

**Municipal Employees' Retirement System of Louisiana  
Baton Rouge, Louisiana  
Financial Report  
June 30, 2021**

## Table of Contents

Independent Auditor’s Report	Page	3
Management’s Discussion and Analysis	Page	6
Financial Statements		
Statements of Fiduciary Net Position	Page	11
Statements of Changes in Fiduciary Net Position	Page	12
Notes to Financial Statements	Page	13
Required Supplementary Information		
Schedules of Changes in Net Pension Liability - Plan A	Page	37
Schedules of Changes in Net Pension Liability - Plan B	Page	38
Schedules of Employers’ Net Pension Liability, Contributions-Employer and Non-Employer Contributing Entities, and Investment Returns – Plan A	Page	39
Schedules of Employers’ Net Pension Liability, Contributions-Employer and Non-Employer Contributing Entities, and Investment Returns – Plan B	Page	40
Schedules of Changes in Total OPEB Liability and Related Ratios	Page	41
Notes to Required Supplementary Information	Page	42
Supplementary Information		
Individual Funds’ Statements of Fiduciary Net Position	Page	45
Individual Funds’ Statements of Changes in Fiduciary Net Position	Page	46
Schedules of Per Diem Paid to Board Members	Page	47
Schedules of Administrative Expenses	Page	48
Schedule of Compensation, Benefits and Other Payments to Agency Head or Chief Executive Officer	Page	49
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 <i>Government Auditing Standards</i>	Page	50
Schedule of Findings and Responses	Page	52
Summary Schedule of Prior Year Audit Findings	Page	53



**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**

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

### **Report on the Financial Statements**

We have audited the accompanying financial statements of Municipal Employees' Retirement System of Louisiana ("System"), which comprise the statements of fiduciary net position as of June 30, 2021 and 2020, and the related statements of changes in fiduciary net position for the years then ended, and the related notes to the financial statements.

### **Management's Responsibility for the Financial Statements**

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

### **Auditor's Responsibility**

Our responsibility is to express an opinion on these financial statements based on our audits. 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. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the financial statements 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 entity's internal control. Accordingly, we express no such opinion. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

## **Opinion**

In our opinion, the financial statements referred to above present fairly, in all material respects, the fiduciary net position of the System as of June 30, 2021 and 2020, 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.

## **Emphasis of Matter**

As disclosed in Note 3 to the financial statements, the total pension liability for the System was \$1,253,886,002 and \$1,218,616,969 for Plan A and \$277,663,255 and \$268,596,718 for Plan B, respectively, as of June 30, 2021 and 2020. 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, 2021 and 2020, could be understated or overstated.

## **Other Matters**

### *Required Supplementary Information*

Accounting principles generally accepted in the United States of America require that the management's discussion and analysis, schedules of changes in net pension liability, schedules of employers' net pension liability, schedules of contributions, schedules of investment returns, and schedules of changes in total OPEB liability and related ratios be presented to supplement the basic financial statements. Such information, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board, who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. We have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audits of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

### *Other Information*

Our audits were conducted for the purpose of forming an opinion on the financial statements as a whole. The individual funds' statements of fiduciary net position, individual funds' statements of changes in fiduciary net position, schedules of per diem paid to board members, schedules of administrative expenses, and schedule of compensation, benefits and other payments to agency head or chief executive officer, are presented for purposes of additional analysis and are not a required part of the basic financial statements.

These schedules are the responsibility of management and were derived from and relate directly to the underlying accounting and other records used to prepare the basic financial statements. Such information has been subjected to the auditing procedures applied in the audits 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 information is 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 15, 2021, 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, contracts, and other matters. The purpose of that report is solely 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 the System's internal control over financial reporting and compliance.

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

December 15, 2021

**Municipal Employees' Retirement System of Louisiana**  
**Management's Discussion and Analysis**  
**June 30, 2021**

The following discussion and analysis of Municipal Employees' Retirement System of Louisiana (System) for the year ended June 30, 2021, 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 2021 by \$1,195,468,070 which represents an increase from last year. The net position restricted for pension benefits increased by \$231,217,895, or 23.98%. The increase was primarily due to financial market returns.

Contributions to the System by members and employers totaled \$92,902,884, an increase of \$7,392,579, or 8.65%, from the prior year. Contributions from ad valorem taxes and revenue sharing totaled \$9,961,247, an increase of \$396,315, or 4.14%, from the prior year.

Pension benefits paid to retirees and beneficiaries increased by \$3,896,104, or 4.87%, 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 \$2,155,921, an increase of \$487,162, or 29.19%, from the prior year.

Net investment income of the System totaled \$227,297,202 for fiscal year 2021, compared to \$26,744,300 for fiscal year 2020, an increase of \$200,552,902.

**Overview of the Financial Statements**

The discussion and analysis is intended to serve as an introduction to the System's basic financial statements, which are comprised of three components:

1. Statements of fiduciary net position,
2. Statements of changes in fiduciary net position, and
3. Notes to the financial statements.

This report also contains required supplementary information in addition to the basic financial statements themselves.

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, 2021 and 2020.

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 to and deductions from the fiduciary net position. It supports the change that has occurred to the prior year's net position value on the statement of fiduciary net position.

**Municipal Employees' Retirement System of Louisiana  
Management's Discussion and Analysis  
June 30, 2021**

**Financial Analysis of the System**

The System provides benefits to employees of all incorporated villages, towns, and cities 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**

	<b>June 30, <u>2021</u></b>	<b>June 30, <u>2020</u></b>	<b>June 30, <u>2019</u></b>
Assets			
Cash	\$ 25,746,815	\$ 25,516,962	\$ 18,279,928
Receivables	8,683,375	8,583,329	12,558,353
Investments	1,159,326,215	928,710,463	905,841,837
Property and equipment, net	<u>2,787,699</u>	<u>2,483,799</u>	<u>2,180,144</u>
Total assets	1,196,544,104	965,294,553	938,860,262
Total liabilities	<u>1,076,034</u>	<u>1,044,378</u>	<u>2,929,472</u>
Net position restricted for pension benefits	<u>\$ 1,195,468,070</u>	<u>\$ 964,250,175</u>	<u>\$ 935,930,790</u>

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

	<b><u>2021</u></b>	<b><u>2020</u></b>	<b><u>2019</u></b>
Additions:			
Contributions	\$ 102,864,131	\$ 95,075,237	\$ 89,112,416
Net investment income	227,297,202	26,744,300	43,636,110
Other	<u>1,873,220</u>	<u>1,144,694</u>	<u>1,536,492</u>
Total additions	332,034,553	122,964,231	134,285,018
Total deductions	<u>100,816,658</u>	<u>94,644,846</u>	<u>93,865,224</u>
Net increase	<u>\$ 231,217,895</u>	<u>\$ 28,319,385</u>	<u>\$ 40,419,794</u>

**Municipal Employees' Retirement System of Louisiana  
Management's Discussion and Analysis  
June 30, 2021**

**Financial Analysis of the System (Continued)**

Additions to Fiduciary Net Position

Additions to the System's fiduciary net position were derived from member and employer contributions, ad valorem taxes, state revenue sharing funds and investment income. Employer contributions increased \$6,558,591, or 10.16%, primarily due to an increase in salaries and contribution rates. The System experienced net investment gain of \$227,297,202 in 2021 compared to \$26,744,300 in 2020, an increase of \$200,552,902.

	<u>2021</u>	<u>2020</u>	<u>2019</u>	<b>2020 to 2021 Percentage Change</b>
Member contributions	\$ 21,782,296	\$ 20,948,308	\$ 20,413,040	3.98%
Employer contributions	71,120,588	64,561,997	59,645,730	10.16%
Ad valorem and state revenue sharing	9,961,247	9,564,932	9,053,646	4.14%
Net investment income	227,297,202	26,744,300	43,636,110	749.89%
Transfers from other systems	<u>1,873,220</u>	<u>1,144,694</u>	<u>1,536,492</u>	63.64%
 Total additions	 <u>\$ 332,034,553</u>	 <u>\$ 122,964,231</u>	 <u>\$ 134,285,018</u>	

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 \$100,816,658 in fiscal year 2021.

