes an actuarial valuation for the purpose of determining the actuarially determined contribution under the Plan's funding policy and measuring the progress of that funding policy.

SUMMARY OF KEY VALUATION RESULTS

		2022	2021
Contributions for plan year beginning January 1:	• Actuarially determined employer contributions	$24,450,297	$23,973,368
	• Actuarially determined employer contributions as a percent of payroll	17.18%	17.66%
	• Actual employer contributions	--	21,651,850
Actuarial accrued liability for plan year beginning January 1:	• Retired participants and beneficiaries	$481,485,234	$484,891,096
	• Inactive vested participants	34,152,546	21,045,092
	• Active participants	258,186,299	240,404,134
	• Total actuarial accrued liability	773,824,079	746,340,322
	• Total normal cost including administrative expenses	11,620,167	11,606,866
Assets for plan year beginning January 1:	• Market value of assets (MVA)	$510,029,851	$460,642,035
	• Actuarial value of assets (AVA)	461,092,638	439,149,127
	• Actuarial value of assets as a percentage of market value of assets	90.41%	95.33%
Funded status for plan year beginning January 1:	• Unfunded actuarial accrued liability on market value of assets	$263,794,228	$285,698,287
	• Funded percentage on MVA basis	65.91%	61.72%
	• Unfunded actuarial accrued liability on actuarial value of assets	$312,731,441	$307,191,195
	• Funded percentage on AVA basis	59.59%	58.84%
Demographic data for plan year beginning January 1:	• Number of retired participants and beneficiaries	2,134	2,151
	• Number of inactive vested participants	376	314
	• Number of active participants	2,693	2,648
	• Total payroll	$142,338,647	$135,779,772
	• Average payroll	52,855	51,276

THE EMPLOYEES' RETIREMENT SYSTEM OF THE CITY OF NEW ORLEANS
MANAGEMENT'S DISCUSSION AND ANALYSIS
DECEMBER 31, 2021

Requests for Information

This management's discussion and analysis is designed to provide a general overview of the finances of the Employees' Retirement System of the City of New Orleans for interested parties. Questions concerning any of the information provided herein, or requests for additional financial information should be addressed to the System Administrator, City of New Orleans and the Employees Retirement System, 1300 Perdido Street, New Orleans, LA 70131.

BASIC FINANCIAL STATEMENTS

EMPLOYEES' RETIREMENT SYSTEM OF THE CITY OF NEW ORLEANS
STATEMENT OF FIDUCIARY NET POSITION
AS OF DECEMBER 31, 2021

ASSETS	
Cash	$ 4,729,416
Receivables	
Accounts Receivables	193,707
Accrued Interest & Dividends	64,360
Contributions	1,222,377
Total Receivables	1,480,444
Investments	
(Markets Quoted in Active Markets)	
Cash & Cash Equivalents	20,239,610
Domestic Fixed Income	82,872,096
Foreign Obligations	7,395,026
Domestic Equity	224,941,602
Foreign Equity	69,956,787
Subtotal	405,405,121
(Market Prices Determined by Other Means)	
Investment in Private Equities	24,855,839
Investment in Real Estate	24,860,313
Middle Market Debt	7,964,644
Hedge Funds	42,558,852
Subtotal	100,239,648
Total Investments at Fair Value	505,644,769
TOTAL ASSETS	$ 511,854,629
LIABILITIES	
Due to Terminated Employees	1,436,399
Due to Broker for Securities Purchased	17,205
Accrued Management and Custodial Fee	371,174
TOTAL LIABILITIES	1,824,778
NET POSITION - RESTRICTED FOR PENSION BENEFITS	$ 510,029,851

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

EMPLOYEES' RETIREMENT SYSTEM OF THE CITY OF NEW ORLEANS
STATEMENT OF CHANGES IN FIDUCIARY NET POSITION
FOR THE YEAR ENDED DECEMBER 31, 2021

ADDITIONS TO NET ASSETS	
Investment Income:	
Interest and Dividends	$ 5,857,147
Net Appreciation	66,551,713
Total Investment Income	72,408,860
Less: Investment Expenses	(1,457,787)
Net Investment Income	70,951,073
Contributions:	
Employer-City of New Orleans	19,466,623
Employer-Other Agencies	2,185,227
Employee	8,509,475
Payments for Military Service	7,801
Transfers from State System	710,513
Transfers from Firefighters	198,818
Transfers from Municipal Police ERS	48,051
Total Contributions:	31,126,508
TOTAL ADDITIONS TO NET ASSETS	102,077,581
DEDUCTIONS FROM NET ASSETS	
Retirement Allowance	21,453,692
Ordinary Disability	1,253,014
Accidental Disability	473,572
Separation Allowances	1,984,640
Retirement Allowance Op. II III IV	17,314,033
Refund to Members	3,025,869
Transfers To State System	298,209
Transfers To S&WB	115,251
Transfers To Firefighters	25,241
Transfers To MPERS	43,089
Lump Sum Benefits Due to Death of Members	292,098
Option I Death Benefits	26,798
Cost of Living Benefits	1,279,743
Drop Withdrawal	591,120
DROP Annuity	1,091,044
Policy 4 Annuity	2,581,656
Policy 4 Cash Withdrawal	280,568
Other Administrative Expenses	560,128
TOTAL DEDUCTIONS FROM NET ASSETS	52,689,765
Net (Decrease)/increase	49,387,816
NET POSITION - RESTRICTED FOR PENSION BENEFITS	
Beginning of Year	460,642,035
End of the Year	$ 510,029,851

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

THE EMPLOYEES' RETIREMENT SYSTEM OF THE CITY OF NEW ORLEANS
NOTES TO THE FINANCIAL STATEMENTS
DECEMBER 31, 2021

I. DESCRIPTION OF THE SYSTEM

A. PLAN DESCRIPTION

The Employees' Retirement System of the City of New Orleans (the Plan) is a Defined Benefit Pension Plan established under the laws of the State of Louisiana. The City Charter provided that the Retirement Ordinance (Chapter 114 of the Code) continues to govern and control the Retirement System under the management of the Board of Trustees, and also for changes in the Retirement System by council action, subject to certain limitations for the purpose of providing retirement allowances, death, and disability benefits to all officers and employees of the parish, except those officers and employees who are already or may hereafter be included in the benefits of any other pension or retirement system of the city, the state, or any political subdivision of the state.

