Municipal Employees' Retirement System of Louisiana
Baton Rouge, Louisiana
Financial Report
June 30, 2023

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Independent Auditor's Report

Ms. Maris LeBlanc, Executive Director,
and the Board of Trustees of
Municipal Employees' Retirement System of Louisiana
Baton Rouge, Louisiana

Report on the Audit of the Financial Statements

Opinions

We have audited the accompanying financial statements of the Municipal Employees' Retirement System of Louisiana ("System") as of and for the years ended June 30, 2023 and 2022, and the related notes to the financial statements, which collectively comprise the Municipal Employees' Retirement System of Louisiana's basic financial statements as listed in the table of contents.

In our opinion, the financial statements referred to above present fairly, in all material respects, the fiduciary net position of the Municipal Employees' Retirement System of Louisiana as of June 30, 2023 and 2022, and the changes in fiduciary net position for the years then ended in accordance with accounting principles generally accepted in the United States of America.

Basis for Opinions

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

Responsibilities of Management for the Financial Statements

Management is responsible for the preparation and fair presentation of 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 Municipal Employees' Retirement System of Louisiana's ability to continue as a going concern for twelve months beyond the financial statement date, including any currently known information that may raise substantial doubt shortly thereafter.

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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 and *Government Auditing Standards* will always detect a material misstatement when it exists. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control. Misstatements are considered material if there is a substantial likelihood that, individually or in the aggregate, they would influence the judgment made by a reasonable user based on the financial statements.

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

- Exercise professional judgment and maintain professional skepticism throughout the audit.
- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, and design and perform audit procedures responsive to those risks. Such procedures include examining, on a test basis, evidence regarding the amounts and disclosures in the financial statements.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Municipal Employees' Retirement System of Louisiana'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 Municipal Employees' Retirement System of Louisiana'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 Matter

As disclosed in Note 3 to the financial statements, the total pension liability for the System was $1,327,096,530 and $1,292,471,340 for Plan A and $299,800,931 and $288,388,827 for Plan B, respectively, as of June 30, 2023 and 2022. The actuarial valuations were based on various assumptions made by the System's actuary. Because actual experience may differ from the assumptions used in the actuarial valuations, there is a risk that the total pension liability at June 30, 2023 and 2022, could be understated or overstated.

Required Supplementary Information

Accounting principles generally accepted in the United States of America require that the management's discussion and analysis and required supplementary information, as listed in the table of contents, be presented to supplement the basic financial statements. Such information is the responsibility of management and, 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.

Supplementary Information

Our audit was conducted for the purpose of forming an opinion on the financial statements that collectively comprise the Municipal Employees' Retirement System of Louisiana's basic financial statements. The supplementary schedules, as listed in the table of contents, are presented for purposes of additional analysis and are not a required part of the basic financial statements. Such information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the basic financial statements. The 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 December 11, 2023, on our consideration of the System's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, and contracts, 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 the effectiveness of the System’s 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 Municipal Employees' Retirement System of Louisiana's internal control over financial reporting and compliance.

Hawthorn, Waymouth & Carroll, L.L.P.

December 11, 2023

The following discussion and analysis of Municipal Employees' Retirement System of Louisiana (System) for the year ended June 30, 2023, highlights relevant aspects of the basic financial statements and provides an analytical overview of the System's financial activities.

Financial Highlights

The System's fiduciary net position restricted for pension benefits exceeded its liabilities at the close of fiscal year 2023 by $1,181,225,022 which represents an increase from last year of $103,486,589, or 9.60%. The increase was primarily due to an increase in contributions and net appreciation in fair value of investments.

Contributions to the System by members and employers totaled $96,237,102, an increase of $4,211,951, or 4.58%, from the prior year. Ad valorem taxes and revenue sharing totaled $10,708,129, an increase of $680,742, or 6.79%, from the prior year.

Pension benefits paid to retirees and beneficiaries increased by $5,257,968, or 5.61%, from the prior year. This increase is due to an increase in the number of retirees and their benefit amounts.

Administrative expenses of the System totaled $2,360,161, an increase of $21,464, or 0.92%, from the prior year.

Net investment income of the System totaled $89,854,785 for fiscal year 2023, compared to net investment loss of $119,953,296 for fiscal year 2022, an increase of $209,808,081.

Overview of the Financial Statements

The System's basic financial statements were prepared in conformity with Governmental Accounting Standards Board (GASB) Statement No. 67, *Financial Reporting for Pension Plans,* and include the following:

1. Statements of fiduciary net position,
2. Statements of changes in fiduciary net position,
3. Notes to the financial statements,
4. Required supplementary information, and
5. Supplementary information.

The statements of fiduciary net position report the System's assets, liabilities, and resultant net position restricted for pension benefits. It discloses the financial position of the System as of June 30, 2023 and 2022.

The statements of changes in fiduciary net position report the results of the System's operations during the two most recent years, disclosing the additions (reductions) to and deductions from the fiduciary net position. It supports the change that has occurred to the prior years' net position value on the statements of fiduciary net position.

The notes to the financial statements provide additional information that is essential to a full understanding of the financial statements. A brief description of the information provided in the notes is as follows:

- Note 1 provides a general description of the System and its eligibility requirements, retirement benefits, survivor benefits, DROP benefits, disability benefits, cost of living increases, and deferred benefits.

Overview of the Financial Statements (Continued)

- Note 2 provides a summary of significant accounting and financial reporting policies including the System's basis of accounting and presentation, method used to value investments, property, plant and equipment, use of estimates, pronouncement effective for the 2023 financial statements, and reclassifications.

- Note 3 provides information regarding the System's contributions, reserves and funding status, including the actuarial valuation and assumptions used in determining the funding status.

- Note 4 provides the components of the System's deposits, cash equivalents and investments. Information related to fair value measurements, valuation techniques, and types of investments included in common collective trust funds, private debt, and real estate is also disclosed. The note provides investment risk information related to concentration of credit risk, credit risk, custodial credit risk, interest rate risk, and foreign currency risk. The money-weighted rate of return on the System's investments is also disclosed.

- Note 5 provides information related to the receivable from Lafayette Consolidated Government.

- Note 6 provides details regarding the cost of the System's property, plant, and equipment as well as related depreciation expense and accumulated depreciation.

- Note 7 provides information on the System's tax qualifications.

- Note 8 provides information on the System's vacation and sick leave.

- Note 9 provides information on other postemployment benefits (OPEB).

- Note 10 provides the System's evaluation of subsequent events.

The required supplementary information consists of five schedules and related notes concerning changes in net pension liability, employers' net pension liability, contributions, and investment returns in both Plan A and Plan B. It also includes schedules of changes in total OPEB liability and related ratios. The related notes to the required supplementary information disclose key actuarial assumptions and methods used in the schedules.

The supplementary information includes the individual funds' financial statements, the schedules of per diem paid to board members, administrative expenses, and compensation, benefits and other payments to agency head or chief executive officer.

Financial Analysis of the System

The System provides benefits to employees of all incorporated villages, towns, cities, and tax boards or commissions of a municipality or parish within the State of Louisiana which do not have their own retirement system and which elect to become members of the System. Member contributions, employer contributions, ad valorem taxes, revenue sharing funds, and earnings on investments fund these benefits.

Condensed Statements of Fiduciary Net Position

	June 30, 2023	June 30, 2022	June 30, 2021
Assets			
Cash	$ 29,165,750	$ 27,657,163	$ 25,746,815
Receivables, net	30,723,671	17,359,980	8,683,375
Investments, at fair value	1,120,198,768	1,031,592,355	1,159,326,215
Property, plant, and equipment, net	2,276,026	2,536,151	2,787,699
Total assets	1,182,364,215	1,079,145,649	1,196,544,104
Total liabilities	1,139,193	1,407,216	1,076,034
Net position restricted for pension benefits	$ 1,181,225,022	$ 1,077,738,433	$ 1,195,468,070

Condensed Statements of Changes in Fiduciary Net Position
For the Years Ended June 30,

	2023	2022	2021
Additions (Reductions):			
Contributions	$ 120,653,231	$ 104,224,191	$ 102,864,131
Net investment income (loss)	89,854,785	(119,953,296)	227,297,202
Other	2,227,214	3,486,053	1,873,220
Net additions (reductions)	212,735,230	(12,243,052)	332,034,553
Total deductions	109,248,641	105,486,585	100,816,658
Net increase (decrease)	$ 103,486,589	$ (117,729,637)	$ 231,217,895

Financial Analysis of the System (Continued)

Additions (Reductions) to Fiduciary Net Position

Additions (Reductions) to the System's fiduciary net position were derived from member and employer contributions, ad valorem taxes, state revenue sharing funds, net investment income (loss), and transfers from other systems. Member contributions increased $1,018,978, or 4.59% and employer contributions increased $3,192,973, or 4.57%, primarily due to an increase in salaries. The unfunded accrued liability (UAL) attributable to the Lafayette Consolidated Government (LCG) withdrawal increased $11,536,347 as a result of more positions being eliminated in the current period. The System experienced net investment income of $89,854,785 in 2023 compared to a net investment loss of $119,953,296 in 2022, an increase of $209,808,081.

	2023	2022	2021	2022 to 2023 Percentage Change
Member contributions	$ 23,235,596	$ 22,216,618	$ 21,782,296	4.59%
Employer contributions	73,001,506	69,808,533	68,811,275	4.57%
Ad valorem and state revenue sharing	10,708,129	10,027,387	9,961,247	6.79%
UAL attributable to LCG withdrawal	13,708,000	2,171,653	2,309,313	531.22%
Net investment income (loss)	89,854,785	(119,953,296)	227,297,202	174.91%
Transfers from other systems	2,227,214	3,486,053	1,873,220	-36.11%
Total additions (reductions)	$212,735,230	$ (12,243,052)	$332,034,553	

Deductions from Fiduciary Net Position

Deductions from fiduciary net position include retirement, death, and survivor benefits, DROP withdrawals, refunds, administrative expenses and transfers to other systems. Deductions from fiduciary net position totaled $109,248,641 in fiscal year 2023.

	2023	2022	2021	2022 to 2023 Percentage Change
Retirement benefits	$ 98,905,970	$ 93,648,002	$ 89,596,002	5.61%
Refunds of contributions	6,177,724	6,662,513	6,304,282	-7.28%
Administrative expenses	2,360,161	2,338,697	2,155,921	0.92%
Other post-employment (benefit) expense	31,613	(172,501)	34,662	118.33%
Transfers to other systems	1,773,173	3,009,874	2,725,791	-41.09%
Total deductions	$109,248,641	$105,486,585	$100,816,658	

Financial Analysis of the System (Continued)

Investments

The System is responsible for the prudent management of funds held in trust for the exclusive benefits of its members' pension benefits. Funds are invested to achieve maximum returns without exposing retirement assets to unacceptable risks. Total market value of investments at June 30, 2023 was $1,120,198,768 compared to $1,031,592,355 at June 30, 2022, which is an increase of $88,606,413, or 8.59%. The major contributing factor to this increase was due to the health of the financial market resulting in the net appreciation in fair value of investments.

The System's investments in various asset classes at the end of the 2023, 2022, and 2021 fiscal years are indicated in the following table:

	2023	2022	2021	2022 to 2023 Percentage Change
Cash equivalents	$ 6,688,917	$ 9,792,700	$ 12,035,767	-31.69%
Domestic equities	379,400,854	327,763,550	378,193,770	15.75%
International equities	251,417,264	222,469,404	275,599,032	13.01%
Fixed income investments	324,628,639	342,949,710	382,818,433	-5.34%
Hedge fund investments	-	-	2,103,412	0.00%
Real estate investments	86,014,082	91,563,928	66,282,120	-6.06%
Private debt investments	37,967,984	4,958,820	12,526,637	665.67%
Self-directed investments	34,081,028	32,094,243	29,767,044	6.19%
Total investments	$1,120,198,768	$1,031,592,355	$1,159,326,215	

Requests for Information

Questions concerning any of the information provided or requests for additional financial information should be addressed to Maris LeBlanc, Executive Director, Municipal Employees' Retirement System of Louisiana, 7937 Office Park Boulevard, Baton Rouge, LA 70809.