	<u>2021</u>	<u>2020</u>	<u>2019</u>	<b>2020 to 2021 Percentage Change</b>
Retirement benefits	\$ 89,596,002	\$ 86,035,950	\$ 84,432,517	4.14%
Refunds of contributions	6,304,282	4,574,890	5,757,314	37.80%
Administrative expenses	2,155,921	1,668,759	1,794,134	29.19%
Other post-employment benefits	34,662	(106,202)	476,472	132.64%
Transfers to other systems	<u>2,725,791</u>	<u>2,471,449</u>	<u>1,404,787</u>	10.29%
 Total deductions	 <u>\$ 100,816,658</u>	 <u>\$ 94,644,846</u>	 <u>\$ 93,865,224</u>	



**Municipal Employees' Retirement System of Louisiana  
Management's Discussion and Analysis  
June 30, 2021**

**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, 2021 was \$1,159,326,215 compared to \$928,710,463 at June 30, 2020, which is an increase of \$230,615,752. The major contributing factor to this increase was due to financial market returns.

The System's investments in various asset classes at the end of the 2021, 2020, and 2019 fiscal years are indicated in the following table:

	<u>2021</u>	<u>2020</u>	<u>2019</u>	<b>2020 to 2021 Percentage Change</b>
Cash equivalents	\$ 12,035,767	\$ 9,366,035	\$ 28,976,725	28.50%
Domestic equities	378,193,770	272,586,946	269,544,667	38.74%
International equities	275,599,032	199,858,174	208,171,006	37.90%
Fixed income investments	382,818,433	333,938,798	320,610,040	14.64%
Hedge fund investments	2,103,412	1,651,210	3,257,616	27.39%
Real estate investments	66,282,120	70,903,895	24,971,336	-6.52%
Private debt and equity investments	12,526,637	14,009,502	23,750,233	-10.58%
Self-directed investments	<u>29,767,044</u>	<u>26,395,903</u>	<u>26,560,214</u>	12.77%
 Total	 <u>\$ 1,159,326,215</u>	 <u>\$ 928,710,463</u>	 <u>\$ 905,841,837</u>	

**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, 2021 and 2020**

	<u>2021</u>	<u>2020</u>
<b>Assets</b>		
Cash	\$ 25,746,815	\$ 25,516,962
Receivables:		
Member/employer contributions	8,658,911	5,330,736
Interest and dividends	17,671	183,723
Investment receivable	-	3,068,870
Other receivables	<u>6,793</u>	<u>-</u>
Total receivables	<u>8,683,375</u>	<u>8,583,329</u>
Investments, at fair value:		
Cash equivalents	12,035,767	9,366,035
Domestic equities	378,193,770	272,586,946
International equities	275,599,032	199,858,174
Fixed income investments	382,818,433	333,938,798
Hedge fund investments	2,103,412	1,651,210
Real estate investments	66,282,120	70,903,895
Private debt and equity investments	12,526,637	14,009,502
Self-directed investments	<u>29,767,044</u>	<u>26,395,903</u>
Total investments	<u>1,159,326,215</u>	<u>928,710,463</u>
Property, plant, and equipment (net of depreciation)	<u>2,787,699</u>	<u>2,483,799</u>
Total assets	<u>1,196,544,104</u>	<u>965,294,553</u>
<b>Liabilities</b>		
Accounts payable	180,805	245,175
Benefits payable	37,987	29,687
Refunds payable	371,526	289,401
Investment payable	-	21,287
Other payables	88,768	96,542
Other post-employment benefits obligation	<u>396,948</u>	<u>362,286</u>
Total liabilities	<u>1,076,034</u>	<u>1,044,378</u>
<b>Net Position Restricted for Pension Benefits</b>	<u>\$ 1,195,468,070</u>	<u>\$ 964,250,175</u>

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, 2021 and 2020**

	<u>2021</u>	<u>2020</u>
<b>Additions</b>		
Contributions:		
Members'	\$ 21,782,296	\$ 20,948,308
Employers'	71,120,588	64,561,997
Ad valorem taxes and revenue sharing	<u>9,961,247</u>	<u>9,564,932</u>
 Total contributions	 <u>102,864,131</u>	 <u>95,075,237</u>
 Investment income:		
Interest and dividend income	2,217,259	2,936,810
Net appreciation in fair value of investments	<u>228,022,229</u>	<u>26,036,751</u>
	230,239,488	28,973,561
Less investment expenses	<u>(2,942,286)</u>	<u>(2,229,261)</u>
 Net investment income	 <u>227,297,202</u>	 <u>26,744,300</u>
 <b>Other Additions</b>		
Assets transferred from other retirement systems	<u>1,873,220</u>	<u>1,144,694</u>
 Total additions	 <u>332,034,553</u>	 <u>122,964,231</u>
 <b>Deductions</b>		
Benefits	83,953,898	80,057,794
DROP withdrawals	5,642,104	5,978,156
Refund of contributions	6,304,282	4,574,890
Administrative expenses	2,155,921	1,668,759
Other post-employment (benefit) expense	34,662	(106,202)
Assets transferred to other retirement systems	<u>2,725,791</u>	<u>2,471,449</u>
 Total deductions	 <u>100,816,658</u>	 <u>94,644,846</u>
 <b>Net Increase</b>	 <b>231,217,895</b>	 <b>28,319,385</b>
 <b>Net Position Restricted for Pension Benefits</b>		
Beginning of year	<u>964,250,175</u>	<u>935,930,790</u>
 End of year	 <u>\$ 1,195,468,070</u>	 <u>\$ 964,250,175</u>

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

**Municipal Employees' Retirement System of Louisiana**  
**Notes to Financial Statements**  
**June 30, 2021**

**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, and cities 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, 2021, there were 87 contributing municipalities in Plan A and 67 in Plan B. For the year ended June 30, 2020, there were 88 contributing municipalities in Plan A and 68 in Plan B. At June 30, 2021 and 2020, statewide retirement membership consists of the following:

	<u>2021</u>			<u>2020</u>		
	<u>Plan A</u>	<u>Plan B</u>	<u>Total</u>	<u>Plan A</u>	<u>Plan B</u>	<u>Total</u>
Inactive plan members or beneficiaries receiving benefits	3,673	1,125	4,798	3,618	1,107	4,725
Inactive plan members entitled to but not yet receiving benefits	3,698	1,855	5,553	3,535	1,732	5,267
Active plan members	<u>4,611</u>	<u>1,980</u>	<u>6,591</u>	<u>4,783</u>	<u>2,037</u>	<u>6,820</u>
Total participants as of the valuation date	<u>11,982</u>	<u>4,960</u>	<u>16,942</u>	<u>11,936</u>	<u>4,876</u>	<u>16,812</u>

**Municipal Employees' Retirement System of Louisiana**  
**Notes to Financial Statements**  
**June 30, 2021**

**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.

**Municipal Employees' Retirement System of Louisiana**  
**Notes to Financial Statements**  
**June 30, 2021**

**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.

**Municipal Employees' Retirement System of Louisiana**  
**Notes to Financial Statements**  
**June 30, 2021**

**Note 1-Plan Description (Continued)**

**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. 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.



**Municipal Employees' Retirement System of Louisiana**  
**Notes to Financial Statements**  
**June 30, 2021**

**Note 1-Plan Description (Continued)**

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 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.