The Employees' Retirement System of the City of New Orleans became operative on July 1, 1947. It is supported by joint contributions of the City and employee members and income from investments. The City makes contributions for members during active service as well as for periods of service of members employed prior to July 1, 1947. In this way, reserves are accumulated from the city and employee contributions.

The general administration and the responsibility for the proper operation of the Retirement System, and for making effective the provisions of the Retirement Ordinance, are vested in the Board of Trustees of the Retirement System.

At December 31, 2021 the Employee Retirement System of the City of New Orleans' membership consisted of:

Active Participants	2,693
Retired Participants	1,797
Inactive Vested Participants	376
Beneficiaries	226
Disabled Participants	111
Total participants as of measurement date	5,203

THE EMPLOYEES' RETIREMENT SYSTEM OF THE CITY OF NEW ORLEANS
NOTES TO THE FINANCIAL STATEMENTS
DECEMBER 31, 2021

The City of New Orleans requires membership in the Employees' Retirement System for all City of New Orleans' regularly employed persons. Membership and eligibility information is summarized below:

Plan Year:	January 1 through December 31
Plan Status:	Ongoing
Normal Retirement:	
Members Hired Prior to January 1, 2018	
Eligibility	Age 65 and 5 years of service
Amount	2.5% of average compensation times creditable service for the first 25 years plus 4.0% of average compensation times creditable service thereafter
Average Annual Compensation	Average annual compensation for highest consecutive 60 month period. Compensation for purposes of calculating a pension is capped at $200,000 per year.
Members Hired on or After January 1, 2018	
Eligibility	Age 65 and 5 years of service
Amount	2.5% of average compensation times creditable service
Average Annual Compensation	Average annual compensation for highest consecutive 60 month period. Compensation for purposes of calculating a pension is capped at $150,000 per year, adjusted for inflation as determined by the Trustees from time to time.
Unreduced Early Retirement:	
Members Hired Prior to January 1, 2018	
Eligibility	Any age with 30 years of service or age plus service equals 80
Amount	Normal Retirement amount, unreduced
Members Hired on or After January 1, 2018	
Eligibility	Any age with 30 years of service or age 62 with 20 years of service, or age plus service equals 80
Amount	Normal Retirement amount, unreduced

Early Retirement:	
Members Hired Prior to January 1, 2018	
Eligibility	Age 60 and 10 years of service
Amount	Normal Retirement amount, reduced by 3% per year prior to age 62
Minimum Retirement Benefit:	\$3,600 per year for any member with at least 10 years of creditable service
Ordinary Disability:	
Eligibility	Any age with 10 years of service
Amount	75% of the benefit the member would have earned had they worked until age 65
Accidental Disability:	
Eligibility	Disability occurs as a result of an accident sustained while in the actual performance of duty, without willful negligence on the member's part
Amount	65% of the member's compensation for the 12 months preceding the accident, offset by any payments received from Workers Compensation
Vesting:	5 years of service
Spouse's Pre-Retirement Death Benefit:	
Death while an Active Member	
Member had less than three years of service at date of death	Refund of member contributions plus interest
Member had at least three years of service at date of death	Refund of member contributions plus interest plus 25% of the member's base pensionable earnings in the year preceding death plus 5% of the member's base pensionable earnings for each full year in excess of three years
Death after Separation from Service	
Not Retirement Eligible	Refund of member contributions plus interest
Retirement Eligible	Survivor's portion of 100% Joint and Survivor benefit with Pop-Up, payable as if member retired immediately prior to death
Post-Retirement Death Benefit:	Based on form of payment chosen by member upon retirement
Optional Forms of Benefits:	Life Only Annuity; 50% or 100% Joint and Survivor Pension with Pop-Up

Continued,

DROP:	Members eligible for Normal Retirement or Unreduced Early Retirement may elect to defer receipt of their retirement benefits while continuing employment*. Upon the effective date of participating in the DROP, a member's years of service and Average Monthly Compensation become frozen for purposes of determining pension benefits. Additional service beyond the date of DROP participation no longer accrues any additional benefits under the Retirement System. Benefits that would have been payable are accumulated at interest to date of termination and paid in a single lump sum or in substantially equal payments over a period designated by the member but not to exceed 119 months. The interest rate shall be determined annually by the Trustees and credited as of each December 31st. *Members with at least 10 years of creditable service as of January 1, 2018 have a maximum DROP period of five (5) years; all other members have a maximum DROP period of three (3) years.
Contribution Rates:	
Member	6.0% of pensionable compensation
Employer	Actuarial Determined Contribution less member contributions
Changes in Plan Provisions:	There are no plan changes reflected for the first time in this valuation.

A detailed plan agreement has been published and made available to all plan participants. Their agreement contains all information regarding the plan's benefits, amendments, actuarial assumptions and contribution requirements.

DESCRIPTION OF ACTUARIAL COST METHOD

Entry Age Actuarial Cost Method. Entry Age is the age at date of employment, or, if date is unknown, current age minus years of service. Normal Cost and Actuarial Accrued Liability are calculated on an individual basis and are allocated by service, with Normal Cost determined using the plan of benefits applicable to each participant.

There have been no changes in actuarial assumptions since the last valuation. With this valuation, the Board has elected to adopt a 5-year straight line amortization of investment gains and losses for the purpose of the actuarial value of assets. Previously, the System had used a seven-year smoothing period which reflected the actual cash flow and adjusted for each prior year's market value to the current valuation date using the actuarial interest assumption in effect for each of the seven years. The asset method was implemented as if it had been in effect for the past five years, recognizing prior years' market value asset gains and losses.

B. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The financial statements were prepared in accordance with the standards established by the Government Accounting Standards Board (GASB). The following are the significant accounting policies followed by the plan:

Basis of Accounting – The accompanying financial statements are prepared on the accrual basis of accounting whereby revenues are recognized when they are earned, and expenses are recognized when incurred. Contributions are recognized as revenue in the period in which employee services are performed. Interest income is recognized in the period earned and dividends are recognized in the period declared. Benefits and refunds are recognized when due and payable in accordance with the terms of the plan.