Financial Statements

Municipal Employees' Retirement System of Louisiana
Statements of Fiduciary Net Position
June 30, 2023 and 2022

	2023	2022
Assets		
Cash	$ 29,165,750	$ 27,657,163
Receivables:		
Member/employer contributions	7,797,419	5,915,341
Interest and dividends	36,216	16,311
Investments receivable	8,362,907	8,407,649
Lafayette Consolidated Government (LCG) receivable, net	14,431,286	2,861,894
Other receivables	95,843	158,785
Receivables, net	30,723,671	17,359,980
Investments, at fair value:		
Cash equivalents	6,688,917	9,792,700
Domestic equities	379,400,854	327,763,550
International equities	251,417,264	222,469,404
Fixed income investments	324,628,639	342,949,710
Real estate investments	86,014,082	91,563,928
Private debt investments	37,967,984	4,958,820
Self-directed investments	34,081,028	32,094,243
Total investments	1,120,198,768	1,031,592,355
Property, plant, and equipment, net	2,276,026	2,536,151
Total assets	1,182,364,215	1,079,145,649
Liabilities		
Accounts payable	141,490	171,525
Benefits payable	-	35,222
Refunds payable	622,042	633,115
Investments payable	35,807	251,425
Other payables	83,794	91,482
Other post-employment benefits obligation	256,060	224,447
Total liabilities	1,139,193	1,407,216
Net Position Restricted for Pension Benefits	$ 1,181,225,022	$ 1,077,738,433

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

Municipal Employees' Retirement System of Louisiana
Statements of Changes in Fiduciary Net Position
Years Ended June 30, 2023 and 2022

	2023	2022
Additions (Reductions)		
Contributions:		
Members'	$ 23,235,596	$ 22,216,618
Employers'	73,001,506	69,808,533
Ad valorem taxes and revenue sharing	10,708,129	10,027,387
Unfunded accrued liability attributable to LCG withdrawal	13,708,000	2,171,653
Total contributions	120,653,231	104,224,191
Investment income:		
Interest and dividend income	4,138,435	3,367,409
Net appreciation (depreciation) in fair value of investments	87,521,357	(120,992,663)
	91,659,792	(117,625,254)
Less investment expenses	(1,805,007)	(2,328,042)
Net investment income (loss)	89,854,785	(119,953,296)
Other Additions		
Assets transferred from other retirement systems	2,227,214	3,486,053
Net additions (reductions)	212,735,230	(12,243,052)
Deductions		
Benefits	92,789,333	87,656,733
DROP withdrawals	6,116,637	5,991,269
Refund of contributions	6,177,724	6,662,513
Administrative expenses	2,360,161	2,338,697
Other post-employment (benefit) expense	31,613	(172,501)
Assets transferred to other retirement systems	1,773,173	3,009,874
Total deductions	109,248,641	105,486,585
Net Increase (Decrease) in Net Position	103,486,589	(117,729,637)
Net Position Restricted for Pension Benefits		
Beginning of year	1,077,738,433	1,195,468,070
End of year	$ 1,181,225,022	$ 1,077,738,433

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

Note 1-Plan Description

The Municipal Employees' Retirement System of Louisiana (System) was established by Act 356 of the 1954 regular session of the Legislature of the State of Louisiana to provide retirement benefits to employees of all incorporated villages, towns, cities, and tax boards or commissions of a municipality or parish within the State which do not have their own retirement system and which elect to become members of the System.

The System is administered by a Board of Trustees composed of eleven members, three of whom shall be active and contributing members of the System with at least six years creditable service and who are elected to office in accordance with the Louisiana Election Code, two of whom shall be active and contributing members of the System with at least six years creditable service and who are not elected officials; one of whom shall be a retired member of the System; one of whom shall be president of the Louisiana Municipal Association who shall serve as an ex-officio member during his tenure; one of whom shall be the Chairman of the Senate Committee on Retirement; one of whom shall be a member of the House Committee on Retirement appointed by the Speaker of the House; the Commissioner of Administration; and the State Treasurer.

The System is the administrator of a cost-sharing multiple-employer defined benefit pension plan. The System was established and provided for by R.S.11:1731 of the Louisiana Revised Statutes (LRS).

Act 569 of the year 1968 established by the Legislature of the State of Louisiana provides an optional method for municipalities to cancel Social Security and come under supplementary benefits in the System, effective on and after June 30, 1970.

Effective October 1, 1978, under Act 788, the "regular plan" and the "supplemental plan" were replaced, and are now known as Plan "A" and Plan "B." Plan A combines the original plan and the supplemental plan for those municipalities participating in both plans, while Plan B participates in only the original plan.

Plan Membership

For the year ended June 30, 2023, there were 86 contributing employers in Plan A and 70 in Plan B. For the year ended June 30, 2022, there were 88 contributing employers in Plan A and 70 in Plan B. At June 30, 2023 and 2022, statewide retirement membership consists of the following:

	2023			2022		
	Plan A	**Plan B**	**Total**	**Plan A**	**Plan B**	**Total**
Inactive plan members or beneficiaries receiving benefits	3,790	1,198	4,988	3,732	1,159	4,891
Inactive plan members entitled to but not yet receiving benefits	3,982	2,117	6,099	3,775	1,936	5,711
Active plan members	4,484	2,055	6,539	4,513	1,997	6,510
Total participants as of the valuation date	12,256	5,370	17,626	12,020	5,092	17,112

Note 1-Plan Description (Continued)

Plan eligibility and benefits are as follows:

A. Eligibility Requirements

Membership is mandatory as a condition of employment beginning on the date employed if the employee is on a permanent basis working at least thirty-five hours per week. Those individuals paid jointly by a participating employer and a parish are not eligible for membership in the System with exceptions as outlined in the statutes.

Any person eligible for membership but whose first employment making him eligible for membership in the System occurred on or after January 1, 2013 shall become a member of the MERS Plan A Tier 2 or MERS Plan B Tier 2 of the System as a condition of employment.

B. Retirement Benefits

Benefit provisions are authorized within Act 356 of the 1954 regular session and amended by LRS 11:1756-1785. The following brief description of the plan and its benefits is provided for general information purposes only. Participants should refer to the appropriate statutes for more complete information.

Any member of Plan A who commenced participation in the System prior to January 1, 2013 can retire providing he meets one of the following criteria:

1. Any age with twenty-five (25) or more years of creditable service.
2. Age 60 with a minimum of ten (10) years of creditable service.
3. Any age with twenty (20) years of creditable service, exclusive of military service and unused annual and sick leave, with an actuarially reduced early benefit.

Generally, the monthly amount of the retirement allowance for any member of Plan A shall consist of an amount equal to three percent of the member's final compensation multiplied by his years of creditable service. Final compensation is the average monthly earnings during the highest sixty consecutive months or joined months if service was interrupted. However, under certain conditions as outlined in the statutes, the benefits are limited to specified amounts. An additional regular retirement benefit can be received for any city marshal or deputy city marshal. See Plan Booklet for further details.

Any member of Plan A Tier 2 can retire providing he meets one of the following criteria:

1. Age 67 with seven (7) years of creditable service.
2. Age 62 with ten (10) years of creditable service.
3. Age 55 with thirty (30) years of creditable service.
4. Any age with twenty-five (25) years of creditable service, exclusive of military service and unused annual and sick leave, with an actuarially reduced early benefit.

Generally, the monthly amount of retirement allowance for any member of Plan A Tier 2 shall consist of an amount equal to three percent of the member's final compensation multiplied by his years of creditable service. Final compensation is the average monthly earnings during the highest sixty consecutive months or joined months if service was interrupted. However, under certain conditions as outlined in the statutes, the benefits are limited to specified amounts. Any city marshal or deputy city marshal shall receive an additional regular benefit computed on supplemental marshal's earnings. See Plan Booklet for further details.

Note 1-Plan Description (Continued)

B. Retirement Benefits (Continued)

Any member of Plan B who commenced participation in the System prior to January 1, 2013 can retire providing he meets one of the following criteria:

1. Any age with thirty (30) years of creditable service.
2. Age 60 with a minimum of ten (10) or more years of creditable service.

Generally, the monthly amount of the retirement allowance for any member of Plan B shall consist of an amount equal to two percent of the member's final compensation multiplied by his years of creditable service. Final compensation is the average monthly earnings during the highest sixty consecutive months or joined months if service was interrupted. However, under certain conditions as outlined in the statutes, the benefits are limited to specified amounts. Any member of Plan B Tier 2 shall be eligible for retirement if he meets one of the following criteria:

1. Age 67 with seven (7) years of creditable service.
2. Age 62 with ten (10) years of creditable service.
3. Age 55 with thirty (30) years of creditable service.
4. Any age with twenty-five (25) years of creditable service, exclusive of military service and unused annual and sick leave, with an actuarially reduced early benefit.

The monthly amount of the retirement allowance for any member of Plan B Tier 2 shall consist of an amount equal to two percent of the member's final compensation multiplied by his years of creditable service. Final compensation is the average monthly earnings during the highest sixty consecutive months or joined months if service was interrupted. However, under certain conditions as outlined in the statutes, the benefits are limited to specified amounts.

C. Survivor Benefits

Upon the death of any member of Plan A with five (5) or more years of creditable service, not eligible for normal retirement, the plan provides for benefits for the surviving spouse and minor children as outlined in the statutes.

Any member of Plan A who is eligible for normal retirement at time of death and who leaves a surviving spouse will be deemed to have retired and selected Option 2 benefits on behalf of the surviving spouse on the date of death. Such benefits will begin only upon proper application and are paid in lieu of any other survivor benefits.

Upon the death of any member of Plan B with five (5) or more years of creditable service, not eligible for normal retirement, the plan provides for benefits for the surviving spouse as outlined in the statutes.

Any member of Plan B who is eligible for normal retirement at time of death and who leaves a surviving spouse will be deemed to have retired and selected Option 2 benefits on behalf of the surviving spouse on the date of death. Such benefits will begin only upon proper application and are paid in lieu of any other survivor benefits.

D. DROP Benefits

In lieu of terminating employment and accepting a service retirement allowance, any member of Plan A or B who is eligible to retire may elect to participate in the deferred retirement option plan (DROP) for up to three years and defer the receipt of benefits. During participation in the plan, employer contributions are payable, but employee contributions cease.

Note 1-Plan Description (Continued)

D. DROP Benefits (Continued)

The monthly retirement benefits that would be payable, had the person elected to cease employment and receive a service retirement allowance, are paid into the DROP fund. Interest is earned when the member has completed DROP participation. Interest earnings are based upon the actual rate of return on the investments identified as DROP funds for the period. In addition, no cost-of-living increases are payable to participants until employment which made them eligible to become members of the System has been terminated for at least one full year.

Upon termination of employment prior to or at the end of the specified period of participation, a participant in the DROP may receive, at his option, a lump sum from the account equal to the payments into the account, a true annuity based upon his account balance in that fund, or any other method of payment if approved by the Board of Trustees. If a participant dies during participation in the DROP, a lump sum equal to the balance in his account shall be paid to his named beneficiary or, if none, to his estate. If employment is not terminated at the end of the three years, payments into the DROP fund cease and the person resumes active contributing membership in the System.

E. Disability Benefits

For Plan A, a member shall be eligible to retire and receive a disability benefit if he has at least five years of creditable service, is not eligible for normal retirement, and has been officially certified as disabled by the State Medical Disability Board. Upon retirement caused by disability, a member of Plan A shall be paid a disability benefit equal to the lesser of forty-five percent of his final compensation or three percent of his final compensation multiplied by his years of creditable service, whichever is greater, or an amount equal to three percent of the member's final compensation multiplied by his years of creditable service projected to his earliest normal retirement age.

For Plan B, a member shall be eligible to retire and receive a disability benefit if he has at least ten years of creditable service, is not eligible for normal retirement, and has been officially certified as disabled by the State Medical Disability Board. Upon retirement caused by disability, a member of Plan B shall be paid a disability benefit equal to the lesser of thirty percent of his final compensation or two percent of his final compensation multiplied by his years of creditable service, whichever is greater, or an amount equal to two percent of the member's final compensation multiplied by his years of creditable service, projected to his earliest normal retirement age.

F. Cost of Living Increases

The System is authorized under state law to grant a cost-of-living increase to members who have been retired for at least one year. The adjustment cannot exceed 2% of the retiree's original benefit for each full calendar year since retirement and may only be granted if sufficient funds are available from investment income in excess of normal requirements. State law allows the System to grant additional cost of living increases to all retirees and beneficiaries who are age sixty-five and above equal to 2% of the benefit being received on October 1, 1977, or the original benefit, if retirement commenced after that date.

G. Deferred Benefits

Both Plans provide for deferred benefits for members who terminate before being eligible for retirement. Once the member reaches the appropriate age for retirement, benefits become payable. Benefits are based on statutes in effect at time of withdrawal.

Note 2-Summary of Significant Accounting and Financial Reporting Policies

A. Basis of Accounting and Presentation

The System's financial statements are prepared in conformity with accounting principles generally accepted in the United States of America using the accrual basis of accounting. Employer and member (employee) contributions are recognized in the period in which the employee is compensated for services performed. Benefits and refunds are recognized when due and payable in accordance with the terms of each Plan. Interest income is recognized when earned. Ad valorem taxes and revenue sharing monies are recognized in the year collected by the tax collector.

The System has no component units as defined under Governmental Accounting Standards Board (GASB) Statement No. 14, *The Financial Reporting Entity* (GASB 14), as amended by GASB Statement No. 61, *The Financial Reporting Entity: Omnibus – an amendment of GASB Statements No. 14 and No. 34* (GASB 61).

B. Method Used to Value Investments

Investments are reported at fair value. Short-term investments are reported at cost, which approximates fair value. Securities traded on a national or international exchange are valued at the last reported sales prices at current exchange rates. Fair value of mutual funds not traded on a national or international exchange is calculated using the net asset value reported by the mutual funds. Fair value of investments in limited partnerships (which include private equities and hedge funds) is calculated at the System's percentage of ownership of the partner's capital reported by the partnership. Fair value of real estate investment trusts is calculated based on the System's share of income and expenses as reported by the trust. Investments that do not have an established market value are reported at estimated fair value using valuation techniques such as present value of estimated future cash flows, matrix pricing, and fundamental analysis.

C. Property, Plant and Equipment

Property, plant and equipment are recorded at cost, and depreciated over their estimated useful lives. Depreciation is computed using the straight-line method and is allocated between the two Plans based on each Plan's member earnings.