**Municipal Employees' Retirement System of Louisiana**  
**Notes to Financial Statements**  
**June 30, 2021**

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

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 plan 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 3-Contributions, Funding Status and Reserves**

A. Contributions

Contributions for all members are established by statute. For the year ended June 30, 2021, member contributions were at 10.00% of earnable compensation for Plan A and 5.00% of earnable compensation for Plan B. For the year ended June 30, 2020, member contributions were at 9.50% 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 municipality.

According to state statute, contributions for all employers are actuarially determined each year. For the year ended June 30, 2021, the employer contributions were at 29.50% of earnable compensation for Plan A and 15.50% of earnable compensation for Plan B. For the year ended June 30, 2020, the employer contributions were at 27.75% of earnable compensation for Plan A and 14.00% 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.

**Municipal Employees' Retirement System of Louisiana**  
**Notes to Financial Statements**  
**June 30, 2021**

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

**B. Reserves**

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

*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.

*Pension Accumulation Reserve*

The Pension Accumulation Reserve consists of contributions paid by employers, interest earned on investments and any other income not covered by other accounts. This reserve 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, and/or (3) pay all or a portion of any future net direct employer contributions. The Funding Deposit Account was established as of January 1, 2009.

**Municipal Employees' Retirement System of Louisiana**  
**Notes to Financial Statements**  
**June 30, 2021**

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

**B. Reserves (Continued)**

The balances of the reserve funds at June 30, 2021 and 2020 are as follows:

<b>Reserve Funds</b>	<b>2021</b>		<b>2020</b>	
	<b>Plan A</b>	<b>Plan B</b>	<b>Plan A</b>	<b>Plan B</b>
Annuity Savings	\$ 125,243,923	\$ 28,618,465	\$ 125,935,999	\$ 28,267,797
Pension Accumulation Reserve (Deficit)	93,026,669	53,942,486	(57,493,727)	21,854,432
Annuity Reserve	712,997,168	126,979,571	676,976,303	118,331,481
Deferred Retirement Option Account	33,772,020	8,322,185	30,856,668	7,772,196
Funding Deposit Account	10,695,893	1,869,690	10,000,835	1,748,191
	<u>\$ 975,735,673</u>	<u>\$ 219,732,397</u>	<u>\$ 786,276,078</u>	<u>\$ 177,974,097</u>

**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, 2021 and 2020 are as follows:

	<b>Plan A</b>	
	<b>June 30, 2021</b>	<b>June 30, 2020</b>
Total pension liability	\$ 1,253,886,002	\$ 1,218,616,969
Plan fiduciary net position	975,735,673	786,276,078
Employers' net pension liability	<u>\$ 278,150,329</u>	<u>\$ 432,340,891</u>
Plan fiduciary net position as a % of the total pension liability	77.82%	64.52%
	<b>Plan B</b>	
	<b>June 30, 2021</b>	<b>June 30, 2020</b>
Total pension liability	\$ 277,663,255	\$ 268,596,718
Plan fiduciary net position	219,732,397	177,974,097
Employers' net pension liability	<u>\$ 57,930,858</u>	<u>\$ 90,622,621</u>
Plan fiduciary net position as a % of the total pension liability	79.14%	66.26%

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.

**Municipal Employees' Retirement System of Louisiana**  
**Notes to Financial Statements**  
**June 30, 2021**

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

C. Funding Status (Continued)

The actuarial assumptions used in the June 30, 2021 and 2020 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, 2021 and 2020 is based on actuarial valuations for the same period, updated using generally accepted actuarial principles.

Information on the actuarial valuation and assumptions is as follows:

	<b><u>June 30, 2021</u></b>	<b><u>June 30, 2020</u></b>
Valuation date	June 30, 2021	June 30, 2020
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	6.95%, 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.

**Municipal Employees' Retirement System of Louisiana**  
**Notes to Financial Statements**  
**June 30, 2021**

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

C. Funding Status (Continued)

Information on the actuarial valuation and assumptions is as follows:

	<u>June 30, 2021</u>	<u>June 30, 2020</u>
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.

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, 2021 and 2020 are summarized in the following table:

<u>Asset Class</u>	<u>2021</u>		<u>2020</u>	
	<u>Target Asset Allocation</u>	<u>Long-Term Expected Portfolio Real Rate of Return</u>	<u>Target Asset Allocation</u>	<u>Long-Term Expected Portfolio Real Rate of Return</u>
Public equity	53%	2.31%	53%	2.33%
Public fixed income	38%	1.65%	38%	1.67%
Alternatives	<u>9%</u>	<u>0.39%</u>	<u>9%</u>	<u>0.40%</u>
Totals	<u>100%</u>	4.35%	<u>100%</u>	4.40%
Inflation		<u>2.60%</u>		<u>2.60%</u>
Expected Arithmetic Nominal Return		<u>6.95%</u>		<u>7.00%</u>

The discount rate used to measure the total pension liability was 6.85% and 6.95% for the years ended June 30, 2021 and 2020, respectively. 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.

**Municipal Employees' Retirement System of Louisiana**  
**Notes to Financial Statements**  
**June 30, 2021**

**Note 3-Contributions, Funding Status and Reserves (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, 2021 and 2020, using the discount rate of 6.85% and 6.95%, respectively, as well as what the employers' net pension liability would be if it were calculated using a discount rate that is one percentage point lower (5.85%) and (5.95%), respectively, or one percentage point higher (7.85%) and (7.95%), respectively, than the current rate.

	<b>Changes in Discount Rate</b>		
	<b>1% Decrease (5.85%)</b>	<b>Current Discount Rate (6.85%)</b>	<b>1% Increase (7.85%)</b>
<b><u>2021 Employer Net Pension Liability</u></b>			
Plan A	\$ 411,954,829	\$ 278,150,329	\$ 165,133,877
Plan B	\$ 88,877,974	\$ 57,930,858	\$ 31,755,392
	<b>1% Decrease (5.95%)</b>	<b>Current Discount Rate (6.95%)</b>	<b>1% Increase (7.95%)</b>
<b><u>2020 Employer Net Pension Liability</u></b>			
Plan A	\$ 562,428,117	\$ 432,340,891	\$ 322,346,642
Plan B	\$ 120,635,610	\$ 90,622,621	\$ 65,227,497

**Note 4-Deposits, Cash Equivalents and Investments**

Following are the components of the System's deposits, cash equivalents and investments at June 30, 2021 and 2020:

	<b><u>2021</u></b>	<b><u>2020</u></b>
Cash	\$ 25,746,815	\$ 25,516,962
Cash equivalents	12,035,767	9,366,035
Investments	<u>1,147,290,448</u>	<u>919,344,428</u>
Total	<u>\$ 1,185,073,030</u>	<u>\$ 954,227,425</u>

**Municipal Employees' Retirement System of Louisiana**  
**Notes to Financial Statements**  
**June 30, 2021**

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

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.

B. Cash Equivalents

As of June 30, 2021 and 2020, cash equivalents in the amount of \$12,035,767 and \$9,366,035, 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, 2021 and 2020, 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.