During the year ended December 31, 2014, the Plan adopted the provisions of GASB Statement No. 67, *Financial Reporting for Pension Plans.* GASB Statement No. 67 established standards of financial reporting for defined benefit pension plans. Significant changes included specifying the approach of contributing entities to measure pension liabilities for benefits provided through the pension plan, increased the note disclosure requirements, and provided for additional required supplementary information schedules.

Method Used to Value Investments – The Plan implemented GASB 72, *Fair Value Measurement and Application*, during the year ended December 31, 2016. As required by GASB Statement No. 72, investments are reported at fair value. This statement requires a government to use valuation techniques that are appropriate under the circumstances and with sufficient data available to measure fair value. Valuation techniques are used to measure fair value and maximize the use of relevant inputs and minimize the use of unobservable inputs. This statement establishes a hierarchy of inputs to valuation techniques used to measure fair value based on three levels;

- Level 1 inputs are quoted prices in active markets for identical assets or liabilities.
- Level 2 inputs are inputs other than quoted prices included within Level 1 that are observable for the asset or liability, whether directly or indirectly.
- Level 3 inputs are unobservable inputs, such as management's assumptions or investment manager assumptions that are unobservable.

This statement requires disclosures to be made about fair value measurements, the level of fair value hierarchy, and valuation techniques used. These disclosures are organized by type of asset or liability. GASB Statement No. 72 also requires additional disclosures regarding investment in certain securities that calculate net asset value per share (or its equivalent).

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. The fair value of mutual funds and exchange traded funds not traded on a national or international exchange are calculated using the net asset value reported by the exchange traded funds and mutual funds. The fair value of investments in limited partnerships and limited liability companies were calculated as the Plan's percentage of ownership of the partner's capital reported by the limited partnership or limited liability company.

C. NET PENSION LIABILITY OF EMPLOYERS

The components of the liability of the Plan's employers 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
$ 773,824,079	$ 510,029,851	$ 263,794,228	65.91%

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 new estimates are made about the future. The actuarial assumptions used in the December 31, 2021 audit were based on the results of an actuarial valuation report as of January 1, 2022. The Schedule of Employers' Net Pension Liability is located in the required supplementary information following the Notes to the Financial Statements presents the financial activity affecting whether the Plan's fiduciary net position is increasing or decreasing over time relative to the total pension liability.

Continued,

Significant actuarial assumptions used in the latest valuation are as follows:

Rationale for Assumptions The information and analysis used in selecting each demographic assumption that has a significant effect on this actuarial valuation is from the 2011– 2016 Actuarial Experience Study as performed by the prior actuary.

Net Investment Return: 7.25%

Salary Increases: Age- based annual rates ranging from 10% to 3.2%

Mortality Rates: *Healthy Pre-Retirement*: PubG-2010 Employee Mortality Tables, amount-weighted, projected generationally with Scale MP-2020
Healthy Post-Retirement: PubG-2010 General Healthy Retiree Tables, amount-weighted, projected generationally with Scale MP-2020
Disabled: PubNS-2010 Non-Safety Disabled Retiree Tables, amount-weighted, projected generationally with Scale MP-2020

Termination Rates before Retirement:

	Rate (%)				
Age	Mortality			Withdrawal after 5 years of Service	
	Male	Female	Disability	Male	Female
20	0.037	0.013	0.1650	20.00	18.00
30	0.036	0.015	0.1650	15.00	12.00
40	0.066	0.036	0.1350	7.00	6.00
50	0.149	0.083	0.5250	7.00	6.00
60	0.319	0.186	0.0000	7.00	6.00
70	0.703	0.489	0.0000	7.00	6.00
80	1.730	1.330	0.0000	7.00	6.00
90	1.730	1.330	0.0000	7.00	6.00

1 Mortality rates shown for base table.

2 All disabilities are assumed to be Ordinary Disabilities.

3 For the first five years of service, turnover is as shown on the next page.

Long-term Expected Rate of Return

The 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 expenses 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 Plan's target allocation as of December 31, 2021 were determined by the System's investment advisors and are summarized as follows:

Asset Class	Target Allocation	Long-Term Expected Real Rate of Return
Cash Equivalents	2.00%	-0.10%
Domestic Equity	42.50%	6.40%
International Equity	14.00%	7.41%
Fixed Incomes	22.00%	0.60%
Real Estate	5.00%	3.90%
Hedge Funds & GTAA	9.50%	2.75%
Private Investments	5.00%	10.40%

The discount rates used to measure the Total Pension Liability (TPL) was 7.25% as of December 31, 2021. The projection of cashflows used to determine the discount rate assumed plan member contributions will be made at the current contribution rate and that employer contributions will be made at rates equal to the actuarially determined contribution rates. For this purpose, only employer contributions that are intended to fund benefits for current plan members and their beneficiaries are included. Projected employer contributions that are intended to fund the service costs for future plan members and their beneficiaries as well as projected contributions from future plan members, are not included. Based on those assumptions, the Plan Fiduciary Net Position (FNP) was projected to be available to make all projected future benefit payments for 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 TPL as of December 31, 2021.

The rate of return on the market value of assets was 15.77% for the January 1, 2021 to December 31, 2021 plan year. The return on the actuarial value of assets was 8.12% for the same period due to the recognition of prior years' investment gains and losses. This resulted in an actuarial gain when measured against the assumed rate of return of 7.25%.

Based upon the low fixed income interest rate environment, target asset allocation and expectations of future investment returns for various classes, and with the recommendation of the recommendation of the Board's financial advisor, the Board adopted an investment return assumption of 7.25% with the January 1, 2022 valuation. This investment return assumption included an assumed inflation rate determined at 2.25%.