D. Use of Estimates

The preparation of financial statements in conformity with accounting principles generally accepted in the United States of America requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements and the actuarial information included in the required supplementary information as of the benefit information date and the reported amounts of additions to and deductions from fiduciary net position during the reporting period. Actual results could differ from those estimates.

The System utilizes various investment instruments, which, by nature, are exposed to a variety of risk levels and risk types, such as interest rate, credit, and overall market volatility. Due to the level of risk associated with certain investment securities, it is reasonably possible that changes in the values of investment securities will occur in the near term and those changes could materially affect the amounts reported in the Statements of Fiduciary Net Position.

Note 2-Summary of Significant Accounting and Financial Reporting Policies (Continued)

E. Pronouncement Effective for the 2023 Financial Statements

In May 2020, the GASB issued Statement No. 96, *Subscription-Based Information Technology Arrangements*, effective for fiscal years beginning after June 15, 2022. The objective of the Statement is to better meet the informational needs of financial statement users by establishing uniform accounting and financial reporting requirements and improving the comparability of financial statements among governments that have entered into subscription-based information technology arrangements (SBITAs). The study of the System's SBITAs proved to be immaterial; therefore, the implementation of this standard did not require any changes to the System's financial reporting.

F. Reclassifications

Certain reclassifications have been made to the 2022 financial statements and notes to conform with the 2023 presentation. The reclassifications had no effect on the prior year net position restricted for pension benefits.

Note 3-Contributions, Reserves and Funding Status

A. Contributions

Contributions for all members are established by statute. For the years ended June 30, 2023 and 2022, member contributions were at 10.00% of earnable compensation for Plan A and 5.00% of earnable compensation for Plan B. The contributions are deducted from the member's salary and remitted by the participating employer.

According to state statute, contributions for all employers are actuarially determined each year. For the years ended June 30, 2023 and 2022, the employer contributions were at 29.50% of earnable compensation for Plan A and 15.50% of earnable compensation for Plan B.

According to state statute, the System also receives one-fourth (1/4) of 1% of ad valorem taxes collected within the respective parishes except for Orleans. Tax monies are apportioned between Plan A and Plan B in proportion to salaries of plan participants. Tax monies received from East Baton Rouge Parish are apportioned between the System and the Employees' Retirement System of the City of Baton Rouge and Parish of East Baton Rouge. The System also receives revenue sharing funds each year as appropriated by the Legislature. These additional sources of income are used as additional employer contributions and considered support from non-employer contributing entities.

Administrative costs of the System are financed through employer contributions.

B. Reserves

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

Annuity Savings

The Annuity Savings is credited with contributions made by members of the System. When a member terminates his service, or upon his death before qualifying for a benefit, the refund of his contributions is made from this reserve. If a member dies and there is a survivor who is eligible for a benefit, the amount of the member's accumulated contributions is transferred from the Annuity Savings to the Annuity Reserve. When a member retires, the amount of his accumulated contributions is transferred to Annuity Reserve to provide part of the benefits.

Note 3-Contributions, Reserves and Funding Status (Continued)

B. Reserves (Continued)

Pension Accumulation Reserve (Deficit)

The Pension Accumulation Reserve (Deficit) consists of contributions paid by employers, interest earned on investments and any other income not covered by other accounts. This reserve (deficit) account is charged annually with an amount, determined by the actuary, to be transferred to the Annuity Reserve to fund retirement benefits for existing recipients. It is also relieved when expenditures are not covered by other accounts.

Annuity Reserve

The Annuity Reserve consists of the reserves for all pensions, excluding cost-of-living increases, granted to retired members and is the reserve account from which such pensions and annuities are paid. Survivors of deceased beneficiaries also receive benefits from this reserve account.

Deferred Retirement Option Account

The Deferred Retirement Option Account consists of the reserves for all members who upon retirement eligibility elect to deposit into this account an amount equal to the member's monthly benefit if he had retired. A member can only participate in the program for three years and upon termination may receive his benefits in a lump sum payment or by a true annuity.

Funding Deposit Account

The Funding Deposit Account consists of excess contributions collected by the System. The excess funds earn interest at the Board-approved actuarial valuation rate and are credited to the fund at least once a year. These funds are due to the System freezing the employer rate at a higher rate than actuarially required. The excess funds can be used for the following purposes: (1) reduce the unfunded accrued liability, (2) reduce the present value of future normal costs, (3) pay all or a portion of any future net direct employer contributions, and/or (4) to provide for cost-of-living increases. The Funding Deposit Account was established as of January 1, 2009.

The balances of the reserve funds at June 30, 2023 and 2022 are as follows:

	2023		**2022**	
	Plan A	**Plan B**	**Plan A**	**Plan B**
Annuity Savings	$131,262,493	$ 30,291,863	$126,831,163	$ 28,919,048
Pension Accumulation Reserve (Deficit)	6,157,064	31,547,043	(41,426,147)	23,898,420
Annuity Reserve	770,708,460	144,402,140	748,743,913	137,550,415
Deferred Retirement Option Account	36,384,913	9,076,803	34,996,989	8,661,857
Funding Deposit Account	17,097,231	4,297,012	8,002,037	1,560,738
Total reserve funds	$961,610,161	$219,614,861	$877,147,955	$200,590,478

Note 3-Contributions, Reserves and Funding Status (Continued)

C. Funding Status

The components of the net pension liability of the System's employers for Plan A and Plan B, determined in accordance with GASB Statement No. 67, *Financial Reporting for Pension Plans,* as of June 30, 2023 and 2022 are as follows:

	Plan A	
	June 30, 2023	**June 30, 2022**
Total pension liability	$1,327,096,530	$1,292,471,340
Plan fiduciary net position	961,610,161	877,147,955
Employers' net pension liability	$ 365,486,369	$ 415,323,385
Plan fiduciary net position as a % of the total pension liability	72.46%	67.87%

	Plan B	
	June 30, 2023	**June 30, 2022**
Total pension liability	$ 299,800,931	$ 288,388,827
Plan fiduciary net position	219,614,861	200,590,478
Employers' net pension liability	$ 80,186,070	$ 87,798,349
Plan fiduciary net position as a % of the total pension liability	73.25%	69.56%

Actuarial valuations involve estimates of the value of reported amounts and assumptions about the probability of events far into the future. Examples include assumptions about future employment mortality and future salary increases. 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 June 30, 2023 and 2022 valuations were based on the results of an actuarial experience study for the period from July 1, 2013 through June 30, 2018. The required Schedules of Employers' Net Pension Liability located in required supplementary information following the Notes to the Financial Statements presents multi-year trend information regarding whether the plan fiduciary net positions are increasing or decreasing over time relative to the total pension liability. The total pension liability as of June 30, 2023 and 2022 is based on actuarial valuations for the same period, updated using generally accepted actuarial principles.

Note 3-Contributions, Reserves and Funding Status (Continued)

C. Funding Status (Continued)

Information on the actuarial valuation and assumptions is as follows:

	June 30, 2023	**June 30, 2022**
Valuation date	June 30, 2023	June 30, 2022
Actuarial cost method	Entry age normal	Entry age normal
Expected remaining service lives	3 years	3 years
Investment rate of return	6.85%, net of pension plan investment expense, including inflation	6.85%, net of pension plan investment expense, including inflation
Inflation rate	2.50%	2.50%
Salary increases, including inflation and merit increases:		
-1 to 4 years of service	6.4%-Plan A and 7.4%-Plan B	6.4%-Plan A and 7.4%-Plan B
-More than 4 years of service	4.5%-Plan A and 4.9%-Plan B	4.5%-Plan A and 4.9%-Plan B
Annuitant and beneficiary mortality	PubG-2010(B) Healthy Retiree Table set equal to 120% for males and females, each adjusted using their respective male and female MP2018 scales.	PubG-2010(B) Healthy Retiree Table set equal to 120% for males and females, each adjusted using their respective male and female MP2018 scales.
Employee mortality	PubG-2010(B) Employee Table set equal to 120% for males and females, adjusted using their respective male and female MP2018 scales.	PubG-2010(B) Employee Table set equal to 120% for males and females, adjusted using their respective male and female MP2018 scales.
Disabled lives mortality	PubNS-2010(B) Disabled Retiree Table set equal to 120% for males and females with the full generational MP2018 scale.	PubNS-2010(B) Disabled Retiree Table set equal to 120% for males and females with the full generational MP2018 scale.

Note 3-Contributions, Reserves and Funding Status (Continued)

C. Funding Status (Continued)

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

The target allocation and best estimates of arithmetic real rates of return for each major asset class included in the System's target asset allocation as of June 30, 2023 and 2022 are summarized in the following table:

	2023		2022	
Asset Class	**Target Asset Allocation**	**Long-Term Expected Portfolio Real Rate of Return**	**Target Asset Allocation**	**Long-Term Expected Portfolio Real Rate of Return**
Public equity	56%	2.44%	53%	2.31%
Public fixed income	29%	1.26%	38%	1.65%
Alternatives	15%	0.65%	9%	0.39%
Totals	100%	4.35%	100%	4.35%
Inflation		2.50%		2.50%
Expected Arithmetic Nominal Return		6.85%		6.85%

The discount rate used to measure the total pension liability was 6.85% for the years ended June 30, 2023 and 2022. The projection of cash flows used to determine the discount rate assumed that contributions from plan members will be made at the current contribution rates and that contributions from participating employers will be made at the actuarially determined rates, which are calculated in accordance with relevant statutes and approved by the Board of Trustees and the Public Retirement Systems' Actuarial Committee. Based on those assumptions, the System's fiduciary net position was projected to be available to make all projected future benefit payments of current plan members. Therefore, the long-term expected rate of return on pension plan investments was applied to all periods of projected benefit payments to determine the total pension liability.

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Note 3-Contributions, Reserves and Funding Status (Continued)

C. Funding Status (Continued)

In accordance with GASB Statement No. 67, regarding the disclosure of the sensitivity of the net pension liability to changes in the discount rate, the following presents the net pension liability of the participating employers calculated as of June 30, 2023 and 2022, using the discount rate of 6.85%, 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 (5.85%), or one percentage point higher (7.85%), than the current rate.

	Changes in Discount Rate		
2023 Employer Net Pension Liability	**1% Decrease (5.85%)**	**Current Discount Rate (6.85%)**	**1% Increase (7.85%)**
Plan A	$506,700,221	$365,486,369	$246,203,006
Plan B	$113,303,644	$ 80,186,070	$ 52,174,040
2022 Employer Net Pension Liability	**1% Decrease (5.85%)**	**Current Discount Rate (6.85%)**	**1% Increase (7.85%)**
Plan A	$552,461,130	$415,323,385	$299,446,282
Plan B	$119,685,823	$ 87,798,349	$ 60,829,104

Note 4-Deposits, Cash Equivalents and Investments

Following are the components of the System's deposits, cash equivalents and investments at June 30, 2023 and 2022:

	2023	2022
Cash	$ 29,165,750	$ 27,657,163
Cash equivalents	6,688,917	9,792,700
Investments	1,113,509,851	1,021,799,655
Total	$1,149,364,518	$ 1,059,249,518

A. Deposits

The System's bank deposits were fully covered by federal depository insurance and pledged securities. The pledged securities are held in joint custody with the System's bank.

Note 4-Deposits, Cash Equivalents and Investments (Continued)

B. Cash Equivalents

As of June 30, 2023 and 2022, cash equivalents in the amount of $6,688,917 and $9,792,700, respectively, consist of government-backed pooled funds which are held by a sub-custodian, managed by a separate money manager, and are in the name of the System's custodian's trust department. As of June 30, 2023 and 2022, these cash equivalents were unrated.

C. Investments

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

D. Fair Value Measurements

The System categorizes fair value measurements within the fair value hierarchy established by GASB Statement No. 72, *Fair Value Measurements and Application.* The valuation technique uses a three-level hierarchy of inputs to measure the fair value of the asset and gives the highest priority to unadjusted quoted prices in active markets (level 1 measurements) and the lowest priority to unobservable inputs (level 3 measurements). These qualifications are summarized as follows:

Level 1 Inputs: Quoted prices (unadjusted) for identical assets or liabilities in active markets that a reporting entity can access at the measurement date.

Level 2 Inputs: Inputs other than quoted prices included within Level 1 that are observable for an asset or liability, either directly or indirectly.

Level 3 Inputs: Unobservable inputs for an asset or liability.

In the event that inputs used to measure the fair value of an asset or liability fall into different levels in the fair value hierarchy, the overall level of the fair value hierarchy in its entirety is determined based on the lowest level input that is significant to the entire valuation. These levels are not necessarily an indication of risk but are based upon the pricing transparency of the investment. In determining the appropriate levels, the System performed a detailed analysis of the assets and liabilities that are subject to GASB Statement No. 72.

Fair value of certain investments that do not have a readily determinable fair value is established using net asset value (or its equivalent) as a practical expedient. These investments are not categorized according to the fair value hierarchy.