**Municipal Employees' Retirement System of Louisiana**  
**Notes to Financial Statements**  
**June 30, 2021**

**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, 2021:

<b>Investments by Fair Value Level</b>	<b>2021</b>	<b>Fair Value Measurements</b>		
	<b>Total</b>	<b>Level 1</b>	<b>Level 2</b>	<b>Level 3</b>
Debt Securities				
Mutual funds	\$ 410,564,534	\$ -	\$ 410,564,534	\$ -
Total debt securities	<u>410,564,534</u>	<u>-</u>	<u>410,564,534</u>	<u>-</u>
Equity Securities				
Domestic stock	79,297,033	79,297,033	-	-
Domestic equity	300,830,965	-	300,830,965	-
Foreign equity	<u>275,649,217</u>	<u>-</u>	<u>275,649,217</u>	<u>-</u>
Total equity securities	<u>655,777,215</u>	<u>79,297,033</u>	<u>576,480,182</u>	<u>-</u>
Cash equivalents	<u>12,035,767</u>	<u>-</u>	<u>12,035,767</u>	<u>-</u>
Total investments at fair value level	<u>1,078,377,516</u>	<u>\$ 79,297,033</u>	<u>\$ 999,080,483</u>	<u>\$ -</u>
<b>Investments measured at</b>				
<b>Net Asset Value (NAV)</b>				
Hedge funds	2,103,412			
Private debt	12,126,637			
Private equity	400,000			
Real estate	<u>66,318,650</u>			
Total investments at NAV	<u>80,948,699</u>			
<b>Total Investments at Fair Value</b>	<u>\$ 1,159,326,215</u>			

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**Municipal Employees' Retirement System of Louisiana**  
**Notes to Financial Statements**  
**June 30, 2021**

**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, 2021, are presented in the following table:

<u>Investment Type</u>	<u>2021 Fair Value</u>	<u>Unfunded Commitments</u>	<u>Redemption Frequency</u>	<u>Redemption Notice Period</u>
Hedge funds:				
Golden Tree Offshore Fund, LTD	\$ 2,103,412	\$ -	N/A	N/A
Private debt:				
Blue Bay Direct Lending Fund II	12,126,637	11,840,399	N/A	N/A
Private equity:				
Louisiana Fund II	400,000	-	N/A	N/A
Real estate:				
TA Realty Core Property Fund, LP	57,919,320	-	Quarterly	45 Days
Gainesville Vision, LLC	8,362,800	-	N/A	N/A
Great-West Real Estate Index Fund	36,530	-	N/A	N/A
Total real estate	<u>66,318,650</u>			
<b>Total Investments at NAV</b>	<u>\$ 80,948,699</u>			

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**Municipal Employees' Retirement System of Louisiana**  
**Notes to Financial Statements**  
**June 30, 2021**

**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, 2020:

<b>Investments by Fair Value Level</b>	<b>2020</b>	<b>Fair Value Measurements</b>		
	<b>Total</b>	<b>Level 1</b>	<b>Level 2</b>	<b>Level 3</b>
Debt Securities				
Mutual funds	\$ 359,476,672	\$ -	\$ 359,476,672	\$ -
Total debt securities	<u>359,476,672</u>	<u>-</u>	<u>359,476,672</u>	<u>-</u>
Equity Securities				
Domestic stock	50,674,633	50,674,633	-	-
Domestic equity	222,650,736	-	222,650,736	-
Foreign equity	199,953,825	-	199,953,825	-
Total equity securities	<u>473,279,194</u>	<u>50,674,633</u>	<u>422,604,561</u>	<u>-</u>
Cash equivalents	<u>9,366,035</u>	<u>-</u>	<u>9,366,035</u>	<u>-</u>
Total investments at fair value level	<u>842,121,901</u>	<u>\$ 50,674,633</u>	<u>\$ 791,447,268</u>	<u>\$ -</u>
<b>Investments measured at Net Asset Value (NAV)</b>				
Hedge funds	1,651,210			
Private debt	11,118,914			
Private equity	2,890,588			
Real estate	70,927,850			
Total investments at NAV	<u>86,588,562</u>			
<b>Total Investments at Fair Value</b>	<u>\$ 928,710,463</u>			

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**Municipal Employees' Retirement System of Louisiana**  
**Notes to Financial Statements**  
**June 30, 2021**

**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, 2020, are presented in the following table:

<u>Investment Type</u>	<u>2020 Fair Value</u>	<u>Unfunded Commitments</u>	<u>Redemption Frequency</u>	<u>Redemption Notice Period</u>
Hedge funds:				
Golden Tree Offshore Fund, LTD	\$ 1,651,210	\$ -	N/A	N/A
Private debt:				
Blue Bay Direct Lending Fund II	11,118,914	12,953,299	N/A	N/A
Private equity:				
Louisiana Fund II	2,890,588	100,000	N/A	N/A
Real estate:				
Sentinel Real Estate Fund, LP	15,820,104	-	Quarterly	30 Days
TA Realty Core Property Fund, LP	51,513,829	-	Quarterly	45 Days
Gainesville Vision, LLC	3,569,962	-	N/A	N/A
Great-West Real Estate Index Fund	<u>23,955</u>	-	N/A	N/A
Total real estate	<u>70,927,850</u>			
<b>Total Investments at NAV</b>	<b><u>\$ 86,588,562</u></b>			

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. Hedge Funds

This type includes partnerships that invest directly in publicly traded equities, equity futures, options, currencies, derivatives, commodities, fixed income instruments and index futures. 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. These funds can typically be liquidated within one year (except for any side pocket assets).

**Municipal Employees' Retirement System of Louisiana**  
**Notes to Financial Statements**  
**June 30, 2021**

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

G. 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.

H. Private Equity

This type includes private equity funds that invest diversely across private equity sub-categories including venture capital, growth equity, private credit, buyout and special situations. 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 RS 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 in effect as of June 2021 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, 2021 and 2020, the components of the System's investment portfolio fell within the allowable ranges.

**Municipal Employees' Retirement System of Louisiana**  
**Notes to Financial Statements**  
**June 30, 2021**

**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, 2021, the System was invested in four fixed income mutual funds in the amount of \$382,818,433. The weighted average credit rating of holdings in the funds at June 30, 2021 are as follows: Brandywine Global Opportunistic Fixed Income Fund in the amount of \$52,013,880, has a credit rating ranging from AAA to CCC or lower with the majority of holdings rated from AAA to BBB; Loomis Sayles in the amount of \$59,057,290, has a credit rating ranging from AAA to CAA or lower with the majority of holdings rated from Aaa to Baa; Northern Trust Collective Aggregate Bond Index Fund in the amount of \$191,520,033, has a credit rating ranging from AAA to BBB; and Northern Trust Treasury Inflation-Protected Securities (TIPS) Index Fund in the amount of \$80,227,230 has a credit rating of AAA.

At June 30, 2020, the System was invested in four fixed income mutual funds in the amount of \$333,938,798. The weighted average credit rating of holdings in the funds at June 30, 2020 are as follows: Brandywine Global Opportunistic Fixed Income Fund in the amount of \$46,179,257, has a credit rating ranging from AAA to CCC or lower with the majority of holdings rated from AAA to BBB; Loomis Sayles in the amount of \$55,249,451, has a credit rating ranging from AAA to CAA or lower with the majority of holdings rated from Aaa to Baa; Northern Trust Collective Aggregate Bond Index Fund in the amount of \$166,646,556, has a credit rating ranging from AAA to BBB; and Northern Trust TIPS Index Fund in the amount of \$65,863,534 has a credit rating of AAA.

**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, 2021, 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, 2021 and 2020, 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, 2021, the annual money-weighted rate of return on pension plan investments, net of pension plan investment expense, was 25.5% for Plan A and 26.8% for Plan B. For the year ended June 30, 2020, the annual money-weighted rate of return on pension plan investments, net of pension plan investment expense, was 1.3% for Plan A and 7.8% for Plan B. The money-weighted rate of return expresses investment performance, net of investment expenses, adjusted for the changing amounts actually invested.