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In accordance with GASB 67, regarding the disclosure of sensitivity of net pension liability to changes in discount rate, the following presents the net pension liability of the participating employers calculated using the discount rate of 7.25% 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 6.25% or one percentage point higher 8.25% than the current rate:

	1% Decrease 6.25%	Current Discount Rate 7.25%	1% Increase 8.25%
Net Pension Liability	$ 351,369,657	$ 263,794,228	$ 190,735,484

D. INVESTMENTS

The Plan categorizes its fair value measurements within the fair value hierarchy established by generally accepted accounting principles. The Plan has the following fair value measurements as of December 31, 2021:

Fair Value Measurement Using

Asset Category	Total	Quoted Prices in Active Markets for Identical Assets - Level 1	Significant Other Observable Inputs - Level 2	Significant Other Unobservable Inputs - Level 3
Investment at Fair Value Level:				
Equity Securities				
Domestic Equity	$ 224,941,604	$ 224,941,604	$ -	$ -
International Equity	69,956,787	14,473,053	34,114,408	21,369,326
Total Equity Securities	294,898,391	239,414,657	34,114,408	21,369,326
Fixed Income Securities				
Core Fixed Income	55,485,316	-	55,485,316	-
Opportunistic Fixed Income	27,386,779	-	27,386,779	-
Foreign Fixed Income	7,395,026	7,395,026	-	-
Total Fixed Income Securities	90,267,121	7,395,026	82,872,095	-
Real Estate Funds	24,860,313	-	24,860,313	-
Alternative Investments				
Private Equity	24,855,839	-	17,101,583	7,754,256
Middle Market Debt	7,964,644	-	7,964,644	-
Global Tactical Allocations (GTAA)	30,698,605	16,537,376	14,161,229	-
Hedge Funds	11,860,246	-	11,860,246	-
Total Alternative Investments	75,379,334	16,537,376	51,087,702	7,754,256
Total Investments at Fair Value Level	$ 485,405,159	$ 263,347,059	$ 192,934,518	$ 29,123,582
Investment Measured at the Net Asset Value (NAV)				
Cash and Cash Equivalents	20,239,610			
Total Investments at Fair Value	$ 505,644,769			

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 matrix pricing techniques. 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.

The unfunded commitments and redemption terms for certain alternative investments measured at the net asset value (NAV) per share or its equivalent as of December 31, 2021 is presented on the following table:

Asset Category		Net Asset Value		Unfunded Commitments	Redemption Frequency	Redemption Notice Period
Hedge Funds	$	12,005,898	$	-	Quarterly	90 Days
Private Equity	$	24,825,601	$	8,824,104	N/A	N/A
Real Estate Funds	$	26,431,544	$	-	Quarterly	90 Days

Private Equity
Private equity is an asset class consisting of equity securities and debt in operating companies that are not publicly traded on a stock exchange. This asset class includes investments in various private equity funds. The fair values of the investments in this asset class have been determined using the Net Asset Value (NAV) per share or equivalent of the private equity capital.

A summary of significant positions in this category include:

Partners Group Capital
Investments held by the Fund include short-term investments, direct equity and debt investments in operating companies ("Direct Investments") and primary and secondary investments in private equity funds ("Primary Investments" and "Secondary Investments", respectively, and together, "Private Equity Fund Investments"; Direct Investments and Private Equity Fund Investments, collectively, "Private Equity Investments").

Mesirow Financial Fund V & VI
These funds primarily invest in private equity limited partnerships. The underlying partnership investments are generally illiquid and cannot be redeemed. Although a secondary market exists for these underlying investments, it is not active and individual transactions are typically not observable.

Pathway Capital
The Fund invests in, or acquires the securities of, private market investment partnerships located primarily in North America and Europe. The Fund does not invest in publicly traded securities, except if distributed to the Fund by an investment partnership. The Fund does not have the ability to withdraw its investments from these investment partnerships.

Hedge Funds

The hedge fund category of investments includes securities in a variety of strategies including real estate, fund of funds, derivatives and others. Securities in this category are not actively traded on stock exchanges and do not have quoted market prices. Fair value is determined and reported by the respective investment manager to the Plan's trustee on a recurring basis. The Plan's investment advisor reviews the reported values on a recurring basis and provides analysis to the Plan's board.

A summary of significant positions in this category include:

- Millennium International, LTD (Millennium) – This fund is engaged in in the business of trading equities, fixed income products, options, futures and other financial instruments.

Private Debt Fund

Crescent Capital, LP is a global debt securities investment manager. The firm is headquartered in Los Angeles with offices in the U.S. and Europe. The Plan is invested in Crescent Capital's direct lending fund. The find is positioned to provide capital to U.S. private equity backed companies. The fund utilizes a number of investment instruments including but not limited to revolving credit, term loans, recapitalizations and refinancing.

Investments of the Plan are reported at fair market value, where published values are available in actively traded markets. Estimated values are reported where published values are not available. Total reported value of investments at December 31, 2021 were $505,644,769.

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The following table presents the reported values of investments that represent 5% or more of the Plan's net position.

SECURITY DESCRIPTION

Domestic Equity	Fair Value
Vanguard 500 Index	63,918,293
Cornerstone - Large Cap Core	41,100,166
Vanguard Growth Index	39,848,563
Wedge - Large Cap Value	35,706,768
Fixed Income	
Macquarie Diversified Income	28,267,996
TCW Metwest Total Return Bond Fund	27,217,747
Corbin Opportunity Fund	27,414,166
	$ 263,473,699

The Plan's overall investment policy sets forth an investment time horizon of greater than ten years for the aggregate fund however no specific limitations are placed upon the maturities for fixed income securities.

Net Appreciation/(Depreciation)

During 2021, the Plan's investments including gains and losses on investments bought and sold, as well as held during the year appreciated in value by $67 million. The details are as follows:

Asset Category		Net Appreciation/(Depreciation)
Equities:		
Domestic	$	45,430,512
Foreign		3,924,721
Fixed Incomes:		
Domestic		3,654,507
Foreign		(1,218,889)
Market Prices Determined by Other Methods:		
Hedge Funds		1,642,575
Private Equities		9,105,731
Middle Market Debt		973,099
Real Estate Funds		3,039,457
Total	$	66,551,713

The Plan's Board sets forth an investment policy that establishes asset allocations by asset class that includes both target percentages and ranges. The details of the Plan's asset allocation are as follows:

Asset Category	Target Allocation	Actual Allocation
Domestic Equity	42.50%	45.70%
International Equity	14.00%	14.10%
Core Plus Fixed Income	15.00%	11.20%
Opportunistic Fixed Income	5.00%	5.50%
Foreign Fixed Income	2.00%	1.50%
GTAA	7.50%	6.20%
Real Estate	5.00%	5.30%
Hedge Funds	2.00%	2.40%
Private Equity	5.00%	6.60%
Cash Reserves	2.00%	1.50%
	100.00%	100.00%

E. INVESTMENT EXPENSES

Investment expenses reported at $1,457,787 include the amounts paid directly to various investment managers by the Plan. These costs are separately identified in the Plan's investment trust statement. The recorded amount does not include other investment expenses that may have been incurred and charged directly by the certain commingled funds. These expenses are reflected in the changes in net asset value (NAV) of those funds. These expenses are ultimately reflected in the net appreciation/depreciation of investment balance on the Plan's financial statements.

