Luther Speight & Company, LLC
Certified Public Accountants and Consultants

NEW ORLEANS MUNICIPAL EMPLOYEES' RETIREMENT SYSTEM

FINANCIAL STATEMENTS TOGETHER WITH INDEPENDENT AUDITOR'S REPORT

AS OF AND FOR THE YEAR ENDED DECEMBER 31, 2025 AND COMPARATIVE TOTALS FOR 2024

NEW ORLEANS MUNICIPAL EMPLOYEES' RETIREMENT SYSTEM
TABLE OF CONTENTS

Luther Speight & Company, LLC
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INDEPENDENT AUDITOR'S REPORT

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

Report on the Audit of the Financial Statements

Opinion
We have audited the accompanying financial statements of the New Orleans Municipal Employees' Retirement System (the System), a component unit of the City of New Orleans, which comprises the statements of fiduciary net position as of December 31, 2025, the related statement of changes in fiduciary net position for the year then ended, and the related notes to the financial statements.

In our opinion, the financial statements referred to above present fairly, in all material respects, information regarding the System's net position as of December 31, 2025, and the changes in financial position for the year then ended in accordance with accounting principles generally accepted in the United States of America.

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

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

In preparing the financial statements, management is required to evaluate whether there are conditions or events, considered in the aggregate, that raise substantial doubt about the System's ability to continue as a going concern for one year after the date the financial statements are available to be issued.

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

Auditor's Responsibilities for the Audit of the Financial Statements
Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance but is not absolute assurance and therefore is not a guarantee that an audit conducted in accordance with generally accepted auditing standards and *Government Auditing Standards* will always detect a material misstatement when it exists. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control. Misstatements are considered material if there is a substantial likelihood that, individually or in the aggregate, they would influence the judgment made by a reasonable user based on the financial statements.

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

- Exercise professional judgment and maintain professional skepticism throughout the audit.
- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, and design and perform audit procedures responsive to those risks. Such procedures include examining, on a test basis, evidence regarding the amounts and disclosures in the financial statements.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the System's internal control. Accordingly, no such opinion is expressed.
- Evaluate the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluate the overall presentation of the financial statements.
- Conclude whether, in our judgment, there are conditions or events considered in the aggregate that raise substantial doubt about the System's ability to continue as a going concern for a reasonable period of time.

We are required to communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit, significant audit findings, and certain internal control-related matters that we identified during the audit.

Emphasis of a Matter
The System reflected a total pension liability of $817,256,065 at December 31, 2025. The actuarial valuations were based on various assumptions made by the System's actuary and presented in the actuary's valuation and review report as of January 1, 2026. Because actual experience may differ from the assumptions used in the actuarial valuation, there is a risk that the total pension liability at December 31, 2025 could be materially different from the estimate. Our opinion is not modified with respect to this matter.

Report on Summarized/Partial Comparative Information and Prior Period Financial Statements
The financial statements include partial prior year comparative information. As discussed in Note 2A, such information does not include sufficient detail to constitute a presentation in accordance with accounting principles generally accepted in the United States of America. Accordingly, such information should be read in conjunction with the Retirement System's financial statements for the year ended December 31, 2024, from which they were derived.

Required Supplementary Information
Accounting principles generally accepted in the United States of America require that the management's discussion and analysis and other required supplementary information, as listed in the table of contents, be presented to supplement the basic financial statements. Such information, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board, who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic or historical context.

We have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the supplementary information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

Other Information
Our audit was conducted for the purpose of forming an opinion on the financial statements that collectively comprise the System's basic financial statements. The supporting schedules, as listed in the table of contents and the Schedule of Compensation, Benefits and Other Payments to Agency Head or Chief Executive Officer are presented for purposes of additional analysis and are not a required part of the basic financial statements. The supporting schedules are the responsibility of management and were derived from and relate directly to the underlying accounting and other records used to prepare the basic financial statements. Such information has been subjected to the auditing procedures applied in the audit of the basic financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the basic financial statements or to the basic financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the supplementary schedules are fairly stated, in all material respects in relation to the basic financial statements as a whole.

Other Reporting Required by *Government Auditing Standards*
In accordance with *Government Auditing Standards*, we have also issued our report dated June 22, 2026 on our consideration of the City of New Orleans Employees' Retirement System's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, grant agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the System's internal control over financial reporting and compliance.

Luther Speight & Co

Luther Speight & Company CPAs
New Orleans, Louisiana
June 22, 2026

NEW ORLEANS MUNICIPAL EMPLOYEES' RETIREMENT SYSTEM
MANAGEMENT'S DISCUSSION AND ANALYSIS
DECEMBER 31, 2025

The following is management's discussion and analysis of the financial performance of the New Orleans Municipal Employees' Retirement System. It is presented as a narrative overview and analysis for the purpose of assisting the reader with interpreting key elements of the financial statements, notes to the financial statements, required supplementary information, and supporting schedules for the year ended December 31, 2025.

Financial Highlights

- The System's net position restricted for pension benefits at market value for the current year totaled $574.3 million as compared to the prior year of $505.8 million. This represents an increase of $68.5 million or 13.5%.
- Net appreciation/(depreciation) in fair value reflected a balance of $67.0 million for the current year. This balance represents an increase of $19.2 million as compared to the previous year's net appreciation in fair value of $47.8 million.
- Total investments increased from a 2024 level of $505 million to the reported level of $574 million for the year 2025 representing an increase in market value of $69 million.
- Total contributions to the System were recorded at $48 million for 2025, which reflected a $2.4 million increase from the previous year.

Overview of the Financial Statements

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

- Statement of Fiduciary Net Position – This statement reports the System's assets, liabilities, and resulting net position restricted for pension benefits as of December 31, 2025.

- Statement of Changes in Fiduciary Net Position – This statement reports the results of the Plan's activities during the calendar year 2025, categorically disclosing the additions to and deduction from the Plan's net position. The net increase to the Plan net position on this statement supports the change in net position on the Statement of Fiduciary Net Position between the years ended December 31, 2024 and 2025.

- Notes to the Financial Statements – The financial statement notes provide additional information that is essential to a complete understanding of the data set forth in the financial statements. They are considered an integral part of the financial statements.