**Municipal Employees' Retirement System of Louisiana**  
**Notes to Financial Statements**  
**June 30, 2021**

**Note 5-Property, Plant, and Equipment**

Changes in property, plant, and equipment as of June 30, 2021, are as follows:

	<b><u>Beginning Balance</u></b>	<b><u>Additions</u></b>	<b><u>Deletions</u></b>	<b><u>Ending Balance</u></b>
Capital assets not being depreciated:				
Land	\$ 337,233	\$ -	\$ -	\$ 337,233
Software in progress	<u>706,493</u>	<u>552,926</u>	<u>(1,114,420)</u>	<u>144,999</u>
Total capital assets not being depreciated	<u>1,043,726</u>	<u>552,926</u>	<u>(1,114,420)</u>	<u>482,232</u>
Capital assets being depreciated:				
Building	2,135,536	-	-	2,135,536
Furnishings and equipment	<u>382,149</u>	<u>1,126,169</u>	-	<u>1,508,318</u>
Total capital assets being depreciated	2,517,685	1,126,169	-	3,643,854
Less accumulated depreciation	<u>(1,077,612)</u>	<u>(260,775)</u>	-	<u>(1,338,387)</u>
Capital assets being depreciated, net	<u>1,440,073</u>	<u>865,394</u>	-	<u>2,305,467</u>
Property, plant, and equipment, net	<u>\$ 2,483,799</u>	<u>\$ 1,418,320</u>	<u>\$ (1,114,420)</u>	<u>\$ 2,787,699</u>

Changes in property, plant, and equipment as of June 30, 2020, are as follows:

	<b><u>Beginning Balance</u></b>	<b><u>Additions</u></b>	<b><u>Deletions</u></b>	<b><u>Ending Balance</u></b>
Capital assets not being depreciated:				
Land	\$ 389,547	\$ -	\$ (52,314)	\$ 337,233
Software in progress	<u>255,631</u>	<u>454,462</u>	<u>(3,600)</u>	<u>706,493</u>
Total capital assets not being depreciated	<u>645,178</u>	<u>454,462</u>	<u>(55,914)</u>	<u>1,043,726</u>
Capital assets being depreciated:				
Building	2,145,852	-	(10,316)	2,135,536
Furnishings and equipment	<u>394,588</u>	<u>3,600</u>	<u>(16,039)</u>	<u>382,149</u>
Total capital assets being depreciated	2,540,440	3,600	(26,355)	2,517,685
Less accumulated depreciation	<u>(1,005,474)</u>	<u>(89,918)</u>	<u>17,780</u>	<u>(1,077,612)</u>
Capital assets being depreciated, net	<u>1,534,966</u>	<u>(86,318)</u>	<u>(8,575)</u>	<u>1,440,073</u>
Property, plant, and equipment, net	<u>\$ 2,180,144</u>	<u>\$ 368,144</u>	<u>\$ (64,489)</u>	<u>\$ 2,483,799</u>

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, 2021 and 2020 was \$260,775 and \$89,918, respectively, and is included in administrative expenses on the statements of changes in fiduciary net position.

**Municipal Employees' Retirement System of Louisiana**  
**Notes to Financial Statements**  
**June 30, 2021**

**Note 6-Tax Qualifications**

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

**Note 7-Vacation and Sick Leave**

Employees of the System accumulate unlimited amounts of vacation and sick leave. For the year ended June 30, 2021, 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, 2021 and 2020 was \$80,224 and \$86,452, respectively, which is included in "other payables" on the statements of fiduciary net position.

**Note 8-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, 2021 and 2020, the following employees were covered by the benefit terms:

	<u>2021</u>	<u>2020</u>
Retired employees	3	3
Active employees	8	8
	<u>11</u>	<u>11</u>

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, 2021 and 2020, the System paid \$7,683 and \$7,996, respectively, for insurance premiums.



**Municipal Employees' Retirement System of Louisiana**  
**Notes to Financial Statements**  
**June 30, 2021**

**Note 8-Other Post-employment Benefit Plan (OPEB) (Continued)**

Total OPEB Liability and OPEB (Benefit) Expense

The System's total OPEB liability of \$396,948 and \$362,286 was measured and determined by an actuarial valuation as of June 30, 2021 and 2020, respectively.

The System recognized OPEB expense (benefit) in the amount of \$34,662 and (\$106,202) for the years ended June 30, 2021 and 2020, respectively.

Changes in the Total OPEB Liability

The following table shows the System's changes in total OPEB obligation for the years ended June 30, 2021 and 2020:

	<u>2021</u>	<u>2020</u>
Total OPEB liability, beginning of year	\$ 362,286	\$ 468,488
Adjustments to the OPEB liability:		
Service cost	15,873	18,037
Interest	8,984	16,890
Effect of economic/demographic gains	7,950	(175,415)
Effect of assumptions changes or inputs	9,538	42,282
	42,345	(98,206)
Benefit payments	(7,683)	(7,996)
	\$ 396,948	\$ 362,286

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, 2021 and 2020 are as follows:

	<u>June 30, 2021</u>	<u>June 30, 2020</u>
Actuarial Method	Entry Age Normal	Entry Age Normal
Amortization Method	Level Percentage of Payroll	Level Percentage of Payroll
Amortization Period	20	20

**Municipal Employees' Retirement System of Louisiana**  
**Notes to Financial Statements**  
**June 30, 2021**

**Note 8-Other Post-employment Benefit Plan (OPEB) (Continued)**

Actuarial Methods and Assumptions (Continued)

	<u><b>June 30, 2021</b></u>	<u><b>June 30, 2020</b></u>
Bond Yield	2.20%	2.40%
Discount Rate	2.20% (based on the Bond Buyer's 20-year bond general obligation index as of June 30, 2021)	2.40% (based on the Bond Buyer's 20-year bond general obligation index as of June 30, 2020)
Projected Salary Increases	2.00%	2.00%
Average Retirement Age	60	60
Percentage Participation	100%	100%
NOL and 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.	RP2000 Mortality Table for Males and Females Projected 18 years; this assumption does not include a margin for future improvements in longevity
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	4.70%	6.20%
Dental	3.00%	3.00%
Vision	3.00%	3.00%

**Municipal Employees' Retirement System of Louisiana**  
**Notes to Financial Statements**  
**June 30, 2021**

**Note 8-Other Post-employment Benefit Plan (OPEB) (Continued)**

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

The following presents the System's total OPEB liability as of June 30, 2021 and 2020, using the discount rates of 2.20% and 2.40%, 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:

	<b>Changes in Discount Rate</b>					
	<b>2021</b>			<b>2020</b>		
	1% Decrease <u>(1.20%)</u>	Discount Rate <u>(2.20%)</u>	1% Increase <u>(3.20%)</u>	1% Decrease <u>(1.40%)</u>	Discount Rate <u>(2.40%)</u>	1% Increase <u>(3.40%)</u>
Total OPEB liability	<u>\$ 450,069</u>	<u>\$ 396,948</u>	<u>\$ 352,428</u>	<u>\$ 407,852</u>	<u>\$ 362,286</u>	<u>\$ 323,546</u>

The following presents the System's total OPEB liability as of June 30, 2021 and 2020 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:

	<b>Changes in Healthcare Cost Trend Rates</b>					
	<b>2021</b>			<b>2020</b>		
	1% Decrease <u>Decrease</u>	Healthcare Cost Trend Rates <u>Rates</u>	1% Increase <u>Increase</u>	1% Decrease <u>Decrease</u>	Healthcare Cost Trend Rates <u>Rates</u>	1% Increase <u>Increase</u>
Total OPEB liability	<u>\$ 344,212</u>	<u>\$ 396,948</u>	<u>\$ 461,329</u>	<u>\$ 318,841</u>	<u>\$ 362,286</u>	<u>\$ 414,506</u>

**Note 9-Subsequent Events**

The System evaluated all subsequent events through December 15, 2021, 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 Eight Years Ended June 30, 2021, 2020, 2019, 2018, 2017, 2016, 2015, and 2014**