Note 4-Deposits, Cash Equivalents and Investments (Continued)

D. Fair Value Measurements (Continued)

The following table sets forth, by level, the investments reported at fair value as of June 30, 2023:

	2023	Fair Value Measurements		
Investments by Fair Value Level	**Total**	**Level 1**	**Level 2**	**Level 3**
Debt Securities				
Mutual funds	$ 75,617,850	$ -	$ 75,617,850	$ -
Total debt securities	75,617,850	-	75,617,850	-
Equity Securities				
Domestic stock	43,829,267	43,829,267	-	-
Domestic equity	1,744,430	-	1,744,430	-
Foreign equity	164,405,071	49,535,553	114,869,518	-
Total equity securities	209,978,768	93,364,820	116,613,948	-
Cash equivalents	6,688,917	-	6,688,917	-
Total investments at fair value level	292,285,535	$ 93,364,820	$198,920,715	$ -
Investments measured at NAV				
Common collective trust funds	663,014,101			
International equity	40,886,691			
Private debt	37,967,984			
Real estate	86,044,457			
Total investments at NAV	827,913,233			
Total Investments at Fair Value	$1,120,198,768			

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Note 4-Deposits, Cash Equivalents and Investments (Continued)

D. Fair Value Measurements (Continued)

The unfunded commitments and redemption terms, if applicable, for investments measured at the net asset value (NAV) per share (or its equivalent) as of June 30, 2023, are presented in the following table:

Investment Type	2023 Fair Value	Unfunded Commitments	Redemption Frequency	Redemption Notice Period
Common collective trust funds:				
Domestic equity funds	$ 335,571,587	N/A	Daily	None
Foreign equity funds	46,161,275	N/A	Daily	None
Fixed income funds	281,281,239	N/A	Daily	None
Total common collective trust funds	663,014,101			
Alternatives:				
International equity	40,886,691	-	N/A	N/A
Private debt	37,967,984	$11,484,176	N/A	N/A
Real estate	86,044,457	-	Quarterly	45 Days
Total alternatives	164,899,132			
Total Investments at NAV	$ 827,913,233			

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Note 4-Deposits, Cash Equivalents and Investments (Continued)

D. Fair Value Measurements (Continued)

The following table sets forth, by level, the investments reported at fair value as of June 30, 2022:

	2022	Fair Value Measurements		
Investments by Fair Value Level	**Total**	**Level 1**	**Level 2**	**Level 3**
Debt Securities				
Mutual funds	$ 73,525,490	$ -	$ 73,525,490	$ -
Total debt securities	73,525,490	-	73,525,490	-
Equity Securities				
Domestic stock	36,562,855	36,562,855	-	-
Domestic equity	1,392,298	-	1,392,298	-
Foreign equity	146,357,546	49,535,553	96,821,993	-
Total equity securities	184,312,699	86,098,408	98,214,291	-
Cash equivalents	9,792,700	-	9,792,700	-
Total investments at fair value level	267,630,889	$ 86,098,408	$181,532,481	$ -
Investments measured at NAV				
Common collective trust funds	630,113,431			
International equity	37,294,559			
Private debt	4,958,820			
Real estate	91,594,656			
Total investments at NAV	763,961,466			
Total Investments at Fair Value	$ 1,031,592,355			

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Note 4-Deposits, Cash Equivalents and Investments (Continued)

D. Fair Value Measurements (Continued)

The unfunded commitments and redemption terms, if applicable, for investments measured at the net asset value (NAV) per share (or its equivalent) as of June 30, 2022, are presented in the following table:

Investment Type	2022 Fair Value	Unfunded Commitments	Redemption Frequency	Redemption Notice Period
Common collective trust funds:				
Domestic equity funds	$ 291,200,694	N/A	Daily	None
Foreign equity funds	38,841,340	N/A	Daily	None
Fixed income funds	300,071,397	N/A	Daily	None
Total common collective trust funds	630,113,431			
Alternatives:				
International equity	37,294,559	-	N/A	N/A
Private debt	4,958,820	$ 11,840,399	N/A	N/A
Real estate	91,594,656	-	Quarterly	45 Days
Total alternatives	133,848,035			
Total Investments at NAV	$ 763,961,466			

E. Valuation Techniques

Securities classified in Level 1 of the fair value hierarchy are valued using prices quoted in active markets for those securities. Securities classified in Level 2 of the fair value hierarchy are valued using a matrix and market-corroborated pricing and inputs such as yield curves and indices. Matrix pricing relies on the securities' relationship to other benchmark quoted securities.

F. Common Collective Trust Funds

This type includes domestic equity funds, foreign equity funds, and fixed income funds stated at fair value as determined by the issuers of the funds on the fair market value of the underlying investments, which is valued at NAV as a practical expedient to estimate fair value. The practical expedient would not be used if it is determined to be probable that the fund will see the investment for an amount different from the reported NAV. NAV for these funds represent the quoted price in a non-market value.

Investments in domestic equities are defined as commitments to U.S. dollar-denominated, publicly traded common stocks of domestic domiciled companies and securities convertible into common stock. The aggregate domestic equity portfolio is expected to exhibit characteristics comparable to, but not necessarily equal to, that of the S&P 500 Index, S&P 400 MidCap Index, and Russell 2000 Growth Index.

Investments in foreign equities are defined as commitments to publicly traded common stocks and securities convertible into common stock issued by companies primarily domiciled in countries outside of the U.S. The aggregate foreign equities portfolio is expected to exhibit characteristics comparable to, but not necessarily equal to, that of the MSCI Europe, Australasia, and Far East (MSCI EAFE) Index. This Index is commonly used to represent the large and medium cap segment of the non-U.S. developed equity markets.

Note 4-Deposits, Cash Equivalents and Investments (Continued)

F. Common Collective Trust Funds (Continued)

Investments in fixed income funds are defined as commitments to the treasury inflation-protected securities sector of the United States bond and debt market. The aggregate fixed income portfolio is expected to exhibit characteristics comparable to, but not necessarily equal to, that of the Bloomberg U.S. TIPS Index, Bloomberg U.S. Government/ Credit Index, and Bloomberg U.S. Aggregate Bond Index.

G. International Equity

This type includes international equity funds that invest in equity securities and debt in limited partnerships that are not publicly traded on a stock exchange. International equity funds employ a combination of strategies to earn superior risk-adjusted returns. The fair values of the investments in this type have been determined using the NAV per share of the System's ownership interest in partners' capital.

H. Private Debt

This type includes private equity funds that invest in senior debt, second lien, mezzanine or structured credit. Investments are made in the United States and Europe. The fair values of the investments in this type have been determined using the NAV per share of the System's ownership interest in partners' capital or other means. These are illiquid investments with a typical length of investment, or holding period, of 10-15 years.

I. Real Estate

This type includes real estate funds and direct ownership of real estate that invest primarily in major property types including office, residential, retail, industrial, hotel, and self-storage properties. The fair values of the investments in real estate funds have been determined using the NAV per share of the System's ownership interest in partners' capital while the fair value of the direct ownership in real estate is determined using independent appraisals or other means.

These are illiquid investments with a length of investment often over 10 years. Returns are generated by capital appreciation and income from lease agreements.

This type also includes partnerships that invest in a diversified group of energy, infrastructure, natural resources, and hard asset funds in the United States. The fair values of the investments in this type have been determined using the NAV per share of the System's ownership interest in partners' capital or other means. This is an illiquid investment with a length of investment often over 10 years.

J. Concentration of Credit Risk

Concentration of credit risk is defined as the risk of loss attributed to the magnitude of the System's investment in a single issuer or market exposure. As stipulated in Louisiana R.S. 11:263, no more than 65% of the total portfolio shall be invested in equities. Should equities comprise more than 55% of the System's assets, at least 10% of the total must be invested passively. The System's investment policy specifies that 40% to 66% of the investment portfolio can be invested in public equities, 19% to 55% of the investment portfolio can be invested in public fixed income, and 0% to 16% of the investment portfolio can be invested in alternatives.

As of June 30, 2023 and 2022, the components of the System's investment portfolio fell within the allowable ranges.

Note 4-Deposits, Cash Equivalents and Investments (Continued)

K. Credit Risk

Credit risk is defined as the risk that an issuer or other counterparty to an investment will not fulfill its obligations. The System has no formal investment policy regarding credit risk.

At June 30, 2023 and 2022, the System was invested in one fixed income mutual fund, the Brandywine Global Opportunistic Fixed Income Fund, in the amount of in the amount of $43,347,400 and $42,878,314, respectively. The weighted average credit rating of holdings in the fund at was A+ or A1 at June 30, 2023 and AA- at June 30, 2022.

L. Custodial Credit Risk

Custodial credit risk is defined as the risk that, in the event of the failure of the counterparty, the System will not be able to recover the value of its investment or collateral securities that are in the possession of an outside party. The System has no formal investment policy regarding custodial credit risk. At June 30, 2023, the System was not exposed to custodial credit risk.

M. 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. As of June 30, 2023 and 2022, the System had no investments in long-term debt securities. The System has no formal investment policy regarding interest rate risk.

N. Foreign Currency Risk

The System does not have any foreign currency risk due to all investments being denominated in U.S. dollars. The System has no formal investment policy regarding foreign currency risk.

O. Money-Weighted Rate of Return

For the year ended June 30, 2023, the annual money-weighted rate of return on pension plan investments, net of pension plan investment expense, was 7.9% for Plan A and 9.8% for Plan B. For the year ended June 30, 2022, the annual money-weighted rate of return on pension plan investments, net of pension plan investment expense, was -11.6% for Plan A and -10.8% for Plan B. The money-weighted rate of return expresses investment performance, net of investment expenses, adjusted for the changing amounts actually invested.

Note 5-Lafayette Consolidated Government Receivable

The System is in litigation with Lafayette Consolidated Government (LCG) regarding the calculation of the withdrawal liability resulting from Act 298 of the 2020 Regular Session of the Louisiana Legislature.

The liability may be paid in total or in 120 monthly installments. LCG is currently making monthly payments, while this matter is the subject of litigation in Lafayette City-Parish Consolidated Government v. Municipal Employees' Retirement System of Louisiana, Docket N. C-729932, Section 31, the 19th Judicial District Court. Through June 30, 2023, LCG has made payments under protest totaling $3,589,414.

Note 5-Lafayette Consolidated Government Receivable (Continued)

At June 30, 2023 and 2022, the receivable from LCG related to its unfunded actuarial liability was as follows:

	2023	2022
Employer contributions receivable	$17,858,286	$ 2,861,894
Less: Allowance for doubtful accounts	(3,427,000)	-
Lafayette Consolidated Government receivable, net	$14,431,286	$ 2,861,894

Subsequent to June 30, 2023, LCG has made additional payments to the System totaling $1,098,996 and will continue to make monthly payments of at least $186,146, while the case is pending. These payments relate to the eliminated positions occupied by 222 members.

Note 6-Property, Plant, and Equipment

Changes in property, plant, and equipment as of June 30, 2023, are as follows:

	Beginning Balance	Additions	Deletions	Ending Balance
Capital assets not being depreciated:				
Land	$ 337,233	$ -	$ -	$ 337,233
Software in progress	6,980	46,000	(6,980)	46,000
Total capital assets not being depreciated	344,213	46,000	(6,980)	383,233
Capital assets being depreciated:				
Building	2,149,486	5,261	-	2,154,747
Furnishings and equipment	1,706,452	24,495	(98,134)	1,632,813
Total capital assets being depreciated	3,855,938	29,756	(98,134)	3,787,560
Less accumulated depreciation	(1,664,000)	(328,901)	98,134	(1,894,767)
Capital assets being depreciated, net	2,191,938	(299,145)	-	1,892,793
Property, plant, and equipment, net	$2,536,151	$ (253,145)	$ (6,980)	$2,276,026

Note 6-Property, Plant, and Equipment (Continued)

Changes in property, plant, and equipment as of June 30, 2022, are as follows:

	Beginning Balance	Additions	Deletions	Ending Balance
Capital assets not being depreciated:				
Land	$ 337,233	$ -	$ -	$ 337,233
Software in progress	144,999	6,980	(144,999)	6,980
Total capital assets not being depreciated	482,232	6,980	(144,999)	344,213
Capital assets being depreciated:				
Building	2,135,536	13,950	-	2,149,486
Furnishings and equipment	1,508,318	198,134	-	1,706,452
Total capital assets being depreciated	3,643,854	212,084	-	3,855,938
Less accumulated depreciation	(1,338,387)	(325,613)	-	(1,664,000)
Capital assets being depreciated, net	2,305,467	(113,529)	-	2,191,938
Property, plant, and equipment, net	$2,787,699	$ (106,549)	$ (144,999)	$2,536,151

The cost of property, plant, and equipment is being depreciated over its useful life using the straight-line method. Depreciation expense for the years ended June 30, 2023 and 2022 was $328,901 and $325,613, respectively, and is included in administrative expenses on the statements of changes in fiduciary net position.

Note 7-Tax Qualifications

The System is a tax qualified plan under IRS Code Section 401(a).

Note 8-Vacation and Sick Leave

Employees of the System accumulate unlimited amounts of vacation and sick leave. Upon resignation or retirement, unused vacation leave up to 300 hours is payable to employees at the employees' rate of pay as of termination or retirement. Upon retirement, unused vacation leave in excess of 300 hours and unused sick leave are credited as earned service in computing retirement benefits. The liability for accumulated vacation leave of up to 300 hours, payable at June 30, 2023 and 2022 was $74,822 and $79,692, respectively, which is included in other payables on the statements of fiduciary net position.