- Required Supplementary Information (RSI) – The System implemented Governmental Accounting Standards Board (GASB) Statements 67 & 68 during previous years. The RSI is presented in accordance with those Statement requirements. Substantial actuarial information included within the RSI is provided by the System's Actuary with an actuarial valuation date of January 1, 2026.

Additions to the Plan Net Assets

Additions to the Plan's net position were derived primarily from contributions from employees and employers in addition to investment income. Net investment income increased by $2.4 million compared to the prior year. The System's contributions are comprised primarily of employer and employee contributions. As indicated below, the contribution levels reflected increases between the years 2024 and 2025:

Contributions	2025	2024
Employer - City of New Orleans	$ 32,290,659	$ 30,259,991
Employer - Other Agencies	3,234,222	3,273,372
Employee	11,747,179	11,065,528
Other	740,228	972,803
	$ 48,012,288	$ 45,571,694

Deductions from Plan Net Assets

Deductions from the System net assets include retirement, disability, death, and survivor benefits. Total deductions were recorded at $55.7 million for 2025 which reflects a $1.7 million decrease as compared to the previous year.

Summary of the System's Total Additions and Deductions

	2025	2024
Total Additions	$ 124,158,253	$ 101,414,586
Total Deductions	55,656,881	57,388,043
Net Increase in Plan Net Position	$ 68,501,372	$ 44,026,543

Significant Actuarial Matters

- **Funding Method:** The System's actuary strongly recommends an actuarial funding method that targets 100% funding of the actuarial accrued liability. Generally, this implies payments that are ultimately at least enough to cover normal cost, interest on the unfunded actuarial accrued liability and the principal balance. The funding policy adopted by the City meets this standard.

- **Contributions:** Actual employer contributions made during the year ending December 31, 2025 of $35,524,882 were 125.64% of the actuarially determined contribution (ADC). In the prior year, actual contributions were 113.14% of the prior year ADC.

- **Experience:** The actuarial gain of $13,781,526, or 1.69% of actuarial accrued liability, is due to an investment gain of $3,813,364, or 0.47% of actuarial accrued liability and a gain from sources other than investments of $9,968,162, or 1.22% of actuarial accrued liability. There was an additional gain of $7,224,753 due to contributions greater than expected.

- **Asset Returns:** The rate of return on the market value of assets was 15.17% for the year ending December 31, 2025. The effective return on actuarial value of assets, a notional value with smooths investment gains and losses over five years and is used to determine the actuarially determined contribution (ADC), was 7.76% for the same period due to the recognition of prior years' investment gains and losses. This resulted in an actuarial gain when measured against the assumed rate of return of 7.00%. This actuarial investment gain decreased the average employer contribution rate by 0.12% of pay.

- **Funded Ratio:** The funded ratio (the ratio of the actuarial value of assets to actuarial accrued liability) is 66.1%, compared to the prior year funded ratio of 62.9%. This ratio is one measure of funding status, and its history is a measure of funding progress. Using the market value of assets, the funded ratio is 70.3%, compared to 62.6% as of the prior valuation date. These measurements are not necessarily appropriate for assessing the sufficiency of the plan assets to cover the estimated cost of settling the System's benefit obligation or the need for or the amount of future contributions.

- **Actuarially Determined Contribution (ADC):** The ADC for the upcoming year is $26,744,115, a decrease of $1,530,542 from the prior valuation. The contribution as a percentage of payroll increased from 15.06% of payroll to 15.26% of payroll.

- **Unfunded Actuarial Accrued Liability (UAAL)**: The UAAL (the excess of the actuarial accrued liability over the actuarial value of assets) is $277,347,236, which is a decrease of $22,637,456 since the prior valuation.

- **Asset Smoothing:** The total net investment gain not yet recognized is $34,427,961, representing 6.0% of the market value of assets. The deferred gain will be recognized in the determination of the actuarial value of assets for funding purposes in the next five years, to the extent it is not offset by recognition of investment losses derived from future experience. If the net deferred losses were recognized immediately in the actuarial value of assets, the ADC would decrease from 15.26% to 14.07% of payroll.

- **Actuarial Assumptions:** There were no assumption changes reflected in the current years actuarial report.

- **Plan Provisions:** There were no changes in plan provisions since the prior valuation.

SUMMARY OF KEY VALUATION RESULTS

Valuation Result	Current	Prior
Contributions for fiscal year beginning:	***January 1, 2026***	***January 1, 2025***
• Actuarially determined employer contributions	$26,744,115	$28,274,657
• Actuarially determined employer contributions as a percent of payroll	15.26%	15.06%
Actuarial accrued liability for plan year beginning:	**January 1, 2026**	**January 1, 2025**
• Retired participants and beneficiaries	$488,783,072	$492,570,067
• Inactive vested participants	26,967,197	21,526,126
• Active participants	301,505,796	294,306,832
• **Total**	**$817,256,065**	**$808,403,025**
• Normal cost including administrative expenses for plan year beginning January 1	16,752,577	18,391,597
Assets for plan year beginning January 1:		
• Market value of assets (MVA)	$574,336,790	$505,835,421
• Actuarial value of assets (AVA)	539,908,829	508,418,333
• Actuarial value of assets as a percentage of market value of assets	94.01%	100.51%
Funded status for plan year beginning January 1:		
• Unfunded actuarial accrued liability on market value of assets	$242,919,275	$302,567,604
• Funded percentage on MVA basis	70.28%	62.57%
• Unfunded actuarial accrued liability on actuarial value of assets	$277,347,236	$299,984,692
• Funded percentage on AVA basis	66.06%	62.89%
• Effective Amortization period on an AVA basis	18	20

Valuation Result	Current	Prior
Key assumptions:		
• Net investment return	7.00%	7.00%
• Inflation rate	2.50%	2.50%
Demographic data for plan year beginning January 1:		
• Number of retired participants and beneficiaries	2,132	2,124
• Number of inactive vested participants	393	348
• Number of active participants	2,846	3,089
• Total Payroll	$175,234,841	$187,776,193
• Average compensation	61,572	60,789

Requests for Information

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

BASIC FINANCIAL STATEMENTS

NEW ORLEANS MUNICIPAL EMPLOYEES' RETIREMENT SYSTEM
STATEMENT OF FIDUCIARY NET POSITION
AS OF DECEMBER 31, 2025
AND COMPARATIVE TOTALS FOR 2024