	<u>2021</u>	<u>2020</u>	<u>2019</u>	<u>2018</u>	<u>2017</u>	<u>2016</u>	<u>2015</u>	<u>2014</u>
<b>Total Pension Liability:</b>								
Service cost	\$ 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	83,685,327	81,855,536	82,709,709	81,802,697	80,406,612	78,661,214	75,893,993	74,566,028
Differences between expected and actual experience	(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	(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	(5,121,224)	(3,652,378)	(4,584,449)	(4,508,706)	(3,455,854)	(3,691,857)	(3,607,850)	(3,894,171)
Other	(807,317)	(1,090,051)	312,893	66,054	(185,316)	2,506,020	(274,719)	712,070
<b>Net change in total pension liability</b>	<b>35,269,033</b>	<b>35,691,134</b>	<b>34,631,854</b>	<b>32,893,880</b>	<b>33,652,833</b>	<b>25,547,238</b>	<b>69,483,028</b>	<b>19,052,950</b>
<b>Total pension liability - beginning</b>	<b>1,218,616,969</b>	<b>1,182,925,835</b>	<b>1,148,293,981</b>	<b>1,115,400,101</b>	<b>1,081,747,268</b>	<b>1,056,200,030</b>	<b>986,717,002</b>	<b>967,664,052</b>
<b>Total pension liability - ending (a)</b>	<b>\$ 1,253,886,002</b>	<b>\$ 1,218,616,969</b>	<b>\$ 1,182,925,835</b>	<b>\$ 1,148,293,981</b>	<b>\$ 1,115,400,101</b>	<b>\$ 1,081,747,268</b>	<b>\$ 1,056,200,030</b>	<b>\$ 986,717,002</b>
<b>Plan Fiduciary Net Position:</b>								
Contributions - member	\$ 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	59,130,738	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	7,461,963	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)	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	(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	(5,121,224)	(3,652,378)	(4,584,449)	(4,508,706)	(3,455,854)	(3,691,857)	(3,607,850)	(3,894,171)
Administrative expenses	(1,563,545)	(1,108,259)	(1,583,003)	(1,429,978)	(922,840)	(1,148,300)	(1,367,711)	(1,677,654)
Other	(807,317)	(1,090,051)	312,893	66,054	(185,317)	2,506,020	(274,719)	712,070
<b>Net change in plan fiduciary net position</b>	<b>189,459,595</b>	<b>21,216,392</b>	<b>30,833,492</b>	<b>37,168,255</b>	<b>25,181,728</b>	<b>(27,108,155)</b>	<b>(31,088,178)</b>	<b>72,349,351</b>
<b>Total fiduciary net position - beginning</b>	<b>786,276,078</b>	<b>765,059,686</b>	<b>734,226,194</b>	<b>697,057,939</b>	<b>671,876,210</b>	<b>698,984,365</b>	<b>730,072,543</b>	<b>657,723,192</b>
<b>Total fiduciary net position - ending (b)</b>	<b>\$ 975,735,673</b>	<b>\$ 786,276,078</b>	<b>\$ 765,059,686</b>	<b>\$ 734,226,194</b>	<b>\$ 697,057,938</b>	<b>\$ 671,876,210</b>	<b>\$ 698,984,365</b>	<b>\$ 730,072,543</b>
<b>Net pension liability - ending (a) - (b)</b>	<b>\$ 278,150,329</b>	<b>\$ 432,340,891</b>	<b>\$ 417,866,149</b>	<b>\$ 414,067,787</b>	<b>\$ 418,342,163</b>	<b>\$ 409,871,058</b>	<b>\$ 357,215,665</b>	<b>\$ 256,644,459</b>
<b>Plan fiduciary net position as a percentage of the total pension liability</b>	77.82%	64.52%	64.68%	63.94%	62.49%	62.11%	66.18%	73.99%
<b>Covered payroll</b>	\$ 200,443,180	\$ 193,109,488	\$ 188,254,188	\$ 183,378,800	\$ 182,332,440	\$ 180,948,253	\$ 172,466,167	\$ 168,007,531
<b>Net pension liability as a percentage of covered payroll</b>	138.77%	223.88%	221.97%	225.80%	229.44%	226.51%	207.12%	152.76%

\*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.

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

	<u>2021</u>	<u>2020</u>	<u>2019</u>	<u>2018</u>	<u>2017</u>	<u>2016</u>	<u>2015</u>	<u>2014</u>
<b>Total Pension Liability:</b>								
Service cost	\$ 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	18,586,261	18,022,815	17,839,818	17,505,988	16,949,121	16,215,425	15,681,899	15,153,572
Differences between expected and actual experience	(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	(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	(1,183,058)	(922,512)	(1,172,865)	(1,117,113)	(1,008,206)	(1,023,784)	(1,113,933)	(864,399)
Other	(45,254)	(236,704)	(181,188)	(301,679)	268,893	(2,325,973)	104,328	(944,055)
<b>Net change in total pension liability</b>	<u>9,066,537</u>	<u>10,244,279</u>	<u>12,484,458</u>	<u>8,876,744</u>	<u>10,898,807</u>	<u>8,858,723</u>	<u>13,624,674</u>	<u>7,919,176</u>
<b>Total pension liability - beginning</b>	<u>268,596,718</u>	<u>258,352,439</u>	<u>245,867,981</u>	<u>236,991,237</u>	<u>226,092,430</u>	<u>217,233,707</u>	<u>203,609,033</u>	<u>195,689,857</u>
<b>Total pension liability - ending (a)</b>	<u>\$ 277,663,255</u>	<u>\$ 268,596,718</u>	<u>\$ 258,352,439</u>	<u>\$ 245,867,981</u>	<u>\$ 236,991,237</u>	<u>\$ 226,092,430</u>	<u>\$ 217,233,707</u>	<u>\$ 203,609,033</u>
<b>Plan Fiduciary Net Position:</b>								
Contributions - member	\$ 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	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	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)	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	(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	(1,183,058)	(922,512)	(1,172,865)	(1,117,113)	(1,008,206)	(1,023,784)	(1,113,933)	(864,399)
Administrative expenses	(627,038)	(454,298)	(687,603)	(575,600)	(1,054,332)	(465,057)	(551,946)	(354,166)
Other	(45,254)	(236,704)	(181,188)	(301,679)	268,893	(2,325,973)	104,328	(944,055)
<b>Net change in plan fiduciary net position</b>	<u>41,758,300</u>	<u>7,102,993</u>	<u>9,586,302</u>	<u>10,816,844</u>	<u>7,266,372</u>	<u>(6,067,409)</u>	<u>(7,390,401)</u>	<u>15,915,333</u>
<b>Total fiduciary net position - beginning</b>	<u>177,974,097</u>	<u>170,871,104</u>	<u>161,284,802</u>	<u>150,467,958</u>	<u>143,201,586</u>	<u>149,268,995</u>	<u>156,659,396</u>	<u>140,744,063</u>
<b>Total fiduciary net position - ending (b)</b>	<u>\$ 219,732,397</u>	<u>\$ 177,974,097</u>	<u>\$ 170,871,104</u>	<u>\$ 161,284,802</u>	<u>\$ 150,467,958</u>	<u>\$ 143,201,586</u>	<u>\$ 149,268,995</u>	<u>\$ 156,659,396</u>
<b>Net pension liability - ending (a) - (b)</b>	<u>\$ 57,930,858</u>	<u>\$ 90,622,621</u>	<u>\$ 87,481,335</u>	<u>\$ 84,583,179</u>	<u>\$ 86,523,279</u>	<u>\$ 82,890,844</u>	<u>\$ 67,964,712</u>	<u>\$ 46,949,637</u>
<b>Plan fiduciary net position as a percentage of the total pension liability</b>	79.14%	66.26%	66.14%	65.60%	63.49%	63.34%	68.71%	76.94%
<b>Covered payroll</b>	\$ 77,353,871	\$ 78,386,529	\$ 76,426,007	\$ 74,543,472	\$ 74,430,436	\$ 73,470,337	\$ 69,367,968	\$ 68,010,789
<b>Net pension liability as a percentage of covered payroll</b>	74.89%	115.61%	114.47%	113.47%	116.25%	112.82%	97.98%	69.03%

\*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.