F. ALTERNATIVE INVESTMENTS

In recognition of the increasing opportunities available in today's dynamic investment universe to seek returns that may be less correlated to traditional broad equity and fixed income markets, the Board may allocate up to 20% of the Aggregate Fund to alternative investments.

The Board recognized that alternative investments may contain a high-level of risk due to, but not limited to, such factors as potential liquidity constraints, restrictions on the ability to withdraw invested capital, concentrated positions, short positions, leverage, high volatility and the marketability of such investments. These investments include, but are not limited to real estate, private equity, options and derivatives. As of December 31, 2021, alternative investments were $45 million or 9% of the total investments.

Quoted market prices are generally not available for these alternative investments. Accordingly, the recorded amounts represent estimated fair values. The Plan engages independent investment managers to advise and execute trades regarding alternative investments. These firms monitor the estimated valuations based upon receipt and review relevant financial data and periodic independent audits. The estimated market values are forwarded to the Plan's custodian financial institution on a monthly or quarterly basis. These market values are updated by the Plan's custodian. These updated values are included within these financial statements.

G. INVESTMENT CREDIT QUALITY

The following information presents disclosures of custodial credit risk, credit risk, and interest rate risk as outlined by GASB Statement No. 40, *Deposit and Investment Risk Disclosures*. The disclosures are included to inform financial statement users of the investment risks that could affect the Plan's ability to meet its obligations. The Plan's Board mitigates custodial credit risk by having the custodian hold securities in the Plan's name as a requirement of the custody contract, the Plan's investment policy as adopted by the board, provides the performance objectives, asset allocation guidelines and overall investment guidelines.

Cash on Deposit

As of December 31, 2021, the Plan's cash balances in bank accounts totaled $4,729,416. The Plan's cash balances that exceed the FDIC insurance limit are collateralized by letters of credit issued by the depository institution. Daily cash balances in the cash reserve account are typically significantly lower than the year-end balance. Additionally, the Plan has not experienced any losses due to bank failure and does not believe it is exposed to any significant credit risk relating to its cash balance.

Concentration of Credit Risk

Concentration of credit risk is defined as the inability to recover the value of deposits, investments, or collateral securities in the possession of an outside party caused by a lack of diversification. This form of risk arises when an entity has one or more concentrated investments in a single issuer. The Plan's investment policy limits the concentration in any one issuer to 5% of fair value. At December 31, 2021 the Plan had no exposure of less than 5% in any single investment issuer.

Custodial Credit Risk

Custodial credit risk is defined as the risk that, in the event of the failure of the counterparty, the Plan will not be able to recover the value of its investment or collateral securities that are in the possession of an outside party. Investments in external investment pools, mutual funds, and other pooled investments are not exposed to custodial credit risk because their existence is not evidenced by securities that exist in physical or book-entry form required by the Securities and Exchange Commission. At December 31, 2021, the Plan was not exposed to custodial credit risk. The Plan has no investment policy regarding custodial credit risk.

Credit Risk

Credit risk is defined as the risk that an issuer or other counterparty to an investment will not fulfill its obligations. At December 31, 2021 the Plan's fixed income securities were managed only in commingled or pooled accounts.

The Plan has no investment policy regarding credit risk on fixed income commingled or pooled accounts. Obligations guaranteed or explicitly guaranteed by the U.S. Government are not considered to have credit risk. The Plan's investment policy provides that fixed income securities may include U.S. Treasury obligations, obligations of government sponsored enterprises, federal agency obligations, corporate bonds, debentures, asset backed securities, convertible securities, preferred stock commercial paper, and commercial bank certificates of deposit. All investments in interest-bearing nonconvertible obligations of corporations must be rated within the six highest ratings of a major rating service at the time of purchase (minimum B or higher).

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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. At December 31, 2021, the Plan's investments in long-term debt securities.

Investment Category	Market Value	Effective Life Not Available	Effective Life Less Than 1 Year	Effective Life 1-5 Years	Effective Life 6-10 Years	Effective Life Over 10 Years
Corporate Bonds	$ 808	$ -	$ -	$ -	$ -	$ 808

Foreign Currency Risk
Foreign currency risk is the risk that changes in exchange rates will adversely affect the fair value of an investment or deposit. The Plan's investment policy restricts equity investments to securities that are U.S. dollar denominated and are registered with the SEC. The Plan had no investments allocated in foreign currencies in non-pooled accounts of either fixed-income or equity managers.

H. TREND INFORMATION

Trend information, which gives an indication of the progress made in accumulating sufficient assets to pay pension benefits when due, are presented in the following required supplementary information section of this report.

I. COST-OF-LIVING BENEFITS

During 2017 the Board amended its policy regarding Cost of Living Adjustments (COLAs) as follows:

The board shall be authorized to retain trust earnings or gains in excess of an average three and one-half percent, which amount may be applied to provide one or more cost-of-living increases or bonuses for members who have retired, in an annual amount not to exceed three percent of each such members' initial retirement allowance multiplied by each year of such member's retirement, provided that the system's funded ratio is at least ninety-five percent. Such benefit, if any, shall be awarded and paid only when funds are available from this source as provided herein, and in the manner and at the time or times determined in the discretion of the trustees.

J. COSTS OF PLAN ADMINISTRATION

The City of New Orleans absorbs significant costs of the Plan's administration. Those costs include salaries, fixed assets, office supplies etc. for the department managing system operations. However, there are administrative expenses paid by the Plan that are associated with travel, conferences for board members, attorney fees, investment consultants and actuary fees.