	2025	2024
ASSETS		
Cash	1,660,057	$ 2,753,993
Receivables		
Accrued Interest & Dividends	92,374	67,418
Contributions	324,770	350,049
Due from Broker for securities sold	24,434	5,928
Total Receivables	441,578	423,395
Investments (at fair value)		
Cash & Cash Equivalents	29,739,290	29,693,917
Domestic Fixed Income	75,011,010	61,905,826
Domestic Equity	206,649,238	230,237,274
Foreign Equity	131,755,614	60,451,091
Investment in Private Equity	21,007,940	19,646,885
Investments in Private Debt	7,190,782	7,986,857
Investment in Real Estate	19,850,412	19,106,612
Infrastructure	57,782,263	53,956,230
Global Tactical Asset Allocations (GTAA)	25,662,179	22,264,957
Total Investments at Fair Value	574,648,728	505,249,649
TOTAL ASSETS	576,750,363	508,427,037
LIABILITIES		
Due to Terminated Employees	1,826,973	2,178,062
Due to Broker for Securities Purchased	-	3,394
Accrued Management and Custodial Fee	526,489	350,052
Escrow Accounts	60,112	60,112
TOTAL LIABILITIES	2,413,574	2,591,620
NET POSITION - RESTRICTED FOR PENSION BENEFITS	$ 574,336,789	$ 505,835,417

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

NEW ORLEANS MUNICIPAL EMPLOYEES' RETIREMENT SYSTEM
STATEMENT OF CHANGES IN FIDUCIARY NET POSITION
FOR THE YEAR ENDED DECEMBER 31, 2025
AND COMPARATIVE TOTALS FOR 2024

	2025	2024
ADDITIONS TO NET ASSETS		
Investment Income:		
Interest and Dividends	$ 10,665,254	$ 9,325,878
Net Appreciation	67,042,737	47,846,551
Commission Recapture	11,765	-
Securities Litigation and Lending	13,606	1,041
Total Investment Income	77,733,362	57,173,470
Less: Investment Expenses	(1,587,397)	(1,330,578)
Net Investment Income	76,145,965	55,842,892
Contributions:		
Employer-City of New Orleans	32,290,659	30,259,991
Employer-Other Agencies	3,234,222	3,273,372
Employee	11,747,179	11,065,528
Payments for Military Service	12,704	150,562
Transfer from S&WB	125,586	101,508
Transfers from State System	341,552	720,733
Transfers from Municipal Police ERS	260,386	-
Total Contributions:	48,012,288	45,571,694
TOTAL ADDITIONS TO NET ASSETS	124,158,253	101,414,586
DEDUCTIONS FROM NET ASSETS		
Retirement Allowance	23,492,091	23,133,649
Retirement Allowance Options II, III, IV	17,059,765	17,016,488
Ordinary Disability	940,465	1,067,800
Accidental Disability	415,465	415,947
Separation Allowances	2,572,228	2,447,581
Refund to Members	1,836,642	3,149,613
Transfers To State System	393,699	1,258,354
Transfers To S&WB	-	417,890
Transfers To MPERS	12,690	-
Lump Sum Benefits Due to Death of Members	469,683	212,597
Cost of Living Benefits	2,362,142	2,049,352
Drop Withdrawal	2,759,493	2,615,232
DROP Annuity	706,663	816,803
Policy 4 Annuity	2,019,252	1,894,117
Policy 4 Cash Withdrawal	60,000	125,761
Other Administrative Expenses	556,603	766,859
TOTAL DEDUCTIONS FROM NET ASSETS	55,656,881	57,388,043
Net (Decrease)/increase	68,501,372	44,026,543
NET POSITION - RESTRICTED FOR PENSION BENEFITS		
Beginning of Year	505,835,417	461,808,874
End of the Year	$ 574,336,789	$ 505,835,417

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

NEW ORLEANS MUNICIPAL EMPLOYEES' RETIREMENT SYSTEM
NOTES TO THE FINANCIAL STATEMENTS
DECEMBER 31, 2025

DESCRIPTION OF THE SYSTEM

A. PLAN DESCRIPTION

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

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

The general administration and the responsibility for the proper operation of the Retirement System, and for making effective the provisions of the Retirement Ordinance, are vested in the Board of Trustees of the Retirement System. The board of trustees consists of five members, as follows:

1. The director of the department of finance, ex officio;
2. The director of personnel of the city, ex officio;
3. One person who is domiciled in and an elector of the city elected by the employee members of the system, to serve a term of three years;
4. One person who is domiciled in and an elector of the city elected by the retiree members of the system, to serve a term of three years; and
5. One person who is domiciled in and an elector of the city appointed by the mayor, subject to confirmation by the council, to serve three years.

Continued,

The System is considered a component unit of the financial reporting entity of the City of New Orleans and is considered a pension trust fund in the City of New Orleans Annual Comprehensive Financial Report and Annual Operating Budget.

Summary of Plan Provisions

CREDITABLE SERVICE
Creditable service is service as an employee after the establishment of the retirement system and for which all required contributions have been received by the system. Creditable service may also include prior service and additional membership service due to the conversion of sick and/or annual leave.

Members contribute 6% of their earnable pay each payroll period. The employer also contributes a percentage of the member's earnable compensation to the retirement plan. Earnable compensation is the annual base earned compensation. Normally this equals a member's gross salary for a regular workweek (overtime is excluded in determining earnable compensation).

PURCHASE OF SERVICE CREDIT

Prior military service
Any actively contributing member with at least five (5) years creditable service with NOMERS may purchase a maximum of four (4) years of creditable service for time served on continuous active duty prior to beginning City employment.

Leave without pay
Leave without pay is considered hours that an employee did not work and did not receive pay. Members may purchase retirement credit for up to a maximum of one year of LWOP. Members are required to pay the employees' contributions and applicable interest only.

REFUNDS AND SERVICE TRANSFERS

Refund of contributions
A member is entitled to a refund of his/her accumulated contributions and interest after terminating service with the City or a member agency. Members are not required to make an immediate decision to take a refund. Members may request a refund, or he/she may allow the funds to remain on deposit for up to five years and earn interest during that period.

Continued,

Transfer of service credit from another publicly funded retirement system in the State of Louisiana

Members with service credit in another public retirement system in Louisiana may apply for a transfer of service credit to NOMERS. If the funds transferred total less than the actuarial cost of the service credit transferred to NOMERS, the member has the option of accepting partial credit or paying the difference and receiving full credit.