Note 9-Other Post-employment Benefit Plan (OPEB)

Substantially all employees become eligible for post-employment health care if they reach normal retirement age while working for the System. These benefits for retirees and similar benefits for active employees are provided through a self-insured/self-funded plan.

Plan Description

The System's OPEB plan is a single-employer defined benefit plan. The OPEB plan does not issue a stand-alone financial report. All full-time employees of the System may participate in the employees' group health, dental, and vision insurance programs. No assets are accumulated in a trust that meets the criteria in paragraph 4 of GASB Statement No. 75 to pay related benefits.

Benefits Provided

Employees of the System become eligible for post-employment health, dental, and vision benefits if they reach normal retirement age while working for the System. The benefits for retirees and similar benefits for active employees are provided through an insurance company whose premiums are paid jointly by the employee and the System.

Employees Covered by Benefit Terms

At June 30, 2023 and 2022, the following employees were covered by the benefit terms:

	2023	**2022**
Retired employees	2	2
Active employees	8	8
	10	10

Funding Policy

The OPEB plan is currently financed on a pay-as-you-go basis. The System pays 50% of the insurance premiums. During the years ended June 30, 2023 and 2022, the System paid $8,560 and $7,837, respectively, for insurance premiums.

Total OPEB Liability and OPEB (Benefit) Expense

The System's total OPEB liability of $256,060 and $224,447 was measured and determined by an actuarial valuation as of June 30, 2023 and 2022, respectively.

The System recognized OPEB expense (benefit) in the amount of $31,613 and ($172,501) for the years ended June 30, 2023 and 2022, respectively.

Note 9-Other Post-employment Benefit Plan (OPEB) (Continued)

Changes in the Total OPEB Liability

The following table shows the System's changes in total OPEB obligation for the years ended June 30, 2023 and 2022:

	2023	**2022**
Total OPEB liability, beginning of year	$ 224,447	$ 396,948
Adjustments to the OPEB liability:		
Service cost	19,408	17,047
Interest	7,069	9,022
Effect of economic/demographic (gains) losses	34,815	(194,233)
Effect of assumptions changes or inputs	(21,119)	3,500
	40,173	(164,664)
Benefit payments	(8,560)	(7,837)
Total OPEB liability, end of year	$ 256,060	$ 224,447

Actuarial Methods and Assumptions

Projections of benefits for financial reporting purposes are based on the plan as understood by the employer and plan members. The actuarial methods and assumptions used include techniques that are designed to reduce the effects of short-term volatility in actuarial accrued liabilities consistent with the long-term perspective of the calculations.

Since the System has fewer than 100 plan members, it qualifies to use the Alternative Measurement Method (AMM), which is the calculation of the actuarial accrued liability and annual contribution without a traditional actuarial valuation. The AMM calculation process is similar to an actuarial valuation but with simplifications of several assumptions permitted under GASB guidelines.

A summary of the actuarial methods and assumptions used in determining the total OPEB liability as of June 30, 2023 and 2022 are as follows:

	June 30, 2023	**June 30, 2022**
Actuarial Method	Entry Age Normal	Entry Age Normal
Amortization Method	Level Percentage of Payroll	Level Percentage of Payroll
Amortization Period	20	20
Bond Yield	3.55%	2.95%
Discount Rate	3.55% (based on the Bond Buyer’s 20-year bond general obligation index as of June 30, 2023)	2.95% (based on the Bond Buyer’s 20-year bond general obligation index as of June 30, 2022)

Note 9-Other Post-employment Benefit Plan (OPEB) (Continued)

Actuarial Methods and Assumptions (Continued)

	June 30, 2023	**June 30, 2022**
Percentage Participation	100%	100%
Net OPEB Liability (NOL) and Actuarially Determined Contribution (ADC)	Calculated using the Alternative Measurement Method in accordance with GASB methodology	Calculated using the Alternative Measurement Method in accordance with GASB methodology
Mortality	Pub-2010 Public Retirement Plans Mortality Tables, with mortality improvement projected for 10 years	Pub-2010 Public Retirement Plans Mortality Tables, with mortality improvement projected for 10 years
Turnover Assumption	Derived from data maintained by the U.S. Office of Personnel Management regarding the most recent experience of the employee group covered by the Federal Employees Retirement System	Derived from data maintained by the U.S. Office of Personnel Management regarding the most recent experience of the employee group covered by the Federal Employees Retirement System
Healthcare Cost Trend Rates:		
Medical	4.70%	4.70%
Pharmacy	5.20%	5.20%
Dental	3.50%	3.50%
Vision	3.00%	3.00%

Sensitivity of Total OPEB Liability to Changes in the Discount Rate

The following presents the System's total OPEB liability as of June 30, 2023 and 2022, using the discount rates of 3.55% and 2.95%, respectively, as well as what the System's total OPEB liability would be if it were calculated using a discount rate that is one percentage point lower or one percentage point higher than the current rate:

	Changes in Discount Rate					
	2023			**2022**		
	1% Decrease (2.55%)	**Discount Rate (3.55%)**	**1% Increase (4.55%)**	**1% Decrease (1.95%)**	**Discount Rate (2.95%)**	**1% Increase (3.95%)**
Total OPEB liability	$ 292,812	$ 256,060	$ 226,088	$ 261,066	$ 224,447	$ 194,689

Note 9-Other Post-employment Benefit Plan (OPEB) (Continued)

Sensitivity of Total OPEB Liability to Changes in the Healthcare Cost Trend Rates

The following presents the System's total OPEB liability as of June 30, 2023 and 2022 using the healthcare cost trend rates as well as what the System's total OPEB liability would be if it were calculated using healthcare cost trend rates that are one percentage point lower or one percentage point higher than the current rates:

	Changes in Healthcare Cost Trend Rates					
	2023			2022		
	1% Decrease	Healthcare Cost Trend Rates	1% Increase	1% Decrease	Healthcare Cost Trend Rates	1% Increase
Total OPEB liability	$ 216,057	$ 256,060	$ 306,227	$ 194,004	$ 224,447	$ 261,381

Note 10-Subsequent Events

The System evaluated all subsequent events through December 11, 2023, the date the financial statements were available to be issued. As a result, management noted no subsequent events that required adjustment to, or disclosure in, these financial statements.

Required Supplementary Information

Municipal Employees' Retirement System of Louisiana
Schedules of Changes in Net Pension Liability – Plan A
For the Ten Years Ended June 30, 2023, 2022, 2021, 2020, 2019, 2018, 2017, 2016, 2015, and 2014

	2023	2022	2021	2020	2019	2018	2017	2016	2015	2014
Total Pension Liability:										
Service cost	$ 25,526,371	$ 25,429,687	$ 25,331,481	$ 24,390,115	$ 25,731,574	$ 25,281,175	$ 24,275,565	$ 23,781,922	$ 23,096,097	$ 23,140,535
Interest	87,800,803	84,830,789	83,685,327	81,855,536	82,709,709	81,802,697	80,406,612	78,661,214	75,893,993	74,566,028
Changes of benefit terms	-	10,787,108	-	-	-	-	-	-	-	-
Differences between expected and actual experience	(5,013,196)	735,731	(4,771,059)	300,705	(7,352,601)	(15,881,370)	(12,403,109)	(13,416,767)	(12,035,176)	(20,239,083)
Changes of assumptions	-	-	12,070,626	6,352,896	9,114,476	13,450,805	10,492,664	-	44,760,830	-
Benefit payments	(82,710,684)	(78,574,078)	(75,118,801)	(72,465,689)	(71,299,748)	(67,316,775)	(65,477,729)	(62,293,294)	(58,350,147)	(55,232,429)
Refunds of member contributions	(5,173,218)	(5,591,630)	(5,121,224)	(3,652,378)	(4,584,449)	(4,508,706)	(3,455,854)	(3,691,857)	(3,607,850)	(3,894,171)
Other	14,195,114	967,731	(807,317)	(1,090,051)	312,893	66,054	(185,316)	2,506,020	(274,719)	712,070
Net change in total pension liability	34,625,190	38,585,338	35,269,033	35,691,134	34,631,854	32,893,880	33,652,833	25,547,238	69,483,028	19,052,950
Total pension liability - beginning	1,292,471,340	1,253,886,002	1,218,616,969	1,182,925,835	1,148,293,981	1,115,400,101	1,081,747,268	1,056,200,030	986,717,002	967,664,052
Total pension liability - ending (a)	$1,327,096,530	$1,292,471,340	$1,253,886,002	$1,218,616,969	$1,182,925,835	$1,148,293,981	$1,115,400,101	$1,081,747,268	$1,056,200,030	$ 986,717,002
Plan Fiduciary Net Position:										
Contributions - member	$ 19,099,062	$ 18,397,014	$ 18,119,021	$ 17,250,443	$ 16,783,858	$ 16,406,019	$ 16,336,439	$ 16,147,447	$ 15,293,103	$ 14,768,535
Contributions - employer	59,636,923	59,490,126	59,130,738	53,587,883	48,946,089	45,386,253	41,480,630	35,737,280	34,062,068	31,501,412
Contributions - nonemployer contributing entities	7,522,754	7,121,442	7,461,963	6,784,028	6,417,100	6,237,749	6,155,079	6,059,222	5,937,609	5,741,515
Net investment income (loss)	73,810,226	(98,859,893)	187,358,760	21,910,415	35,840,752	42,327,639	31,251,320	(20,424,673)	(22,780,531)	80,430,073
Benefit payments	(82,710,684)	(78,574,078)	(75,118,801)	(72,465,689)	(71,299,748)	(67,316,775)	(65,477,729)	(62,293,294)	(58,350,147)	(55,232,429)
Refunds of member contributions	(5,173,218)	(5,591,630)	(5,121,224)	(3,652,378)	(4,584,449)	(4,508,706)	(3,455,854)	(3,691,857)	(3,607,850)	(3,894,171)
Administrative expenses	(1,680,039)	(1,538,430)	(1,563,545)	(1,108,259)	(1,583,003)	(1,429,978)	(922,840)	(1,148,300)	(1,367,711)	(1,677,654)
Other	13,957,182	967,731	(807,317)	(1,090,051)	312,893	66,054	(185,317)	2,506,020	(274,719)	712,070
Net change in plan fiduciary net position	84,462,206	(98,587,718)	189,459,595	21,216,392	30,833,492	37,168,255	25,181,728	(27,108,155)	(31,088,178)	72,349,351
Total fiduciary net position - beginning	877,147,955	975,735,673	786,276,078	765,059,686	734,226,194	697,057,939	671,876,210	698,984,365	730,072,543	657,723,192
Total fiduciary net position - ending (b)	$ 961,610,161	$ 877,147,955	$ 975,735,673	$ 786,276,078	$ 765,059,686	$ 734,226,194	$ 697,057,938	$ 671,876,210	$ 698,984,365	$ 730,072,543
Net pension liability - ending (a) - (b)	$ 365,486,369	$ 415,323,385	$ 278,150,329	$ 432,340,891	$ 417,866,149	$ 414,067,787	$ 418,342,163	$ 409,871,058	$ 357,215,665	$ 256,644,459
Plan fiduciary net position as a percentage of the total pension liability	72.46%	67.87%	77.82%	64.52%	64.68%	63.94%	62.49%	62.11%	66.18%	73.99%
Covered payroll	$ 201,483,732	$ 201,661,444	$ 200,443,180	$ 193,109,488	$ 188,254,188	$ 183,378,800	$ 182,332,440	$ 180,948,253	$ 172,466,167	$ 168,007,531
Net pension liability as a percentage of covered payroll	181.40%	205.95%	138.77%	223.88%	221.97%	225.80%	229.44%	226.51%	207.12%	152.76%

See accompanying notes to required supplementary information.