K. USE OF ESTIMATES

The preparation of financial statements in conformity with generally accepted accounting principles requires the plan administrator to make estimates and assumptions that affect certain reported amounts and disclosures. Accordingly, actual results may differ from those estimates.

L. SETTLED ARBITRATION

During the year 2016 the Plan reached an arbitrated consent agreement with the City of New Orleans (the City) related to the Plan's claim that employer contributions from the City were not fully funded as required by the Actuary's report for certain years past. The settlement requires the City to pay the Plan a total of $4 million, payable in sixty (60) consecutive monthly pension payments of $66,666 through December 2024. Budgetary considerations for the City could impact the timing of future regular installments.

N. SUBSEQUENT EVENTS

Management evaluated subsequent events as of September 29, 2022, which was the date these financial statements were available to be issued. Management has noted that there were no additional adjustments or disclosures required related to these financial statements.

REQUIRED SUPPLEMENTARY INFORMATION

EMPLOYEES' RETIREMENT SYSTEM OF THE CITY OF NEW ORLEANS
REQUIRED SUPPLEMENTARY INFORMATION
SCHEDULE OF CHANGES IN NET PENSION LIABILITY
FOR THE YEAR ENDED DECEMBER 31, 2021

Total Pension Liability	2021	2020	2019	2018	2017	2016	2015	2014
Service cost	$11,335,490	$11,335,306	$ 11,937,129	$ 9,107,643	$ 9,447,990	$ 9,062,738	$ 8,164,544	$ 7,231,227
Interest cost at 7.50%	53,041,797	51,301,166	48,444,849	46,037,729	45,680,973	42,201,480	40,513,176	40,840,178
Changes of benefit terms	-	6,341,974	-	(437,937)	-	-	-	-
Difference between expected and actual experience	15,236,107	12,199,705	(17,742,145)	23,954,158	13,756,022	43,807,817	20,288,669	(11,566,812)
Changes of assumptions	-	(4,226,362)	70,869,862	-	-	-	-	-
Benefit payments and net transfers	(52,129,637)	(53,756,908)	(48,716,880)	(50,075,418)	(48,198,171)	(48,678,803)	(46,455,662)	(40,864,625)
Net change in total pension liability:	27,483,757	23,194,881	64,792,815	28,586,175	20,686,814	46,393,232	22,510,727	(4,360,032)
Total pension liability - beginning	746,340,322	723,145,441	658,352,626	629,766,451	$ 609,079,637	562,686,405	540,175,678	544,535,710
Total pension liability - ending	$ 773,824,079	$ 746,340,322	$ 723,145,441	$ 658,352,626	$ 629,766,451	$ 609,079,637	$ 562,686,405	$ 540,175,678
Plan fiduciary net position								
Contributions - employer	$ 21,651,850	$ 32,615,183	$ 33,884,678	$ 31,065,227	$ 27,169,921	$ 27,304,527	$ 22,447,281	$ 20,306,887
Contributions - member	8,509,475	8,851,861	9,134,139	8,246,577	7,677,009	7,444,419	6,490,092	6,193,573
Net investment income	70,951,072	54,015,335	59,043,437	(15,589,616)	51,906,523	28,611,585	(14,044,748)	12,930,693
Benefit payments and net transfers	(52,129,637)	(53,756,908)	(48,716,880)	(50,075,418)	(48,198,171)	(48,678,803)	(46,455,662)	(40,864,625)
Administrative expense	(560,127)	(316,687)	(376,002)	(243,972)	(337,564)	(170,780)	(88,383)	(272,072)
Transfers into the System	965,183	261,920	264,650	507,195				
Net change in plan fiduciary net position:	49,387,816	41,670,704	53,234,022	(26,090,007)	38,217,718	14,510,948	(31,651,420)	(1,705,544)
Plan fiduciary net position - beginning	460,642,035	418,971,331	365,737,309	391,827,316	353,609,598	339,098,650	370,750,070	372,455,614
Plan fiduciary net position - ending	510,029,851	460,642,035	418,971,331	365,737,309	391,827,316	353,609,598	339,098,650	$ 370,750,070
Net pension liability - ending:	$ 263,794,228	$ 285,698,287	$ 304,174,110	$ 292,615,317	$ 237,939,135	$ 255,470,039	$ 223,587,755	$ 169,425,608
Plan fiduciary net position as a percentage of the total pension liability:	65.91%	61.72%	57.94%	55.55%	62.22%	58.06%	60.26%	68.64%
Covered-employee payroll	142,338,647	135,779,772	149,538,039	128,530,078	120,808,711	115,504,517	105,691,915	97,243,871
Net pension liability as a percentage of covered-employee payroll:	185.33%	210.41%	203.41%	227.66%	196.96%	221.18%	211.55%	174.23%

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

The notes to required supplementary information is an integral part of this statement.

EMPLOYEES' RETIREMENT SYSTEM OF THE CITY OF NEW ORLEANS
SCHEDULE OF SYSTEM'S CONTRIBUTIONS
DECEMBER 31, 2021

Year	Actuarially Determined Contribution	Contributions in Relation to the Actuarially Determined Liability	Contribution (Deficiency) /Excess	Covered Employee Payroll	Contributions as a Percentage of Covered Payroll
2009	17,066,353	12,614,236	4,452,117	89,366,260	14.12%
2010	21,281,308	13,031,810	8,249,498	85,926,577	15.17%
2011	20,850,837	19,917,899	932,938	93,636,301	21.27%
2012	18,828,387	19,010,841	(182,454)	92,881,497	20.47%
2013	20,228,129	18,544,682	1,683,447	92,440,354	20.06%
2014	20,871,424	20,306,887	564,537	97,243,872	20.88%
2015	21,891,996	22,447,281	(555,285)	105,691,915	21.24%
2016	22,713,296	27,304,527	(4,591,231)	115,504,517	23.64%
2017	26,857,512	27,169,921	(312,409)	120,808,711	22.49%
2018	28,015,495	31,065,227	(3,049,732)	128,530,078	24.17%
2019	28,689,759	33,884,678	(5,194,919)	149,538,039	22.66%
2020	22,890,640	32,615,183	(9,724,543)	135,779,772	24.02%
2021	23,973,368	21,651,850	2,321,518	142,338,647	15.21%

The accompanying notes to required supplementary information is an integral part of this statement.