Transfer of service credit to another publicly funded retirement system in the State of Louisiana

People who are members of another Louisiana state or Louisiana statewide retirement system may apply for a transfer of service credit to that system. A terminated member who elected to leave his/her contributions on deposit may apply to have the funds and service credit transferred to their current system. A person who has withdrawn his/her contributions from NOMERS may receive credit related to the withdrawn amount by repaying all contributions withdrawn plus allowable interest thereon to NOMERS and completing the transfer process. The service credit will be recognized for transfer purposes only.

Reciprocity Agreement with the Sewerage and Water Board

Any current member previously employed by the Sewerage & Water Board may transfer service credit from the Sewerage & Water Board and receive credit with NOMERS for each creditable service transferred at no additional cost. Current employees of the Sewerage & Water Board have the same rights with respect to transfers from NOMERS.

QUALIFICATIONS FOR RETIREMENT

Minimum qualifications for a service retirement

The minimum eligibility requirements for a service retirement are as follows:

- Five (5) years of service and sixty-five (65) years of age
- Ten (10) years of service and sixty (60) years of age [A 3% reduction in the benefit allowance is assessed for each year under the age of sixty-two (62)]
- Thirty (30) years of service at any age (no reduction if under the age of 62)
- "Rule of 80" - Age plus years of service equal eighty [no reduction if under the age of sixty-two (62)]
  Example - Age 55 with 25 years of service qualifies for "Rule of 80."

Continued,

Minimum qualifications for a service retirement

- Five (5) years of service and sixty-five (65) years of age
- Ten (10) years of service and sixty (60) years of age
- Thirty (30) years of service at any age (no reduction if under age of 62)

Minimum qualifications for a separation retirement

- A member who terminates with at least five (5), but less than ten (10) years of service may collect a pension at age sixty-five (65) with no reduction
- A member who terminates with at least ten (10) years of service may collect a pension at age sixty (60). The member will incur a 3% reduction in the monthly allowance for each year under age sixty- two (62).

REGULAR RETIREMENT OPTIONS

Maximum
The member is entitled to receive the largest benefit available based on the retirement formula. If the member dies and has not received the total amount of his/her accumulated contributions and interest documented as of the retirement date, the designated beneficiary(ies) will receive the remaining contributions and interest in a lump sum. Monthly retirement payments are structured to deplete the member's contributions and interest in less than 2½ years. Therefore, no funds will normally be available for the beneficiary if the member dies after that time. The member may designate another beneficiary if the previous beneficiary predeceases the member.

Option 1
The member is entitled to receive a retirement allowance payable throughout life, which is slightly less than the maximum amount. If the member dies and has not received the total amount of his/her accumulated contributions and interest documented as of the retirement date, the designated beneficiary(ies) will receive the remaining contributions and interest in a lump sum. Monthly retirement payments are structured to deplete the member's contributions and interest in approximately 8 - 10 years. Therefore, no funds will normally be available for the beneficiary if the member dies after that time. The member may designate another beneficiary if the previous beneficiary predeceases the member.

Continued,

Option 2
The member is entitled to receive a reduced retirement allowance payable throughout life. Upon the death of the member, the designated beneficiary will receive the same monthly benefit amount as the member, payable for life. If the beneficiary dies before the member, the monthly benefit amount will increase to the maximum amount the month after NOMERS is notified of the beneficiary's death. The member will not be allowed to designate another beneficiary under any circumstance.

Option 3
The member is entitled to receive a reduced retirement allowance payable throughout life. Upon the death of the member, the designated beneficiary will receive one-half of the monthly benefit amount payable for life. If the beneficiary dies before the member, the monthly benefit will increase to the maximum amount the month after NOMERS is notified of the beneficiary's death. The member will not be allowed to designate another beneficiary under any circumstance.

Option 4
The member is entitled to receive a retirement allowance payable for life with some other benefit payable to either the member or the designated beneficiary. The benefit shall be calculated by the Actuary based on the equivalent actuarial value of the member's retirement allowance. The Board of Trustees must approve this option.

DROP
The DROP provides a way for members who are eligible to retire to continue working while receiving a retirement benefit. Instead of receiving a pension allowance directly, the allowance is deposited in a special DROP account which is held by the Retirement System for the members. Once the member discontinues employment, he/she will begin receiving a monthly retirement allowance directly and may withdraw the money from the DROP account. Members may withdraw the money in a lump sum, in installments or rollover the funds into an IRA or qualified plan. Members may not enter DROP if their retirement is under the Rule of 80. At December 31, 2025 and 2024 the System's membership consisted of:

	2025	2024
Active Participants	2,846	3,089
Retired Participants	1,795	1,787
Inactive Vested Participants	393	348
Beneficiaries	241	238
Disabled Participants	95	99
Total participants as of measurement date	5,370	5,561

Continued,

The City of New Orleans requires membership in the Employees' Retirement system for all of its regularly employed persons. Membership and eligibility information is summarized as follows. This presentation is not intended to be a complete statement of all plan provisions.

Plan year
January 1 through December 31

Plan status
Ongoing

Normal retirement
Members Hired Prior to January 1, 2018

Eligibility Requirement	Age 65 and 5 years of service
Amount	2.5% of average compensation times creditable service for the first 25 years plus 4.0% of average compensation times creditable service thereafter
Average Compensation	Average annual compensation for highest consecutive 60-month period.

Members Hired on or After January 1, 2018

Eligibility Requirement	Age 65 and 5 years of service
Amount	2.5% of average compensation times creditable service
Average Compensation	Average annual compensation for highest consecutive 60-month period.