Municipal Employees' Retirement System of Louisiana
Schedules of Changes in Net Pension Liability – Plan B
For the Ten Years Ended June 30, 2023, 2022, 2021, 2020, 2019, 2018, 2017, 2016, 2015, and 2014

	2023	2022	2021	2020	2019	2018	2017	2016	2015	2014
Total Pension Liability:										
Service cost	$ 6,946,477	$ 6,620,222	$ 6,552,359	$ 6,356,532	$ 6,469,146	$ 6,249,751	$ 6,045,761	$ 5,950,157	$ 5,703,335	$ 5,558,785
Interest	19,660,449	18,913,060	18,586,261	18,022,815	17,839,818	17,505,988	16,949,121	16,215,425	15,681,899	15,153,572
Changes of benefit terms	-	1,912,832	-	-	-	-	-	-	-	-
Differences between expected and actual experience	1,728,366	(84,183)	(3,183,157)	(805,689)	(2,963,047)	(4,292,673)	(1,895,698)	906,476	(1,826,199)	(1,138,351)
Changes of assumptions	-	-	2,816,587	1,400,098	5,625,363	3,003,359	2,325,900	-	8,261,069	-
Benefit payments	(16,195,286)	(15,073,924)	(14,477,201)	(13,570,261)	(13,132,769)	(12,170,889)	(11,786,964)	(10,863,578)	(13,185,825)	(9,846,376)
Refunds of member contributions	(1,004,506)	(1,070,883)	(1,183,058)	(922,512)	(1,172,865)	(1,117,113)	(1,008,206)	(1,023,784)	(1,113,933)	(864,399)
Other	276,604	(491,552)	(45,254)	(236,704)	(181,188)	(301,679)	268,893	(2,325,973)	104,328	(944,055)
Net change in total pension liability	11,412,104	10,725,572	9,066,537	10,244,279	12,484,458	8,876,744	10,898,807	8,858,723	13,624,674	7,919,176
Total pension liability - beginning	288,388,827	277,663,255	268,596,718	258,352,439	245,867,981	236,991,237	226,092,430	217,233,707	203,609,033	195,689,857
Total pension liability - ending (a)	$ 299,800,931	$ 288,388,827	$ 277,663,255	$ 268,596,718	$ 258,352,439	$ 245,867,981	$ 236,991,237	$ 226,092,430	$ 217,233,707	$ 203,609,033
Plan Fiduciary Net Position:										
Contributions - member	$ 4,136,534	$ 3,819,604	$ 3,663,275	$ 3,697,865	$ 3,629,182	$ 3,528,368	$ 3,507,946	$ 3,501,178	$ 3,296,735	$ 3,223,747
Contributions - employer	13,364,583	12,490,060	11,989,850	10,974,114	10,699,641	9,877,010	8,187,348	6,979,682	6,589,957	5,950,944
Contributions - nonemployer contributing entities	3,185,375	2,905,945	2,499,284	2,780,904	2,636,546	2,510,840	2,489,694	2,462,292	2,403,252	2,260,931
Net investment income (loss)	16,044,559	(21,093,403)	39,938,442	4,833,885	7,795,358	9,065,907	6,661,993	(4,332,169)	(4,932,969)	16,488,707
Benefit payments	(16,195,286)	(15,073,924)	(14,477,201)	(13,570,261)	(13,132,769)	(12,170,889)	(11,786,964)	(10,863,578)	(13,185,825)	(9,846,376)
Refunds of member contributions	(1,004,506)	(1,070,883)	(1,183,058)	(922,512)	(1,172,865)	(1,117,113)	(1,008,206)	(1,023,784)	(1,113,933)	(864,399)
Administrative expenses	(711,735)	(627,766)	(627,038)	(454,298)	(687,603)	(575,600)	(1,054,332)	(465,057)	(551,946)	(354,166)
Other	204,859	(491,552)	(45,254)	(236,704)	(181,188)	(301,679)	268,893	(2,325,973)	104,328	(944,055)
Net change in plan fiduciary net position	19,024,383	(19,141,919)	41,758,300	7,102,993	9,586,302	10,816,844	7,266,372	(6,067,409)	(7,390,401)	15,915,333
Total fiduciary net position - beginning	200,590,478	219,732,397	177,974,097	170,871,104	161,284,802	150,467,958	143,201,586	149,268,995	156,659,396	140,744,063
Total fiduciary net position - ending (b)	$ 219,614,861	$ 200,590,478	$ 219,732,397	$ 177,974,097	$ 170,871,104	$ 161,284,802	$ 150,467,958	$ 143,201,586	$ 149,268,995	$ 156,659,396
Net pension liability - ending (a) - (b)	$ 80,186,070	$ 87,798,349	$ 57,930,858	$ 90,622,621	$ 87,481,335	$ 84,583,179	$ 86,523,279	$ 82,890,844	$ 67,964,712	$ 46,949,637
Plan fiduciary net position as a percentage of the total pension liability	73.25%	69.56%	79.14%	66.26%	66.14%	65.60%	63.49%	63.34%	68.71%	76.94%
Covered payroll	$ 85,864,742	$ 80,581,032	$ 77,353,871	$ 78,386,529	$ 76,426,007	$ 74,543,472	$ 74,430,436	$ 73,470,337	$ 69,367,968	$ 68,010,789
Net pension liability as a percentage of covered payroll	93.39%	108.96%	74.89%	115.61%	114.47%	113.47%	116.25%	112.82%	97.98%	69.03%

See accompanying notes to required supplementary information.

Municipal Employees' Retirement System of Louisiana
Schedules of Employers' Net Pension Liability – Plan A
For the Ten Years Ended June 30, 2023, 2022, 2021, 2020, 2019, 2018, 2017, 2016, 2015, and 2014

	2023	2022	2021	2020	2019	2018	2017	2016	2015	2014
Total pension liability	$1,327,096,530	$1,292,471,340	$1,253,886,002	$1,218,616,969	$1,182,925,835	$1,148,293,981	$1,115,400,101	$1,081,747,268	$1,056,200,030	$ 986,717,002
Plan fiduciary net position	961,610,161	877,147,955	975,735,673	786,276,078	765,059,686	734,226,194	697,057,938	671,876,210	698,984,365	730,072,543
Net pension liability	$ 365,486,369	$ 415,323,385	$ 278,150,329	$ 432,340,891	$ 417,866,149	$ 414,067,787	$ 418,342,163	$ 409,871,058	$ 357,215,665	$ 256,644,459
Plan fiduciary net percentage as a percentage of the total pension liability	72.46%	67.87%	77.82%	64.52%	64.68%	63.94%	62.49%	62.11%	66.18%	73.99%
Covered payroll	$ 201,483,732	$ 201,661,444	$ 200,443,180	$ 193,109,488	$ 188,254,188	$ 183,378,800	$ 182,332,440	$ 180,948,253	$ 172,466,167	$ 168,007,531
Net pension liability as a percentage of covered payroll	181.40%	205.95%	138.77%	223.88%	221.97%	225.80%	229.44%	226.51%	207.12%	152.76%

Schedules of Contributions
Employer and Non-Employer Contributing Entities – Plan A
For the Ten Years Ended June 30, 2023, 2022, 2021, 2020, 2019, 2018, 2017, 2016, 2015, and 2014

	2023	2022	2021	2020	2019	2018	2017	2016	2015	2014
Actuarially determined contribution (determined as of the prior fiscal year)[1]	$ 64,167,242	$ 66,398,505	$ 66,065,032	$ 60,162,239	$ 55,239,349	$ 51,683,094	$ 48,556,690	$ 41,221,565	$ 41,843,813	$ 37,302,561
Contributions in relation to the actuarially determined contribution[1]	66,960,455	66,611,568	66,592,701	60,371,911	55,363,189	51,624,002	47,635,709	41,796,502	39,999,677	37,242,927
Contribution deficiency (excess)	$ (2,793,213)	$ (213,063)	$ (527,669)	$ (209,672)	$ (123,840)	$ 59,092	$ 920,981	$ (574,937)	$ 1,844,136	$ 59,634
Covered payroll	$ 201,483,732	$ 201,661,444	$ 200,443,180	$ 193,109,488	$ 188,254,188	$ 183,378,800	$ 182,332,440	$ 180,948,253	$ 172,466,167	$ 168,007,531
Contributions as a percentage of covered payroll	33.23%	33.03%	33.22%	31.26%	29.41%	28.15%	26.13%	23.10%	23.19%	22.17%

Schedules of Investment Returns – Plan A
For the Ten Years Ended June 30, 2023, 2022, 2021, 2020, 2019, 2018, 2017, 2016, 2015, and 2014

	2023	2022	2021	2020	2019	2018	2017	2016	2015	2014
Annual money-weighted rate of return, net of investment expense	7.90%	-11.60%	25.50%	1.30%	2.00%	4.00%	3.50%	-3.10%	-2.80%	13.00%

[1] Includes contributions from employers and non-employer contributing entities as well as funds allocated to the Funding Deposit Account. Does not include funds withdrawn from the Funding Deposit Account.

See accompanying notes to required supplementary information.

Municipal Employees' Retirement System of Louisiana
Schedules of Employers' Net Pension Liability – Plan B
For the Ten Years Ended June 30, 2023, 2022, 2021, 2020, 2019, 2018, 2017, 2016, 2015, and 2014

	2023	2022	2021	2020	2019	2018	2017	2016	2015	2014
Total pension liability	$ 299,800,931	$ 288,388,827	$ 277,663,255	$ 268,596,718	$ 258,352,439	$ 245,867,981	$ 236,991,237	$ 226,092,430	$ 217,233,707	$ 203,609,033
Plan fiduciary net position	219,614,861	200,590,478	219,732,397	177,974,097	170,871,104	161,284,802	150,467,958	143,201,586	149,268,995	156,659,396
Net pension liability	$ 80,186,070	$ 87,798,349	$ 57,930,858	$ 90,622,621	$ 87,481,335	$ 84,583,179	$ 86,523,279	$ 82,890,844	$ 67,964,712	$ 46,949,637
Plan fiduciary net percentage as a percentage of the total pension liability	73.25%	69.56%	79.14%	66.26%	66.14%	65.60%	63.49%	63.34%	68.71%	76.94%
Covered payroll	$ 85,864,742	$ 80,581,032	$ 77,353,871	$ 78,386,529	$ 76,426,007	$ 74,543,472	$ 74,430,436	$ 73,470,337	$ 69,367,968	$ 68,010,789
Net pension liability as a percentage of covered payroll	93.39%	108.96%	74.89%	115.61%	114.47%	113.47%	116.25%	112.82%	97.98%	69.03%

Schedules of Contributions
Employer and Non-Employer Contributing Entities – Plan B
For the Ten Years Ended June 30, 2023, 2022, 2021, 2020, 2019, 2018, 2017, 2016, 2015, and 2014

	2023	2022	2021	2020	2019	2018	2017	2016	2015	2014
Actuarially determined contribution (determined as of the prior fiscal year)[1]	$ 15,520,992	$ 15,313,336	$ 14,811,378	$ 13,473,098	$ 13,285,566	$ 12,411,566	$ 10,867,196	$ 9,593,456	$ 9,309,715	$ 8,235,369
Contributions in relation to the actuarially determined contribution[1]	16,494,410	15,396,005	14,489,134	13,755,018	13,336,187	12,387,850	10,677,042	9,441,974	8,993,209	8,211,875
Contribution deficiency (excess)	$ (973,418)	$ (82,669)	$ 322,244	$ (281,920)	$ (50,621)	$ 23,716	$ 190,154	$ 151,482	$ 316,506	$ 23,494
Covered payroll	$ 85,864,742	$ 80,581,032	$ 77,353,871	$ 78,386,529	$ 76,426,007	$ 74,543,472	$ 74,430,436	$ 73,470,337	$ 69,367,968	$ 68,010,789
Contributions as a percentage of covered payroll	19.21%	19.11%	18.73%	17.55%	17.45%	16.62%	14.34%	12.85%	12.96%	12.07%

Schedules of Investment Returns – Plan B
For the Ten Years Ended June 30, 2023, 2022, 2021, 2020, 2019, 2018, 2017, 2016, 2015, and 2014

	2023	2022	2021	2020	2019	2018	2017	2016	2015	2014
Annual money-weighted rate of return, net of investment expense	9.80%	-10.80%	26.80%	7.80%	4.60%	7.70%	5.40%	-2.20%	-1.50%	13.00%

[1] Includes contributions from employers and non-employer contributing entities as well as funds allocated to the Funding Deposit Account. Does not include funds withdrawn from the Funding Deposit Account.

See accompanying notes to required supplementary information.

Municipal Employees' Retirement System of Louisiana
Schedules of Changes in Total OPEB Liability and Related Ratios
***For the Five Years Ended June 30, 2023, 2022, 2021, 2020, and 2019**

	2023	2022	2021	2020	2019
Total OPEB liability, beginning of year	$ 224,447	$ 396,948	$ 362,286	$ 468,488	$ -
Adjustments to the OPEB liability:					
Service Cost	19,408	17,047	15,873	18,037	476,472
Interest	7,069	9,022	8,984	16,890	-
Effect of economic/demographic (gains) losses	34,815	(194,233)	7,950	(175,415)	-
Effect of assumptions changes or inputs	(21,119)	3,500	9,538	42,282	-
Benefit payments	(8,560)	(7,837)	(7,683)	(7,996)	(7,984)
Net change in total OPEB liability	31,613	(172,501)	34,662	(106,202)	468,488
Total OPEB liability, ending	$ 256,060	$ 224,447	$ 396,948	$ 362,286	$ 468,488
Covered-employee payroll	$ 927,074	$ 902,574	$ 836,254	$ 779,065	$ 734,483
Total OPEB liability as a percentage of covered-employee payroll	27.62%	24.87%	47.47%	46.50%	63.78%

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

See accompanying notes to required supplementary information.

A. Schedules of Changes in Net Pension Liability

The total pension liability contained in this schedule was provided by the System’s actuary, Curran Actuarial Consulting, Ltd. The net pension liability is measured as the total pension liability less the amount of the fiduciary net position of the System.

B. Schedules of Employers’ Net Pension Liability

The schedules of employers’ net pension liability show the percentage of the System's employers' net pension liability as a percentage of covered payroll. The employers’ net pension liability is the liability of contributing employers to members for benefits provided through the System. Covered payroll is the payroll on which contributions to the System are based.

C. Schedules of Contributions - Employer and Non-Employer Contributing Entities

The difference between the actuarially determined contributions for employer and the non-employer contributing entities and the contributions reported from employer and the non-employer contributing entities, and the percentage of contributions reported to cover employee payroll is presented in this schedule. Ad valorem taxes and state revenue sharing are support from non-employer contributing entities.

D. Schedules 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 on daily inputs with expenses measured on an accrual basis.

E. Actuarial Assumptions

The information presented in the required supplementary schedules was used in the actuarial valuation for purposes of determining the actuarially determined contribution rate. The assumptions and methods used for the actuarial valuation were recommended by the actuary and adopted by the Board. Additional information on the assumptions and methods used as of the latest actuarial valuation are disclosed in Note 3 to the financial statements.