EMPLOYEES' RETIREMENT SYSTEM OF THE CITY OF NEW ORLEANS
SCHEDULE OF INVESTMENT RETURNS
DECEMBER 31, 2021

Year	Annual Money-Weighted Rate of Return
2008	-30.18%
2009	23.13%
2010	14.11%
2011	-1.30%
2012	11.56%
2013	15.17%
2014	4.17%
2015	-3.88%
2016	8.62%
2017	8.52%
2018	5.57%
2019	5.03%
2020	4.89%
2021	4.86%

The accompanying notes to the required supplementary information is an integral part of this statement.

THE EMPLOYEES' RETIREMENT SYSTEM 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 Plan's actuary. The net pension liability is measured as the total pension liability less the amount of the fiduciary net position of the Plan.

2. SCHEDULE OF EMPLOYERS' NET POSITION LIABILITY:

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

3. SCHEDULE OF CONTRIBUTIONS - EMPLOYER AND NON-EMPLOYER CONTRIBUTING ENTITIES:

The difference between the actuarially determined contributions from employer and non-employer contributing entities and the percentage of employer contributions received to covered employee payroll is presented in this schedule.

4. SCHEDULE OF INVESTMENT RETURNS:

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.

5. ACTUARIAL ASSUMPTIONS:

The information presented in the required supplementary schedules was used on the actuarial valuation for purposes of determining the actuarially determined contribution rate. The assumptions and methods used for the actuarial valuation were recommended by the actuary and adopted by the Plan's Board. Additional information on the assumptions and methods used as of the latest actuarial valuation are noted in Note C, Net Pension Liability of Employers.

THE EMPLOYEES' RETIREMENT SYSTEM OF THE CITY OF NEW ORLEANS
DECEMBER 31, 2021

SUMMARY OF AUDITOR'S RESULTS

Financial Statements

An unmodified opinion was issued on the financial statements of the auditee.

Internal Control Over Financial Reporting:

Material weakness(es) identified?	_____yes	__X__no
Significant deficiency(s) identified not considered to be material weaknesses?	__X__yes	_____no

Noncompliance material to financial statements noted?	_____yes	__X__no

Federal Awards

(Not Applicable)

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*

To the Honorable Mayor and City Council
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 Employees' Retirement System of the City of New Orleans (the Plan), as of and for the year ended December 31, 2021, and the related notes to the financial statements, which collectively comprise the Plan's basic financial statements and have issued our report thereon dated September 29, 2022.

Internal Control over Financial Reporting
In planning and performing our audit of the financial statements, we considered the Plan's internal control over financial reporting (internal control) to determine the audit procedures that are appropriate in the circumstances for the purpose of expressing our opinions on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of the Plan's internal control. Accordingly, we do not express an opinion on the effectiveness of the Plan'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 and therefore, material weaknesses or significant deficiencies may exist that have not been identified. Given these limitations, during our audit we did not identify any deficiencies in internal control that we consider to be material weaknesses. We did identify a certain deficiency in internal control, described in the accompanying schedule of findings and management responses as Finding #2021-01, that we consider to be a significant deficiency.

Continued,

Compliance and Other Matters

As part of obtaining reasonable assurance about whether the Plan's financial statements are free from material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts, and grant 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 no instances of noncompliance or other matters that are required to be reported under *Government Auditing Standards.*

Management's Response to Findings

The Plan's response to the findings identified in our audit is described in the accompanying schedule of findings and questioned costs. The Plan'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
September 29, 2022

SCHEDULE OF FINDINGS AND RESPONSES

THE EMPLOYEES' RETIREMENT SYSTEM OF THE CITY OF NEW ORLEANS
SCHEDULE OF FINDINGS AND MANAGEMENT RESPONSES
DECEMBER 31, 2021

FINDING 2021-01: PLAN ACCOUNTING PROCEDURES DO NOT PROVIDE FOR RECONCILIATION OF THE GENERAL LEDGER TO THE INVESTMENTS TRUST STATEMENTS FOR CERTAIN TRANSACTION TYPES (ORIGINATED IN 2018)

CRITERIA:
Governmental accounting best practices require that financial statements be supported by general ledgers that include detail transactions and subsidiary ledgers to support financial statement preparation and an adequate audit trail.

CONDITION:
The Plan's accounting system relies heavily on the investment custodian and their related trust statement for detail transaction postings. The trustee processes four (4) transaction types:

- Investment transactions
- Retiree benefit payments
- Vendor payments
- Cash transfers

Generally, the Plan's general ledger includes summary transaction totals based upon the trust statement's detail transactions. This approach appears practicable for the investment transactions and retiree benefit payments, based upon their voluminous nature and respective internal control environments that include a high level of systematic controls at the trustee level, subject to overall reconciliation between the general ledger and the trust statement by the Plan. However, the vendor payments and cash transfers processed by the Plan through the trustee's system are subject to internal control procedures that appear to rely more upon the Plan's internal control environment and procedures. Accordingly, the Plan's general ledger should include detail transaction postings for each vendor payment and cash transfer executed by the Plan.

CAUSE:
The Plan's general ledger system did not have the capacity to include sufficient transaction detail related to certain transaction types.

EFFECT:
Management review and monitoring controls over transaction processing vendor payments and cash transfers are adversely affected.

FINDING 2021-01 (CONTINUED)

RECOMMENDATION:
We recommend that the Plan enhance its general ledger accounting procedures to include detailed transaction postings for vendor payments and cash transfers.

MANAGEMENT RESPONSE:
We continue to follow our internal procedures which call for preparation of a detailed listing of the other receipts and disbursements processed through the investment trust statement. They are reviewed and approved by management. We noted in our review last year of our current general ledger system that the capacity to include sufficient transaction detail was not available. After reviewing possible programming changes, the needed capacity should be available to provide the needed detail. We will work with our auditor to make certain we are providing the generally accepted detail, while also working with our programmer to generate the needed capacity.