Unreduced Early Retirement
Members Hired Prior to January 1, 2018

Eligibility Requirement	Any age with 30 years of service or age plus service equals 80
Amount	Normal Retirement amount, unreduced

Continued,

Members Hired on or After January 1, 2018

Eligibility Requirement	Any age with 30 years of service, age 62 with 20 years of service, or age plus service equals 80
Amount	Normal Retirement amount, unreduced

Early retirement

Eligibility Requirement	Age 60 and 10 years of service
Amount	Normal Retirement amount, reduced by 3% per year prior to age 62

Minimum Retirement Benefit

$3,600 per year for any member with at least 10 years of creditable service

Disability

Eligibility Requirement	Any age with 10 years of service
Amount	75% of the benefit the member would have earned had they worked until age 65

Accidental Disability

Eligibility Requirement	Disability occurs as a result of an accident sustained while in the actual performance of duty, without willful negligence on the member's part.
Amount	65% of the member's compensation for the 12 months preceding the accident, offset by any payments received from Workers Compensation

Vesting

5 years of service

Continued,

DROP:	Members eligible for Normal Retirement or Unreduced Early Retirement may elect to defer receipt of their retirement benefits while continuing employment. Upon the effective date of participating in the DROP, a member's years of service and Average Monthly Compensation become frozen for purposes of determining pension benefits. Additional service beyond the date of DROP participation no longer accrues any additional benefits under the Retirement System. Benefits that would have been payable are accumulated at interest to date of termination and paid in a single lump sum or in substantially equal payments over a period designated by the member but not to exceed 119 months. The interest rate shall be determined annually by the Trustees and credited as of each December 31st. *Members with at least 10 years of creditable service as of January 1, 2018 have a maximum DROP period of five (5) years; all other members have a maximum DROP period of three (3) years.
Contribution Rates:	
Member	6.0% of pensionable compensation
Employer	Actuarial Determined Contribution less member contributions
Future Benefit Increases	Participants who retired in 2022 under Voluntary Retirement Option receive annual increases of 1% of monthly benefit plus an annual payment to the member or surviving beneficiary of $50 for each full year of employment ($1,000 minimum) for the 10-year period beginning January 1, 2022.
Changes in Plan Provisions:	There have been no changes in plan provisions since the last valuation.

Continued,

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

DESCRIPTION OF ACTUARIAL COST METHOD

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

ACTUARIAL ASSUMPTIONS:

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

- Healthy retiree mortality was updated from the PubG-2010 Healthy Annuitant Table to the PubG-2010 Healthy Annuitant Table loaded by 15% for both males and females
- The contingent survivor mortality table was updated from the PubG-2010 Healthy Annuitant Amount-Weighted Table to the PubG- 2010 Contingent Survivor Table
- The generational projection scale was changed from MP-2020 to MP-2021
- Retirement rates for actives were changed to reflect recent experience with 100% retirement at age 75 (previously 70)
- Retirement rates for terminated vested participants were changed from 100% at age 62 to a table of rates beginning at age 60 with 100% assumed to retire at age 75
- Turnover rates were changed from age-based rates to service-based rates
- The disability incidence rate was lowered to 25% of previous rates
- Salary increases were updated from age-based rates to service-based rates
- Benefit election percentages were updated from 100% Single Life Annuity to 65% Single Life Annuities, 15% 50% Joint & Survivor Annuities, and 20% 100% Joint & Survivor Annuities
- The discount rate remained at 7.00%
- The payroll growth assumption for amortization purposes remained at 3.00%

Continued,

Rationale for assumptions

- The information and analysis used in selecting each demographic assumption that has a significant effect on this actuarial valuation is from January 1, 2019 through December 31, 2023 Actuarial Experience Study.

Net Investment Return
7.00%

Salary Increases

Service	Rate
0	15.00%
1-4	8.25%
5-11	7.00%
12-20	6.00%
21+	4.00%

Mortality rates

Healthy Pre-Retirement: PubG-2010 Employee Mortality Tables, amount-weighted with rates loaded by 15%, projected generationally with Scale MP-2021

Healthy Post-Retirement: PubG-2010 General Healthy Retiree Tables, amount-weighted, projected generationally with Scale MP- 2021

Disabled: PubNS-2010 Non-Safety Disabled Retiree Tables, amount-weighted, projected generationally with Scale MP-2021

Contingent survivors: PubG-2010 General Contingent Survivor Table, projected generationally with Scale MP-2021

Continued,

Termination rates(%) before retirement

Age	Disability[9]
20	0.04125
30	0.04125
40	0.03375
50	0.13125
60+	0.00000

Service	Male Withdrawal	Female Withdrawal
0	28%	25%
1	20%	22%
2-3	20%	20%
4-5	15%	13%
6-13	11%	10%
14+	7%	7%

Continued,

Retirement Rate

Age/Service	Retirement Probability (%)
46-55	30%
56-64	15%
65-67	20%
68-70	12%
71-74	20%
75+	100%

Retirement Rates for Inactive Vested Participants

Age/Service	Retirement Probability (%)
60-62	28%
63-64	15%
65-66	30%
67-74	15%
75+	100%

Inflation

2.50%

Payroll Growth

3.00%

Administrative Expenses

0.4% of payroll

Unknown data for participants

Same as those exhibited by participants with similar known characteristics. If not specified, participants are assumed to be male.

Continued,

Benefit election

65% assumed to elect Life Annuities, 15% assumed to elect 50% Joint & Survivor Annuities, and 20% assumed to elect 100% Joint & Survivor Annuities

Actuarial value of assets

Market value of assets less unrecognized returns in each of the last five years. Unrecognized return is equal to the difference between the actual market return and the expected return on the market value, and is recognized over a five-year period, further adjusted, if necessary, to be within 20% of the market value.

B. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

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

Basis of Accounting – The accompanying financial statements are prepared on the accrual basis of accounting whereby revenues are recognized when they are earned, and expenses are recognized when incurred. Contributions are recognized as revenue in the period in which employee services are performed. Interest income is recognized in the period earned and dividends are recognized in the period declared. Benefits and refunds are recognized when due and payable in accordance with the terms of the System. In addition, the notes to the financial statements also include certain comparative information for 2024. Such comparative information does not include sufficient detail to constitute a presentation in conformity with generally accepted accounting principles. Accordingly, such information should be read in conjunction with the Retirement System's financial statements for the year ended December 31, 2024, from which the summarized information was derived.

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 reported amounts of additions to and deductions from assets held in trust for pension benefits during the reporting period. Actual results could differ from those estimates.

Continued,

Method Used to Value Investments

The System's investments are reported at fair value in accordance with the provisions of GASB No. 72, *Fair Value Measurement and Application*. This statement requires a government to use valuation techniques that are appropriate under the circumstances and with sufficient data available to measure fair value. Valuation techniques are used to measure fair value and maximize the use of relevant inputs and minimize the use of unobservable inputs. This statement establishes a hierarchy of inputs to valuation techniques used to measure fair value based on three levels:

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

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

Short-term investments are reported at cost, which approximates fair value. Securities traded on national or international exchanges are valued at the last reported sales price at current exchange rates. The fair value of mutual funds and exchange traded funds not traded on a national or international exchange are calculated using the net asset value reported by the exchange traded funds and mutual funds. The fair value of investments in limited partnerships and limited liability companies were calculated as the System's percentage of ownership of the partner's capital reported by the limited partnership or limited liability company.