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

	<u>2021</u>	<u>2020</u>	<u>2019</u>	<u>2018</u>	<u>2017</u>	<u>2016</u>	<u>2015</u>	<u>2014</u>
Total pension liability	\$ 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	<u>975,735,673</u>	<u>786,276,078</u>	<u>765,059,686</u>	<u>734,226,194</u>	<u>697,057,938</u>	<u>671,876,210</u>	<u>698,984,365</u>	<u>730,072,543</u>
Net pension liability	<u>\$ 278,150,329</u>	<u>\$ 432,340,891</u>	<u>\$ 417,866,149</u>	<u>\$ 414,067,787</u>	<u>\$ 418,342,163</u>	<u>\$ 409,871,058</u>	<u>\$ 357,215,665</u>	<u>\$ 256,644,459</u>
Plan fiduciary net percentage as a percentage of the total pension liability	77.82%	64.52%	64.68%	63.94%	62.49%	62.11%	66.18%	73.99%
Covered payroll	\$ 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	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 Eight Years Ended June 30, 2021, 2020, 2019, 2018, 2017, 2016, 2015, and 2014**

	<u>2021</u>	<u>2020</u>	<u>2019</u>	<u>2018</u>	<u>2017</u>	<u>2016</u>	<u>2015</u>	<u>2014</u>
Actuarially determined contribution (determined as of the prior fiscal year)	\$ 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	<u>66,592,701</u>	<u>60,371,911</u>	<u>55,363,189</u>	<u>51,624,002</u>	<u>47,635,709</u>	<u>41,796,502</u>	<u>39,999,677</u>	<u>37,242,927</u>
Contribution deficiency (excess)	<u>\$ (527,669)</u>	<u>\$ (209,672)</u>	<u>\$ (123,840)</u>	<u>\$ 59,092</u>	<u>\$ 920,981</u>	<u>\$ (574,937)</u>	<u>\$ 1,844,136</u>	<u>\$ 59,634</u>
Covered payroll	\$ 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	33.22%	31.26%	29.41%	28.15%	26.13%	23.10%	23.19%	22.17%

**Schedules of Investment Returns – Plan A**  
**\*For the Eight Years Ended June 30, 2021, 2020, 2019, 2018, 2017, 2016, 2015, and 2014**

	<u>2021</u>	<u>2020</u>	<u>2019</u>	<u>2018</u>	<u>2017</u>	<u>2016</u>	<u>2015</u>	<u>2014</u>
Annual money-weighted rate of return, net of investment expense	25.50%	1.30%	2.00%	4.00%	3.50%	-3.10%	-2.80%	13.00%

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

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 Eight Years Ended June 30, 2021, 2020, 2019, 2018, 2017, 2016, 2015, and 2014**

	<u>2021</u>	<u>2020</u>	<u>2019</u>	<u>2018</u>	<u>2017</u>	<u>2016</u>	<u>2015</u>	<u>2014</u>
Total pension liability	\$ 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	<u>219,732,397</u>	<u>177,974,097</u>	<u>170,871,104</u>	<u>161,284,802</u>	<u>150,467,958</u>	<u>143,201,586</u>	<u>149,268,995</u>	<u>156,659,396</u>
Net pension liability	<u>\$ 57,930,858</u>	<u>\$ 90,622,621</u>	<u>\$ 87,481,335</u>	<u>\$ 84,583,179</u>	<u>\$ 86,523,279</u>	<u>\$ 82,890,844</u>	<u>\$ 67,964,712</u>	<u>\$ 46,949,637</u>
Plan fiduciary net percentage as a percentage of the total pension liability	79.14%	66.26%	66.14%	65.60%	63.49%	63.34%	68.71%	76.94%
Covered payroll	\$ 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	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 Eight Years Ended June 30, 2021, 2020, 2019, 2018, 2017, 2016, 2015, and 2014**

	<u>2021</u>	<u>2020</u>	<u>2019</u>	<u>2018</u>	<u>2017</u>	<u>2016</u>	<u>2015</u>	<u>2014</u>
Actuarially determined contribution (determined as of the prior fiscal year)	\$ 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	<u>14,489,134</u>	<u>13,755,018</u>	<u>13,336,187</u>	<u>12,387,850</u>	<u>10,677,042</u>	<u>9,441,974</u>	<u>8,993,209</u>	<u>8,211,875</u>
Contribution deficiency (excess)	<u>\$ 322,244</u>	<u>\$ (281,920)</u>	<u>\$ (50,621)</u>	<u>\$ 23,716</u>	<u>\$ 190,154</u>	<u>\$ 151,482</u>	<u>\$ 316,506</u>	<u>\$ 23,494</u>
Covered payroll	\$ 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	18.73%	17.55%	17.45%	16.62%	14.34%	12.85%	12.96%	12.07%

**Schedules of Investment Returns – Plan B**  
**\*For the Eight Years Ended June 30, 2021, 2020, 2019, 2018, 2017, 2016, 2015, and 2014**

	<u>2021</u>	<u>2020</u>	<u>2019</u>	<u>2018</u>	<u>2017</u>	<u>2016</u>	<u>2015</u>	<u>2014</u>
Annual money-weighted rate of return, net of investment expense	26.80%	7.80%	4.60%	7.70%	5.40%	-2.20%	-1.50%	13.00%

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

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 Three Years Ended June 30, 2021, 2020, and 2019**

	<u>2021</u>	<u>2020</u>	<u>2019</u>
Total OPEB Liability			
Service Cost	\$ 15,873	\$ 18,037	\$ 476,472
Interest	8,984	16,890	-
Effect of economic/demographic gains	7,950	(175,415)	-
Effect of assumptions changes or inputs	9,538	42,282	-
Benefit payments	<u>(7,683)</u>	<u>(7,996)</u>	<u>(7,984)</u>
Net change in total OPEB liability	34,662	(106,202)	468,488
Total OPEB liability, beginning	<u>362,286</u>	<u>468,488</u>	<u>-</u>
Total OPEB liability, ending	<u>\$ 396,948</u>	<u>\$ 362,286</u>	<u>\$ 468,488</u>
Covered-employee payroll	\$ 836,254	\$ 779,065	\$ 734,483
Total OPEB liability as a percentage of covered-employee payroll	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.

**Municipal Employees' Retirement System of Louisiana**  
**Notes to Required Supplementary Information**  
**June 30, 2021**

A. Schedules of Changes in Net Pension Liability

The total pension liability contained in this schedule was provided by the System's actuary, G.S. Curran & Company, 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

	<u>June 30, 2021</u>	<u>June 30, 2020</u>
Valuation date	June 30, 2021	June 30, 2020
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	6.95%, net of pension plan investment expense, including inflation

**Municipal Employees' Retirement System of Louisiana**  
**Notes to Required Supplementary Information**  
**June 30, 2021**

F. Changes in Actuarial Assumptions (Continued)

	<b><u>June 30, 2021</u></b>	<b><u>June 30, 2020</u></b>
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, 2021**