F. Changes in Actuarial Assumptions

	June 30, 2023	June 30, 2022
Valuation date	June 30, 2023	June 30, 2022
Actuarial cost method	Entry age normal	Entry age normal
Expected remaining service lives	3 years	3 years
Investment rate of return	6.85%, net of pension plan investment expense, including inflation	6.85%, net of pension plan investment expense, including inflation

F. Changes in Actuarial Assumptions (Continued)

	June 30, 2023	**June 30, 2022**
Inflation rate	2.50%	2.50%
Salary increases, including inflation and merit increases:		
-1 to 4 years of service	6.4%-Plan A and 7.4%-Plan B	6.4%-Plan A and 7.4%-Plan B
-More than 4 years of service	4.5%-Plan A and 4.9%-Plan B	4.5%-Plan A and 4.9%-Plan B
Annuitant and beneficiary mortality	PubG-2010(B) Healthy Retiree Table set equal to 120% for males and females, each adjusted using their respective male and female MP2018 scales.	PubG-2010(B) Healthy Retiree Table set equal to 120% for males and females, each adjusted using their respective male and female MP2018 scales.
Employee mortality	PubG-2010(B) Employee Table set equal to 120% for males and females, adjusted using their respective male and female MP2018 scales.	PubG-2010(B) Employee Table set equal to 120% for males and females, adjusted using their respective male and female MP2018 scales.
Disabled lives mortality	PubNS-2010(B) Disabled Retiree Table set equal to 120% for males and females with the full generational MP2018 scale.	PubNS-2010(B) Disabled Retiree Table set equal to 120% for males and females with the full generational MP2018 scale.

Supplementary Information

Municipal Employees' Retirement System of Louisiana
Supplementary Information
Individual Funds' Statements of Fiduciary Net Position
June 30, 2023

	Plan "A"	Plan "B"	Total
Assets			
Cash	$ 10,803,055	$ 18,362,695	$ 29,165,750
Receivables:			
Member/employer contributions	6,283,414	1,514,005	7,797,419
Interest and dividends	22,511	13,705	36,216
Investments receivable	6,899,398	1,463,509	8,362,907
Lafayette Consolidated Government (LCG) receivable, net	14,431,286	-	14,431,286
Other receivables	95,698	145	95,843
Due to (from) other funds	59,207	(59,207)	-
Total receivables	27,791,514	2,932,157	30,723,671
Investments, at fair value:			
Cash equivalents	5,050,738	1,638,179	6,688,917
Domestic equities	313,005,705	66,395,149	379,400,854
International equities	207,419,243	43,998,021	251,417,264
Fixed income investments	267,818,627	56,810,012	324,628,639
Real estate investments	70,961,618	15,052,464	86,014,082
Private debt investments	31,320,778	6,647,206	37,967,984
Self-directed investments	26,722,970	7,358,058	34,081,028
Total investments	922,299,679	197,899,089	1,120,198,768
Property, plant, and equipment (net of depreciation)	1,598,733	677,293	2,276,026
Total assets	962,492,981	219,871,234	1,182,364,215
Liabilities			
Accounts payable	114,052	27,438	141,490
Refunds payable	505,237	116,805	622,042
Investments payable	29,541	6,266	35,807
Other payables	54,128	29,666	83,794
Other post-employment benefits obligation	179,862	76,198	256,060
Total liabilities	882,820	256,373	1,139,193
Net Position Restricted for Pension Benefits	$ 961,610,161	$ 219,614,861	$ 1,181,225,022

Municipal Employees' Retirement System of Louisiana
Supplementary Information
Individual Funds' Statements of Changes in Fiduciary Net Position
Year Ended June 30, 2023

	Plan "A"	Plan "B"	Total
Additions			
Contributions:			
Members'	$ 19,099,062	$ 4,136,534	$ 23,235,596
Employers'	59,636,923	13,364,583	73,001,506
Ad valorem taxes and revenue sharing	7,522,754	3,185,375	10,708,129
Unfunded accrued liability attributable to LCG withdrawal	13,708,000	-	13,708,000
Total contributions	99,966,739	20,686,492	120,653,231
Investment income:			
Interest and dividend income	3,116,057	1,022,378	4,138,435
Net appreciation in fair value of investments	72,181,471	15,339,886	87,521,357
	75,297,528	16,362,264	91,659,792
Less investment expenses	(1,487,302)	(317,705)	(1,805,007)
Net investment income	73,810,226	16,044,559	89,854,785
Other Additions			
Assets transferred from other retirement systems	1,709,528	517,686	2,227,214
Net additions	175,486,493	37,248,737	212,735,230
Deductions			
Benefits	77,679,727	15,109,606	92,789,333
DROP withdrawals	5,030,957	1,085,680	6,116,637
Refund of contributions	5,173,218	1,004,506	6,177,724
Administrative expenses	1,657,833	702,328	2,360,161
Other post-employment expense	22,206	9,407	31,613
Assets transferred to other retirement systems	1,460,346	312,827	1,773,173
Total deductions	91,024,287	18,224,354	109,248,641
Net Increase in Net Position	84,462,206	19,024,383	103,486,589
Net Position Restricted for Pension Benefits			
Beginning of year	877,147,955	200,590,478	1,077,738,433
End of year	$ 961,610,161	$ 219,614,861	$ 1,181,225,022

Municipal Employees' Retirement System of Louisiana
Supplementary Information
Schedules of Per Diem Paid to Board Members
Years Ended June 30, 2023 and 2022

The per diem paid to the trustees is an administrative expense. For fiscal years ended June 30, 2023 and 2022, the trustees received per diem at the rate of $75.00 for each day of a regularly scheduled meeting of the Board of Trustees that they attended. Per diem paid to the trustees for the years ended June 30, 2023 and 2022, were as follows:

	2023	2022
Barney Arceneaux	$ 450	$ 525
Donald Clause	225	750
Ty Carlos	600	-
Rich Dupree	375	-
Rodney Grogan	75	-
Paid to Bossier City on behalf of Phyllis McGraw	675	675
Susan Percle	675	900
Mark Piazza	150	525
Donald Villere	75	750
Total per diem	$ 3,300	$ 4,125

Municipal Employees' Retirement System of Louisiana
Supplementary Information
Schedules of Administrative Expenses
Years Ended June 30, 2023 and 2022

	2023	2022
Salaries and payroll taxes	$ 941,401	$ 915,011
Professional fees	285,128	284,354
Retirement	244,835	234,928
Depreciation	328,901	325,613
Insurance	117,394	120,297
Hospitalization	66,447	48,637
Office supplies	36,202	40,194
Utilities	27,128	26,310
Travel	24,176	16,383
Equipment and maintenance	215,109	232,221
Building and grounds maintenance	49,043	40,328
Postage	19,239	34,044
Board member per diem	3,300	4,125
Education	1,858	8,982
Printing	-	7,270
Total administrative expenses	$ 2,360,161	$ 2,338,697

Municipal Employees' Retirement System of Louisiana
Supplementary Information
Schedule of Compensation, Benefits and Other
Payments to Agency Head or Chief Executive Officer
Year Ended June 30, 2023

Agency Head Name: Maris LeBlanc, Executive Director

Purpose		Amount
Salary	$	175,000
Benefits - accrued leave		-
Benefits - insurance		433
Benefits - retirement		51,625
Car allowance		-
Vehicle provided by agency		-
Per diem		-
Reimbursements		24
Travel		3,678
Registration fees		125
Conference travel		-
Continuing professional education fees		560
Housing		-
Unvouchered expenses		-
Special meals		-

HAWTHORN WAYMOUTH & CARROLL, L.L.P.
Certified Public Accountants

Louis C. McKnight, III, CPA
Charles R. Pevey, Jr., CPA
David J. Broussard, CPA
Brittany B. Thames, CPA
Kevin M. Rodriguez, CPA

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*

Ms. Maris LeBlanc, Executive Director,
and the Board of Trustees of
Municipal Employees' Retirement System of Louisiana
Baton Rouge, Louisiana

We have audited, in accordance with the auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States, the financial statements of the Municipal Employees' Retirement System of Louisiana, as of and for the year ended June 30, 2023, and the related notes to the financial statements, which collectively comprise the Municipal Employees' Retirement System of Louisiana's basic financial statements, and have issued our report thereon dated December 11, 2023.

Report on Internal Control Over Financial Reporting

In planning and performing our audit of the financial statements, we considered the Municipal Employees' Retirement System of Louisiana's internal control over financial reporting (internal control) as a basis for designing audit procedures that are appropriate in the circumstances for the purpose of expressing our opinion on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of the Municipal Employees' Retirement System of Louisiana's internal control. Accordingly, we do not express an opinion on the effectiveness of the Municipal Employees' Retirement System of Louisiana's internal control.

A *deficiency in internal control* exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct, misstatements, on a timely basis. A *material weakness* is a deficiency, or a combination of deficiencies, in internal control, such that there is a reasonable possibility that a material misstatement of the entity's financial statements will not be prevented, or detected and corrected, on a timely basis. A *significant deficiency* is a deficiency, or a combination of deficiencies, in internal control that is less severe than a material weakness, yet important enough to merit attention by those charged with governance.

Our consideration of internal control was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control that might be material weaknesses or, significant deficiencies. Given these limitations, during our audit we did not identify any deficiencies in internal control that we consider to be material weaknesses. However, material weaknesses or significant deficiencies may exist that were not identified.

Report on Compliance and Other Matters

As part of obtaining reasonable assurance about whether the Municipal Employees' Retirement System of Louisiana's financial statements are free from material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, and contracts, 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.*

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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 Municipal Employees' Retirement System of Louisiana'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 Municipal Employees' Retirement System of Louisiana's internal control and compliance. Accordingly, this communication is not suitable for any other purpose.

Hawthorn, Waymouth & Carroll, L.L.P.

December 11, 2023

Municipal Employees' Retirement System of Louisiana
Schedule of Findings and Responses
Year Ended June 30, 2023

Part I - Summary of Audit Results

1) An unmodified opinion has been expressed on the financial statements of Municipal Employees’ Retirement System of Louisiana as of and for the year ended June 30, 2023, and the related notes to the financial statements.

2) No deficiencies in internal control over financial reporting that we consider to be material weaknesses were identified.

3) No instances of noncompliance or other matters that are required to be reported under *Government Auditing Standards* were identified.

4) A single audit in accordance with *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* was not required.

5) A management letter was not issued.

Part II - Financial Statement Findings

No findings were noted.

Municipal Employees' Retirement System of Louisiana
Summary Schedule of Prior Year Audit Findings
Year Ended June 30, 2023

Part I – Financial Statement Findings

No findings were noted.

Part II – Management Letter

A management letter was not issued for the year ended June 30, 2022.

Municipal Employees' Retirement System of Louisiana

Statewide Agreed-Upon Procedures Report

June 30, 2023

HAWTHORN WAYMOUTH & CARROLL, L.L.P.
Certified Public Accountants

Louis C. McKnight, III, CPA
Charles R. Pevey, Jr., CPA
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Independent Accountant's Report
on Applying Agreed-Upon Procedures

To the Board of Trustees of Municipal Employees' Retirement System of Louisiana and the Louisiana Legislative Auditor:

We have performed the procedures enumerated below on the control and compliance (C/C) areas identified in the Louisiana Legislative Auditor's (LLA's) Statewide Agreed-Upon Procedures (SAUPs) for the fiscal period July 1, 2022 through June 30, 2023. Municipal Employees' Retirement System of Louisiana's management is responsible for those C/C areas identified in the SAUPs.

Municipal Employees' Retirement System of Louisiana has agreed to and acknowledged that the procedures performed are appropriate to meet the intended purpose of the engagement, which is to perform specified procedures on the C/C areas identified in LLA's SAUPs for the fiscal period July 1, 2022 through June 30, 2023. Additionally, LLA has agreed to and acknowledged that the procedures performed are appropriate for its purposes. This report may not be suitable for any other purpose. The procedures performed may not address all the items of interest to a user of this report and may not meet the needs of all users of this report and, as such, users are responsible for determining whether the procedures performed are appropriate for their purposes.

The procedures and associated findings are as follows:

1) Written Policies and Procedures

A. Obtained and inspected the entity's written policies and procedures and observed whether they address each of the following categories and subcategories if applicable to public funds and the entity's operations:

i. ***Budgeting***, including preparing, adopting, monitoring, and amending the budget.

No exceptions were found as a result of this procedure.

ii. ***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.

No exceptions were found as a result of this procedure.

iii. ***Disbursements***, including processing, reviewing, and approving.

No exceptions were found as a result of this procedure.

iv. ***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).

No exceptions were found as a result of this procedure.

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v. ***Payroll/Personnel***, including (1) payroll processing, (2) reviewing and approving time and attendance records, including leave and overtime worked, and (3) approval process for employee rates of pay or approval and maintenance of pay rate schedules.

No exceptions were found as a result of this procedure.

vi. ***Contracting***, including (1) types of services requiring written contracts, (2) standard terms and conditions, (3) legal review, (4) approval process, and (5) monitoring process.

No exceptions were found as a result of this procedure.

vii. ***Travel and Expense Reimbursement***, including (1) allowable expenses, (2) dollar thresholds by category of expense, (3) documentation requirements, and (4) required approvers.