Recently Adopted Accounting Standards – In December 2023, the GASB issued Statement No. 102, *Certain Risk Disclosures*. This Statement requires governments to disclose certain risks related to vulnerabilities arising from concentrations or constraints that may affect their ability to acquire resources or control spending. The Statement requires governments to evaluate whether such concentrations or constraints make them vulnerable to a substantial impact and whether associated events have occurred or are more likely than not to occur within 12 months of the financial statement issuance date. If these criteria are met, the government is required to provide disclosures in the notes to the financial statements. This Statement is effective for fiscal years beginning after June 15, 2024, and all reporting periods thereafter. The System evaluated the requirements of this Statement and determined that no concentrations or constraints met the criteria for disclosure in the accompanying financial statements.

C. NET PENSION LIABILITY OF EMPLOYERS

The components of the liability of the System's employers to plan members for benefits provided through the pension plan were as follows as of December 31, 2025:

Plan Year	Total Pension Liability	Plan Fiduciary Net Position	Employers' Net Pension Liability	Plan Fiduciary Net Positon as a % of the Total Pension Liability
2025	$ 817,256,065	$ 574,336,790	$ 242,919,275	70.28%
2024	$ 808,403,025	$ 505,835,417	$ 302,567,608	62.57%

Actuarial valuations involve estimates of the value of reported amounts and assumptions about the probability of events far into the future. Actuarially determined amounts regarding the net pension liability are subject to continual revision as actual results are compared to past expectations, and new estimates are made about the future. The actuarial assumptions used in the December 31, 2025 audit were based on the results of an actuarial valuation report as of January 1, 2026. The Schedule of Employers' Net Pension Liability is located in the required supplementary information following the Notes to the Financial Statements and presents the financial activity affecting whether the System's fiduciary net position is increasing or decreasing over time relative to the total pension liability.

Long-term Expected Rate of Return

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

Continued,

Best estimates of arithmetic real rates of return for each major asset class included in the System's target allocation as of December 31, 2025 were determined by the System's investment advisors and are summarized as follows:

Asset Class	Target Allocation	Long-Term Expected Real Rate of Return
Cash Equivalents	2.00%	0.80%
Domestic Equity	42.50%	6.00%
International Equity	14.00%	6.46%
Fixed Incomes	22.00%	2.00%
Real Estate	5.00%	3.80%
Hedge Funds & GTAA	9.50%	2.70%
Private Investments	5.00%	9.50%
Total	100.00%	

Some asset classes included in the above target asset allocation were combined. The discount rates used to measure the Total Pension Liability (TPL) was 7.00% as of December 31, 2025. The projection of cashflows used to determine the discount rate assumed plan member contributions will be made at the current contribution rate and that employer contributions will be made at rates equal to the actuarially determined contribution rates. For this purpose, only employer contributions that are intended to fund benefits for current plan members and their beneficiaries are included. Projected employer contributions that are intended to fund the service costs for future plan members and their beneficiaries as well as projected contributions from future plan members are not included. Based on those assumptions, the Plan Fiduciary Net Position (FNP) was projected to be available to make all projected future benefit payments for current plan members. Therefore, the long-term expected rate of return on pension plan investments was applied to all periods of projected benefit payments to determine the TPL as of December 31, 2025.

The rate of return on the market value of assets was 15.17% for the December 31, 2025 plan year. This resulted in an actuarial gain when measured against the assumed rate of return of 7.00%.

Continued,

In accordance with GASB 67, regarding the disclosure of sensitivity of net pension liability to changes in discount rate, the following presents the net pension liability of the participating employers calculated using the discount rate of 7.00% as well as what the employers' net pension liability would be if it were calculated using a discount rate that is one percentage point lower 6.00% or one percentage point higher 8.00% than the current rate:

	1% Decrease 6.00%	Current Discount Rate 7.00%	1% Increase 8.00%
Net Pension Liability	$ 340,588,619	$ 242,919,275	$ 161,659,317

D. CASH AND CASH EQUIVALENTS

All investments of the Retirement System are registered in the System's name or held by the custodian bank, JPMorgan. On December 31, 2025, the carrying amount of the Retirement System's demand deposit accounts held with a financial institution classified as cash was $1,660,057 and the bank balance was $53,393. The difference was due to deposits in transit at year end. The bank balance was protected from custodial credit risk by Federal Depository insurance. There was not a remainder of the demand deposit balances required to be collateralized by securities held by the financial institution in the name of the System.

E. SHORT-TERM INVESTMENTS

During 2025, the Retirement System invested funds with Louisiana Asset Management Pool, Inc. (LAMP). LAMP, a local government investment pool, is administered by LAMP, Inc., a non-profit corporation organized under the laws of the State of Louisiana, which was formed by an initiative of the State Treasurer in 1993. The primary objective of LAMP is to provide a safe environment for the placement of public funds in short-term, high-quality investments. The LAMP portfolio includes only securities and other obligations in which local governments in Louisiana are authorized to invest. Accordingly, LAMP investments are restricted to securities issued, guaranteed, or backed by the U.S. Treasury, the U.S. Government, or one of its agencies, enterprises, or instrumentalities, as well as repurchase agreements collateralized by those securities. For purposes of determining participants' shares, investments are valued at fair value. At December 31, 2025 the System's balance in LAMP was $21,015,094.

The System utilizes a Short-Term Investment Fund (STIF) administered by the custodian bank, in which uninvested cash balances of the System are swept by the custodian into a STIF. These balances totaled $4,451,118 at December 31, 2025. Deposits in the STIF fund are not insured by the FDIC. Additional uninvested cash reserves are held on deposit by the custodian totaling $4,273,078.

NEW ORLEANS MUNICIPAL EMPLOYEES' RETIREMENT SYSTEM
NOTES TO THE FINANCIAL STATEMENTS
DECEMBER 31, 2025

Continued,

At December 31, 2025 the balances in LAMP, STIF and cash reserves totaled $29,739,290. This balance is classified in the Statement of Fiduciary Net Position under investments as cash and cash equivalents.