THE EMPLOYEES' RETIREMENT SYSTEM
OF THE CITY OF NEW ORLEANS
DECEMBER 31, 2021

STATUS OF PRIOR YEAR FINDINGS

Finding #	Description	Status
2020-01	PLAN ACCOUNTING PROCEDURES DO NOT PROVIDE FOR RECONCILIATION OF THE GENERAL LEDGER TO THE INVESTMENTS TRUST STATEMENTS FOR CERTAIN TRANSACTION TYPES	Unresolved

THE EMPLOYEES' RETIREMENT SYSTEM OF THE CITY OF NEW ORLEANS

SCHEDULE OF COMPENSATION, BENEFITS, AND OTHER PAYMENTS TO AGENCY HEAD OR CHIEF EXECUTIVE OFFICER

DECEMER 31, 2021

Agency Head Name: Jesse Evans, Jr.

Purpose	**Amount**
Salary	$103,608
Benefits-insurance	7,084
Benefits-retirement	0
Benefits-other	0
Car allowance	0
Vehicle provided by government	0
Per diem	0
Reimbursements	0
Travel	0
Registration fees	0
Conference travel	0
Continuing professional education fees	0
Housing	0
Unvouchered expenses*	0
Special meals	0

Served as Director of City of New Orleans Employees' Retirement System from January 1, 2021 through December 31, 2021.

Luther Speight & Company
Certified Public Accountants and Consultants

EMPLOYEES' RETIREMENT SYSTEM 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 Members of the Board of Trustees
and the Louisiana Legislative Auditor:

We have performed the procedures enumerated below, which were agreed to by the Employees' Retirement System 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.

New Orleans Office: 1100 Poydras Street, Suite 1225 - New Orleans, LA 70163 - (504)561-8600
Memphis Office: 1661 International Drive, Suite 400 - Memphis, TN 38120 - (901)202-4688
Atlanta Office: 715 Peachtree St. NE, Suite 100 - Atlanta, GA 30328 - (678)971-3700

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

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

   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: *Not applicable. Employees of the System are employed by and paid by the City.*

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: *Not applicable, as the System has no credit or debit cards issued.*

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

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

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

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

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

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: *The board committee meets monthly.*

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: *The board committee appear to appropriately meet the required elements above.*

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, as no unassigned fund balance in the general fund was observed in prior year audit report.*

Bank Reconciliations

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

Results: *List of bank accounts and management's representation were obtained. We selected the month of December for the testing below.*

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: *We noted that the System has two bank accounts. The bank and book balances properly reconciled for both accounts with no reconciling items noted. Both reconciliations were prepared within 2 months of the statement closing date.*

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 the bank reconciliations showed evidence of review by Patrice Vaughn, who does not handle cash, post ledgers, or issue checks.*

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

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*: LSC noted that the client does not have any deposit sites and does not collect cash or checks at its office location. Any money received is via JP Morgan Chase's online platform.*

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 the client does not have any deposit sites and does not collect cash or checks at its office location. Any money received is via JP Morgan Chase's online platform.*

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: *LSC noted there is no bond or insurance policy for theft covering all employees who have access to cash because the client does not collect cash or checks at its office location. Any money received is via JP Morgan Chase's online platform.*

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: *LSC noted that the client does not have any deposit sites and does not collect cash or checks at its office location. Any money received is via JP Morgan Chase's online platform.*

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 client processes all benefit payments in its office at City Hall New Orleans via its bank's online platform.*

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: *The job duties below are appropriately segregated between Brittany Jones, Brenda Johnson, and Shawn Augustine. No findings noted.*

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**: Our examination of disbursements showed no exceptions.*

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.

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.

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.]

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

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**: We noted the client does not have any credit cards. AUP steps regarding Credit Cards are considered not applicable.*

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:

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**: Received documentation of the travel expenses of one board member from client and noticed meals were reimbursed using a per diem rate that is no more than those rates established by the U.S. General Services Administration.*

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

***Results**: Reimbursements using actual costs were supported by the original itemized receipts.*

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**: Each reimbursement was supported by documentation detailing the business/public purchase for the charge.*

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

***Results**: Each reimbursement was reviewed and approved in writing by someone other than the person receiving the reimbursement.*

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:

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 all vendors were selected in accordance with the City of New Orleans Purchasing Department guidelines at the time the vendors were selected.*

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 was one amended contract. The amendment was made in compliance with the contract terms and approval was documented.*

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

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.

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:

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.

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**: The System employees are paid through the City of New Orleans and no salary expense is recorded for the System. Therefore, AUP steps regarding Payroll and Personnel are considered not applicable.*

Ethics

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

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

Results*: No exceptions were noted regarding this requirement.*

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.

Results: *No changes to the ethics policies were noted that required personnel notifications.*

Debt Service

Results: *The System had no debt as of the year ended December 31, 2021. Therefore, this section is not applicable.*

Fraud Notice

21. 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*: Management confirmed that the System had no misappropriations of public funds and assets during the year ended December 31, 2021.*

22. 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*: We noted the required notice is not posted on the System's website but there is a link to report fraud. In addition, the System's offices are housed in City Hall and posted signs were noted in different areas of the building.*

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

Results: *Management contracts an outside company for anything regarding IT. Client supplied contract with the company, JPMorgan Chase & Co. Information Security Program.*

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: *After reading through contract provided by client, JPMorgan Chase & Co. states that it will back up data to cloud.*

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: *After reading through contract provided by client, JPMorgan Chase & Co. states that it will assist with restoring backups.*

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: *After reading through contract provided by client, JPMorgan Chase & Co. states that it will provide antivirus software to the System's computers.*

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**: LSC obtained sexual harassment training certificates of all personnel. We noted no exceptions.*

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**: We noted the sexual harassment policy is not posted on the System's website but it is posted on the City of New Orleans' Civil Service website.*

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**: There is no annual sexual harassment report because it is not a function performed by the System. The client directed LSC to the City of New Orleans' Civil Service website. However, the website did not provide answers to the questions below.*

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

   Management's Response: *N/A*

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

   Management's Response: *N/A*

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

   Management's Response: *N/A*

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

   Management's Response: *N/A*

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

Management's Response: *N/A*

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 maters 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.

Luther Speight & Co

Luther Speight & Company CPAs
New Orleans, Louisiana
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