No exceptions were found as a result of this procedure.

viii. ***Credit Cards (and debit cards, fuel cards, purchase cards, if applicable)***, including (1) how cards are to be controlled, (2) allowable business uses, (3) documentation requirements, (4) required approvers of statements, and (5) monitoring card usage (e.g., determining the reasonableness of fuel card purchases).

No exceptions were found as a result of this procedure.

ix. ***Ethics***, including (1) the prohibitions as defined in Louisiana Revised Statute (R.S.) 42:1111-1121, (2) actions to be taken if an ethics violation takes place, (3) system to monitor possible ethics violations, and (4) a requirement that documentation is maintained to demonstrate that all employees and officials were notified of any changes to the entity's ethics policy.

No exceptions were found as a result of this procedure.

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

Entity does not have any debt; therefore, this procedure is not applicable.

xi. ***Information Technology 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.

No exceptions were found as a result of this procedure.

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

No exceptions were found as a result of this procedure.

2) Board or Finance Committee

A. Obtained and inspected 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

i. Observed 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.

No exceptions were found as a result of this procedure.

ii. For those entities reporting on the governmental accounting model, observed 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. Alternatively, for those entities reporting on the not-for-profit accounting model, observed 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.

No exceptions were found as a result of this procedure.

iii. For governmental entities, obtained the prior year audit report and observed 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, observed 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.

Entity does not report on the governmental accounting model; therefore, this procedure is not applicable.

iv. Observed whether the board/finance committee received written updates of the progress of resolving audit finding(s), according to management's corrective action plan at each meeting until the findings are considered fully resolved.

Entity did not have any prior year audit findings; therefore, this procedure is not applicable.

3) Bank Reconciliations

A. Obtained a listing of entity bank accounts for the fiscal period from management and management's representation that the listing is complete. Asked management to identify the entity's main operating account. Selected the entity's main operating account and randomly selected 4 additional accounts (or all accounts if less than 5). Randomly selected one month from the fiscal period, obtained and inspected the corresponding bank statement and reconciliation for each selected account, and observed that:

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

No exceptions were found as a result of this procedure.

ii. Bank reconciliations included written evidence that a member of management or a 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

No exceptions were found as a result of this procedure.

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

No exceptions were found as a result of this procedure.

4) Collections (excluding electronic funds transfers)

A. Obtained 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 selected 5 deposit sites (or all deposit sites if less than 5).

No exceptions were found as a result of this procedure.

B. For each deposit site selected, obtained a listing of collection locations and management's representation that the listing is complete. Randomly selected one collection location for each deposit site (e.g., 5 collection locations for 5 deposit sites), obtained and inspected written policies and procedures relating to employee job duties (if there are no written policies or procedures, then inquire of employees about their job duties) at each collection location, and observed that job duties are properly segregated at each collection location such that

i. Employees responsible for cash collections do not share cash drawers/registers;

No exceptions were found as a result of this procedure.

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

No exceptions were found as a result of this procedure.

iii. Each employee responsible for collecting cash is not also 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; and

No exceptions were found as a result of this procedure.

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

No exceptions were found as a result of this procedure.

C. Obtained from management a copy of the bond or insurance policy for theft covering all employees who have access to cash. Observed that the bond or insurance policy for theft was in force during the fiscal period.

No exceptions were found as a result of this procedure.

D. Randomly selected two deposit dates for each of the bank accounts selected for Bank Reconciliations procedure #3A. Obtained supporting documentation for each of the deposits and:

i. Observed that receipts are sequentially pre-numbered.

No exceptions were found as a result of this procedure.

ii. Traced sequentially pre-numbered receipts, system reports, and other related collection documentation to the deposit slip.

No exceptions were found as a result of this procedure.

iii. Traced the deposit slip total to the actual deposit per the bank statement.

No exceptions were found as a result of this procedure.

iv. Observed that the deposit was made within one business day of receipt at the collection location (within one week if the depository is more than 10 miles from the collection location or the deposit is less than $100 and the cash is stored securely in a locked safe or drawer).

No exceptions were found as a result of this procedure.

v. Traced the actual deposit per the bank statement to the general ledger.

No exceptions were found as a result of this procedure.

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

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

No exceptions were found as a result of this procedure.

B. For each location selected under procedure #5A above, obtained a listing of those employees involved with non-payroll purchasing and payment functions. Obtained written policies and procedures relating to employee job duties, and observed that job duties are properly segregated such that

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

No exceptions were found as a result of this procedure.

ii. At least two employees are involved in processing and approving payments to vendors;

No exceptions were found as a result of this procedure.

iii. 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;

No exceptions were found as a result of this procedure.

iv. 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; and

No exceptions were found as a result of this procedure.

v. Only employees/officials authorized to sign checks approve the electronic disbursement (release) of funds, whether through automated clearinghouse (ACH), electronic funds transfer (EFT), wire transfer, or some other electronic means.

No exceptions were found as a result of this procedure.

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

i. Observed whether the disbursement, whether by paper or electronic means, matched the related original itemized invoice and supporting documentation indicates that deliverables included on the invoice were received by the entity, and

No exceptions were found as a result of this procedure.

ii. Observed whether the disbursement documentation included evidence (e.g., initial/date, electronic logging) of segregation of duties tested under procedure #5B above, as applicable.

No exceptions were found as a result of this procedure.

D. Using the entity's main operating account and the month selected in Bank Reconciliations procedure #3A, randomly selected 5 non-payroll-related electronic disbursements (or all electronic disbursements if less than 5) and observed that each electronic disbursement was (a) approved by only those persons authorized to disburse funds (e.g., sign checks) per the entity's policy, and (b) approved by the required number of authorized signers per the entity's policy.

No exceptions were found as a result of this procedure.

6) Credit Cards/Debit Cards/Fuel Cards/Purchase Cards (Cards)

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

No exceptions were found as a result of this procedure.

B. Using the listing prepared by management, randomly selected 5 cards (or all cards if less than 5) that were used during the fiscal period. Randomly selected one monthly statement or combined statement for each card. Obtained supporting documentation, and

i. Observed 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; and

No exceptions were found as a result of this procedure.

ii. Observed that finance charges and late fees were not assessed on the selected statements.

No exceptions were found as a result of this procedure.

C. Using the monthly statements or combined statements selected under procedure #6B above, excluding fuel cards, randomly selected 10 transactions (or all transactions if less than 10) from each statement, and obtained supporting documentation for the transactions. For each transaction, observed that it is supported by (1) an original itemized receipt that identifies precisely what was purchased, (2) written documentation of the business/public purpose, and (3) documentation of the individuals participating in meals (for meal charges only).

No exceptions were found as a result of this procedure.

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

A. Obtained 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 selected 5 reimbursements and obtained 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

i. If reimbursed using a per diem, observed that 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);

No exceptions were found as a result of this procedure.

ii. If reimbursed using actual costs, observed that the reimbursement is supported by an original itemized receipt that identifies precisely what was purchased;

No exceptions were found as a result of this procedure.

iii. Observed that each reimbursement is supported by documentation of the business/public purpose (for meal charges, observed that the documentation includes the names of those individuals participating) and other documentation required by Written Policies and Procedures procedure #1A(vii); and

No exceptions were found as a result of this procedure.

iv. Observed that each reimbursement was reviewed and approved, in writing, by someone other than the person receiving reimbursement.

No exceptions were found as a result of this procedure.

8) Contracts

A. Obtained 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. Obtained management's representation that the listing is complete. Randomly selected 5 contracts (or all contracts if less than 5) from the listing, excluding the practitioner's contract, and

i. Observed whether the contract was bid in accordance with the Louisiana Public Bid Law (e.g., solicited quotes or bids, advertised), if required by law;

No exceptions were found as a result of this procedure.

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

No exceptions were found as a result of this procedure.

iii. If the contract was amended (e.g., change order), observed that 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, the documented approval); and

No exceptions were found as a result of this procedure.

iv. Randomly selected one payment from the fiscal period for each of the 5 contracts, obtained the supporting invoice, agreed the invoice to the contract terms, and observed that the invoice and related payment agreed to the terms and conditions of the contract.

No exceptions were found as a result of this procedure.

9) Payroll and Personnel

A. Obtained a listing of employees and officials employed during the fiscal period and management's representation that the listing is complete. Randomly selected 5 employees or officials, obtained related paid salaries and personnel files, and agreed paid salaries to authorized salaries/pay rates in the personnel files.

No exceptions were found as a result of this procedure.

B. Randomly selected one pay period during the fiscal period. For the 5 employees or officials selected under procedure #9A above, obtained attendance records and leave documentation for the pay period, and

i. Observed that all selected employees or officials documented their daily attendance and leave (e.g., vacation, sick, compensatory);

No exceptions were found as a result of this procedure.

ii. Observed whether supervisors approved the attendance and leave of the selected employees or officials;

No exceptions were found as a result of this procedure.

iii. Observed that any leave accrued or taken during the pay period is reflected in the entity's cumulative leave records; and

No exceptions were found as a result of this procedure.

iv. Observed the rate paid to the employees or officials agrees to the authorized salary/pay rate found within the personnel file.

No exceptions were found as a result of this procedure.

C. Obtained 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 selected two employees or officials and obtained related documentation of the hours and pay rates used in management's termination payment calculations and the entity's policy on termination payments. Agreed the hours to the employee's or official's cumulative leave records, agreed the pay rates to the employee's or official's authorized pay rates in the employee's or official's personnel files, and agreed the termination payment to entity policy.

No exceptions were found as a result of this procedure.

D. Obtained management's representation that employer and employee portions of third-party payroll related amounts have been paid, and any associated forms have been filed, by required deadlines.

No exceptions were found as a result of this procedure.

10) Ethics

A. Using the 5 randomly selected employees/officials from Payroll and Personnel procedure #9A, obtained ethics documentation from management, and

i. Observed whether the documentation demonstrates that each employee/official completed one hour of ethics training during the calendar year as required by R.S. 42:1170; and

No exceptions were found as a result of this procedure.

ii. Observed whether the entity maintains documentation which demonstrates that each employee and official were notified of any changes to the entity's ethics policy during the fiscal period, as applicable.

No exceptions were found as a result of this procedure.

B. Inquired and/or observed whether the agency has appointed an ethics designee as required by R.S. 42:1170.

The entity is not a state agency or political subdivision per Louisiana Revised Statutes; therefore, this procedure is not applicable.

11) Debt Service

Entity does not have any debt; therefore, these procedures are not applicable.

A. Obtained a listing of bonds/notes and other debt instruments issued during the fiscal period and management's representation that the listing is complete. Selected all debt instruments on the listing, obtained supporting documentation, and observed that State Bond Commission approval was obtained for each debt instrument issued as required by Article VII, Section 8 of the Louisiana Constitution.

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

12) Fraud Notice

A. Obtained a listing of misappropriations of public funds and assets during the fiscal period and management's representation that the listing is complete. Selected all misappropriations on the listing, obtained supporting documentation, and observed that the entity reported the misappropriation(s) to the legislative auditor and the district attorney of the parish in which the entity is domiciled as required by R.S. 24:523.

Not applicable; there were no misappropriations of public funds or assets identified during the fiscal period.

B. Observed 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.

No exceptions were found as a result of this procedure.

13) Information Technology Disaster Recovery/Business Continuity

A. Performed the following procedures:

i. Obtained and inspected the entity's most recent documentation that it has backed up its critical data (if there is no written documentation, then inquire of personnel responsible for backing up critical data) and observed evidence that such backup (a) occurred within the past week, (b) was not stored on the government's local server or network, and (c) was encrypted.

We performed the procedure and discussed the results with management.

ii. Obtained and inspected the entity's most recent documentation that it has tested/verified that its backups can be restored (if there is no written documentation, then inquire of personnel responsible for testing/verifying backup restoration) and observed evidence that the test/verification was successfully performed within the past 3 months.

We performed the procedure and discussed the results with management.

iii. Obtained a listing of the entity's computers currently in use and their related locations, and management's representation that the listing is complete. Randomly selected 5 computers and observed while management demonstrated 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.

We performed the procedure and discussed the results with management.

B. Randomly selected 5 terminated employees (or all terminated employees if less than 5) using the list of terminated employees obtained in procedure #9C. Observed evidence that the selected terminated employees have been removed or disabled from the network.

No exceptions were found as a result of this procedure.

14) Prevention of Sexual Harassment

A. Using the 5 randomly selected employees/officials from Payroll and Personnel procedure #9A, obtained sexual harassment training documentation from management, and observed that the documentation demonstrates each employee/official completed at least one hour of sexual harassment training during the calendar year as required by R.S. 42:343.

No exceptions were found as a result of this procedure.

B. Observed that 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).

No exceptions were found as a result of this procedure.

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

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

No exceptions were found as a result of this procedure.

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

No exceptions were found as a result of this procedure.

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

No exceptions were found as a result of this procedure.

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

No exceptions were found as a result of this procedure.

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

No exceptions were found as a result of this procedure.

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

We are required to be independent of Municipal Employees' Retirement System of Louisiana and to meet our other ethical responsibilities, in accordance with the relevant ethical requirements related to our agreed-upon procedures engagement.

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

Hawthorn, Waymouth & Carroll, L.L.P.

November 17, 2023