F. INVESTMENTS

The System categorizes its fair value measurements within the fair value hierarchy established by generally accepted accounting principles. The System has the following fair value measurements as of December 31, 2025:

Fair Value Measurement Using

Asset Category	Total	Quoted Prices in Active Markets for Identical Assets - Level I	Significant Other Observable Inputs - Level II	Significant Other Unobservable Inputs - Level III
Assets Measured at Fair Value				
Domestic Equity	$ 255,619,550	$ 255,619,550	$ -	$ -
International Equity	77,653,713	77,653,713	-	-
Total Equity Securities	333,273,263	333,273,263	-	-
Assets Measured at Net Asset Value (NAV)				
Fixed Income Securities	80,076,310			
Real Estate	19,850,412			
Global Tactical Asset Allocations	26,069,172			
Alternative Investments				
Private Equity Securities	20,694,309			
Private Debt Securities	7,190,782			
Infrastructure	57,782,497			
Total Alternative Investments	85,667,588			
Total Investments Measured at NAV	211,663,482			
Cash and Cash Equivalents	29,711,983			
	$ 574,648,728			

Continued,

Asset Classification

Debt and equity securities classified in Level 1 of the fair value hierarchy are valued using prices quoted in active markets for those securities. Debt securities classified in Level 2 of the fair value hierarchy are valued using matrix pricing techniques. Matrix pricing is used to value securities based on the securities' relationship to benchmark quoted prices. Investments classified in Level 3 of the fair value hierarchy are valued using unobservable inputs and are not directly corroborated with market data.

The unfunded commitments and redemption terms for investments measured at the net asset value (NAV) per share or its equivalent as of December 31, 2025 is presented in the following table:

Asset Category	Net Asset Value	Unfunded Commitments	Redemption Frequency	Redemption Notice Period
Fixed Income Securities	$ 80,076,310	$ -	Daily	1-15 Days
Real Estate Funds	19,850,412	-	Quarterly	90 Days
KKR Div Core Infrastructure Fund	43,015,129	-	Quarterly	90 Days
JPM Global Transport Income Fund	14,767,368	-	Quarterly	60 Days
Private Equity	20,694,309	-	N/A	N/A
Private Debt	7,190,782	-	N/A	N/A
Global Tactical Allocations (GTAA)	26,069,172	-	Daily	1-15 Days
	$ 211,663,482			

Domestic and International Equity

These investment commingled funds include both large capitalization and small capitalization strategies for diversification purposes. The System uses these funds to gain exposure to the broad domestic equity markets. The fair value of these investment funds has been determined using the NAV per share (or equivalent) of the investments. Certain funds within this category hold equity positions where the valuations are specifically listed on stock exchanges.

Fixed Income

This investment type includes several commingled funds that invest within predetermined guidelines and strategies designed to maximize returns, but with processes designed to limit risk. The fair value of these investment funds has been determined using the NAV per share (or equivalent) of the investments.

Real Estate

These investments contain two funds. The fair value of these investment funds has been determined using the NAV per share (or equivalent) of the investments.

Continued,

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

A summary of significant positions in this category include:

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

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

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

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

Investments of the System are reported at fair market value, where published values are available in actively traded markets. Estimated values are reported where published values are not available. Total reported value of investments as of December 31, 2025 was $574,648,728.

Continued,

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

Domestic Equity		
Vanguard Gro Idx;Inst (VIGIX)	$	39,789,576
WEDGE - Large Cap Value		39,694,392
Cornerstone - Large Cap Core		65,638,965
Vanguard Instl Indx;Inst (VINIX)		63,204,610
International Equity		
Lazard ACWxUS Equity Advantage		29,032,777
Infrastructure		
KKR Diversified Core Infrastructure Fund		44,314,094
	$	281,674,414

Net Appreciation/(Depreciation)

During 2025, the System's investments, including gains and losses on investments bought and sold, as well as held during the year appreciated in value by $67 million. The details are as follows:

Investment Manager's Cash		
Cash Reserves	$	(270,233)
Equities:		(37,492)
Domestic		76,588,356
Foreign		(13,774,078)
Fixed Incomes:		-
Domestic Fixed Income		(1,780,580)
Foreign		-
Market Prices Determined by Other Methods:		-
Investment in Hedge Funds		2,553,276
Global Income Fund		2,056,341
Private Equity		863,503
Middle Market Debt		469,930
Real Estate		373,713
	$	67,042,737

Continued,

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

Asset Class	Target Allocation	Actual Allocation
Cash	2.00%	1.30%
Domestic Equity	43.00%	47.90%
International Equity	15.00%	12.40%
Fixed Income	15.00%	12.70%
Real Estate	5.00%	3.90%
Infrastructure	10.00%	11.50%
Hedge funds & GTAA	5.00%	4.60%
Private investments	5.00%	5.70%
Total	100.00%	100.00%

G. INVESTMENT EXPENSES

Investment expenses reported at $1,587,397 include the amounts paid directly to various investment managers by the System. These costs are separately identified in the System's investment trust statement. The recorded amount does not include other investment expenses that may have been incurred and charged directly by certain commingled funds. These expenses are reflected in the changes in Net Asset Value (NAV) of those funds. These expenses are ultimately reflected in the net appreciation/depreciation of investment balance on the System's financial statements.

H. ALTERNATIVE INVESTMENTS

In recognition of the increasing opportunities available in today's dynamic investment universe to seek returns that may be less correlated to traditional broad equity and fixed income markets, the Board may allocate up to 15% of the Aggregate Fund to alternative investments.

The Board recognized that alternative investments may contain a high level of risk due to, but not limited to, such factors as potential liquidity constraints, restrictions on the ability to withdraw invested capital, concentrated positions, short positions, leverage, high volatility and the marketability of such investments. These investments include, but are not limited to private equity, infrastructure and hedge funds.

Continued,

As of December 31, 2025, alternative investments were $85.7 million or 15% of total investments as summarized below:

Description		Fair Value
Private Equity Securities	$	20,694,309
Private Debt Securities		7,190,782
Infrastructure		57,782,497
	$	85,667,588

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

I. INVESTMENT CREDIT QUALITY

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

The System's investment policy, as adopted by the board, provides the performance objectives, asset allocation guidelines and overall investment guidelines.