	<u>Plan "A"</u>	<u>Plan "B"</u>	<u>Total</u>
<b>Assets</b>			
Cash	\$ 12,045,247	\$ 13,701,568	\$ 25,746,815
Receivables:			
Member/employer contributions	7,331,836	1,327,075	8,658,911
Interest and dividends	14,566	3,105	17,671
Other receivables	6,682	111	6,793
Due to (from) other funds	<u>5,552,344</u>	<u>(5,552,344)</u>	<u>-</u>
Total receivables	<u>12,905,428</u>	<u>(4,222,053)</u>	<u>8,683,375</u>
Investments, at fair value:			
Cash equivalents	4,026,416	8,009,351	12,035,767
Domestic equities	312,009,860	66,183,910	378,193,770
International equities	227,369,201	48,229,831	275,599,032
Fixed income investments	315,825,207	66,993,226	382,818,433
Hedge fund investments	1,735,315	368,097	2,103,412
Real estate investments	54,682,749	11,599,371	66,282,120
Private debt and equity investments	10,331,667	2,194,970	12,526,637
Self-directed investments	<u>23,621,744</u>	<u>6,145,300</u>	<u>29,767,044</u>
Total investments	<u>949,602,159</u>	<u>209,724,056</u>	<u>1,159,326,215</u>
Property, plant, and equipment (net of depreciation)	<u>1,956,279</u>	<u>831,420</u>	<u>2,787,699</u>
Total assets	<u>976,509,113</u>	<u>220,034,991</u>	<u>1,196,544,104</u>
<b>Liabilities</b>			
Accounts payable	151,036	29,769	180,805
Benefits payable	29,680	8,307	37,987
Refunds payable	252,314	119,212	371,526
Other payables	58,265	30,503	88,768
Other postemployment benefits obligation	<u>282,145</u>	<u>114,803</u>	<u>396,948</u>
Total liabilities	<u>773,440</u>	<u>302,594</u>	<u>1,076,034</u>
<b>Net Position Restricted for Pension Benefits</b>	<u>\$ 975,735,673</u>	<u>\$ 219,732,397</u>	<u>\$ 1,195,468,070</u>

**Municipal Employees' Retirement System of Louisiana**  
**Supplementary Information**  
**Individual Funds' Statements of Changes in Fiduciary Net Position**  
**Year Ended June 30, 2021**

	<u>Plan "A"</u>	<u>Plan "B"</u>	<u>Total</u>
<b>Additions</b>			
Contributions:			
Members'	\$ 18,119,021	\$ 3,663,275	\$ 21,782,296
Employers'	59,130,738	11,989,850	71,120,588
Ad valorem taxes and revenue sharing	<u>7,461,963</u>	<u>2,499,284</u>	<u>9,961,247</u>
 Total contributions	 <u>84,711,722</u>	 <u>18,152,409</u>	 <u>102,864,131</u>
 Investment income:			
Interest and dividend income	1,783,224	434,035	2,217,259
Net appreciation in fair value of investments	<u>188,001,369</u>	<u>40,020,860</u>	<u>228,022,229</u>
	189,784,593	40,454,895	230,239,488
Less investment expenses	<u>(2,425,833)</u>	<u>(516,453)</u>	<u>(2,942,286)</u>
 Net investment income	 <u>187,358,760</u>	 <u>39,938,442</u>	 <u>227,297,202</u>
<b>Other Additions</b>			
Assets transferred from other retirement systems	<u>1,476,845</u>	<u>396,375</u>	<u>1,873,220</u>
 Total additions	 <u>273,547,327</u>	 <u>58,487,226</u>	 <u>332,034,553</u>
<b>Deductions</b>			
Benefits	70,789,300	13,164,598	83,953,898
DROP withdrawals	4,329,501	1,312,603	5,642,104
Refund of contributions	5,121,224	1,183,058	6,304,282
Administrative expenses	1,538,908	617,013	2,155,921
Other postemployment benefits	24,637	10,025	34,662
Assets transferred to other retirement systems	<u>2,284,162</u>	<u>441,629</u>	<u>2,725,791</u>
 Total deductions	 <u>84,087,732</u>	 <u>16,728,926</u>	 <u>100,816,658</u>
 <b>Net Increase</b>	 <u>189,459,595</u>	 <u>41,758,300</u>	 <u>231,217,895</u>
<b>Net Position Restricted for Pension Benefits</b>			
Beginning of year	<u>786,276,078</u>	<u>177,974,097</u>	<u>964,250,175</u>
 End of year	 <u>\$ 975,735,673</u>	 <u>\$ 219,732,397</u>	 <u>\$ 1,195,468,070</u>

**Municipal Employees' Retirement System of Louisiana**  
**Supplementary Information**  
**Schedules of Per Diem Paid to Board Members**  
**Years Ended June 30, 2021 and 2020**

The per diem paid to the trustees is an administrative expense. For fiscal years ended June 30, 2021 and 2020, 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, 2021 and 2020, were as follows:

	<u>2021</u>	<u>2020</u>
Barney Arceneaux	\$ 375	\$ -
Donald Clause	675	525
Raymond Harris	-	600
Greg Jones	-	525
Andrea Mahfouz	-	150
Paid to Bossier City on behalf of Phyllis McGraw	450	150
Phyllis McGraw	375	525
Susan Percle	1,125	675
Mark Piazza	600	-
Michael Sands	75	600
Donald Villere	<u>900</u>	<u>600</u>
 Total per diem	 <u>\$ 4,575</u>	 <u>\$ 4,350</u>

**Municipal Employees' Retirement System of Louisiana**  
**Supplementary Information**  
**Schedules of Administrative Expenses**  
**Years Ended June 30, 2021 and 2020**

	<u>2021</u>	<u>2020</u>
Salaries and payroll taxes	\$ 848,836	\$ 790,791
Professional fees	295,418	264,845
Retirement	228,727	211,204
Depreciation	260,775	89,918
Insurance	80,431	76,110
Hospitalization	56,410	82,358
Office supplies	27,570	26,850
Utilities	26,555	29,130
Travel	11,826	26,629
Equipment and maintenance	224,228	104,857
Building and grounds maintenance	44,810	35,832
Postage	16,399	13,535
Board member-per diem	4,575	4,350
Education	5,149	1,388
Printing	1,958	-
Miscellaneous	22,254	75
(Gain) Loss on disposal of assets	<u>-</u>	<u>(89,113)</u>
Total administrative expenses	<u>\$ 2,155,921</u>	<u>\$ 1,668,759</u>



**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, 2021**

**Agency Head Name: Warren Ponder, Executive Director  
July 1, 2020 through February 28, 2021**

<b><u>Purpose</u></b>	<b><u>Amount</u></b>
Salary	\$ 106,600
Benefits - accrued leave	23,063
Benefits - insurance	4,349
Benefits - retirement	31,447
Car allowance	-
Vehicle provided by agency	-
Per diem	-
Reimbursements	1,132
Travel	164
Registration fees	835
Conference travel	-
Continuing professional education fees	-
Housing	-
Unvouchered expenses	-
Special meals	-

**Agency Head Name: Maris LeBlanc, Executive Director  
February 1, 2021 through June 30, 2021**

<b><u>Purpose</u></b>	<b><u>Amount</u></b>
Salary	\$ 64,583
Benefits - insurance	144
Benefits - retirement	19,052
Car allowance	-
Vehicle provided by agency	-
Per diem	-
Reimbursements	182
Travel	16
Registration fees	435
Conference travel	-
Continuing professional education fees	894
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 Municipal Employees' Retirement System of Louisiana, which comprise the statements of fiduciary net position as of June 30, 2021 and 2020, and the related statements of changes in fiduciary net position for the years then ended, and the related notes to the financial statements, and have issued our report thereon dated December 15, 2021.

**Internal Control over Financial Reporting**

In planning and performing our audits of the financial statements, we considered 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 Municipal Employees' Retirement System of Louisiana's internal control. Accordingly, we do not express an opinion on the effectiveness of 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 may exist that have not been identified.

**Compliance and Other Matters**

As part of obtaining reasonable assurance about whether 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*.

**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 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 entity's internal control and compliance. Accordingly, this communication is not suitable for any other purpose.

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

December 15, 2021

**Municipal Employees' Retirement System of Louisiana**  
**Schedule of Findings and Responses**  
**Year Ended June 30, 2021**

**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, 2021, 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, 2021**

**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, 2020.