<u>Cash on Deposit</u>

As of December 31, 2025, the System's cash balances in bank accounts totaled $53,393. The System's cash balance did not exceed the FDIC insurance limit. Balances that might exceed this limit are collateralized by letters of credit issued by the depository institution. Additionally, the System has not experienced any losses due to bank failure and does not believe it is exposed to any significant credit risk relating to its cash balance.

Continued,

Concentration of Credit Risk
Concentration of credit risk is defined as the inability to recover the value of deposits, investments, or collateral securities in the possession of an outside party caused by a lack of diversification. This form of risk arises when an entity has one or more concentrated investments in a single issuer. The System's investment policy limits the concentration in any one issuer to 5% of fair value. As of December 31, 2025, the System had no exposure of more than 5% in any single investment issuer.

Custodial Credit Risk
Custodial credit risk is defined as the risk that, in the event of the failure of the counterparty, the System will not be able to recover the value of its investment or collateral securities that are in the possession of an outside party. Investments in external investment pools, mutual funds, and other pooled investments are not exposed to custodial credit risk because their existence is not evidenced by securities that exist in physical or book-entry form required by the Securities and Exchange Commission. At December 31, 2025, the System was not exposed to custodial credit risk. The System has no investment policy regarding custodial credit risk.

Credit Risk
Credit risk is defined as the risk that an issuer or other counterparty to an investment will not fulfill its obligations. At December 31, 2025, the System's fixed income securities were managed only in commingled or pooled accounts. The System has no investment policy regarding credit risk on fixed income commingled or pooled accounts. Obligations guaranteed or explicitly guaranteed by the U.S. Government are not considered to have credit risk.

Interest Rate Risk
Interest rate risk is defined as the risk that changes in interest rates will adversely affect the fair value of an investment. At December 31, 2024, the System had no direct investments in long-term debt securities that were subject to interest rate risk.

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

J. TREND INFORMATION

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

K. COSTS OF PLAN ADMINISTRATION

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

L. USE OF ESTIMATES

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

M. SETTLED ARBITRATION

During the year 2016, the System reached an arbitrated consent agreement with the City of New Orleans (the City) related to the System's claim that employer contributions from the City were not fully funded as required by the Actuary's report for certain years past. The settlement requires the City to pay the System a total of $4 million, payable in sixty (60) consecutive monthly pension payments of $66,666, through December 2024. Budgetary considerations for the City could impact the timing of future regular installments. As of December 31, 2025, the System had not received any payments from the City in reference to the settlement. The plan has made inquiries regarding the status of payments related to the settlement.

N. SUBSEQUENT EVENTS

Management evaluated subsequent events as of June 22, 2026, which was the date of these financial statements. Management has noted that there were no additional adjustments or disclosures required related to these financial statements.

REQUIRED SUPPLEMENTARY INFORMATION

EMPLOYEES' RETIREMENT SYSTEM OF THE CITY OF NEW ORLEANS
SCHEDULE OF CHANGES IN NET PENSION LIABILITY
FOR THE YEAR ENDED DECEMBER 31, 2025

Total Pension Liability	2025	2024	2023	2022	2021	2020	2019	2018	2017	2016
Service cost	$ 17,640,492	$ 15,079,560	$ 12,773,384	$ 12,368,018	$11,335,490	$11,335,306	$ 11,937,129	$ 9,107,643	$ 9,447,990	$ 9,062,738
Interest cost at 7.50%	55,894,536	58,994,423	56,472,124	55,019,916	53,041,797	51,301,166	48,444,849	46,037,729	45,680,973	42,201,480
Changes of benefit terms	-	-	-	3,120,186	-	6,341,974	-	(437,937)	-	-
Difference between expected and actual experience	(9,581,711)	(10,610,784)	18,222,051	3,086,479	15,236,107	12,199,705	(17,742,145)	23,954,158	13,756,022	43,807,817
Changes of assumptions	-	(25,386,207)	-	-	-	(4,226,362)	70,869,862	-	-	-
Benefit payments and net transfers	(55,100,277)	(56,621,179)	(53,345,618)	(54,593,407)	(52,129,637)	(53,756,908)	(48,716,880)	(50,075,418)	(48,198,171)	(48,678,803)
Net change in total pension liability	8,853,040	(18,544,187)	34,121,941	19,001,192	27,483,757	23,194,881	64,792,815	28,586,175	20,686,814	46,393,232
Total pension liability - beginning	808,403,025	826,947,212	792,825,271	773,824,079	746,340,322	723,145,441	658,352,626	629,766,451	$ 609,079,637	562,686,405
Total pension liability - ending	$ 817,256,065	$ 808,403,025	$ 826,947,212	$ 792,825,271	$ 773,824,079	$ 746,340,322	$ 723,145,441	$ 658,352,626	$ 629,766,451	$ 609,079,637
Plan fiduciary net position										
Contributions - employer	$ 35,524,882	$ 33,533,363	$ 30,602,728	$ 25,665,015	$ 21,651,850	$ 32,615,183	$ 33,884,678	$ 31,065,227	$ 27,169,921	$ 27,304,527
Contributions - member	11,747,179	11,065,528	10,183,093	8,743,683	8,509,475	8,851,861	9,134,139	8,246,577	7,677,009	7,444,419
Net investment income	76,145,960	55,842,891	52,066,824	(67,819,470)	70,951,072	54,015,335	59,043,437	(15,589,616)	51,906,523	28,611,585
Benefit payments and net transfers	(55,100,277)	(56,621,179)	(53,345,618)	(54,593,407)	(52,129,637)	(53,756,908)	(48,716,880)	(50,075,418)	(48,198,171)	(48,678,803)
Administrative expense	(556,603)	(766,859)	(721,502)	(615,589)	(560,127)	(316,687)	(376,002)	(243,972)	(337,564)	(170,780)
Transfers into the System	740,228	972,803	848,935	764,331	965,183	261,920	264,650	507,195	-	-
Net change in plan fiduciary net position	68,501,369	44,026,547	39,634,460	(87,855,437)	49,387,816	41,670,704	53,234,022	(26,090,007)	38,217,718	14,510,948
Plan fiduciary net position - beginning	505,835,421	461,808,874	422,174,414	510,029,851	460,642,035	418,971,331	365,737,309	391,827,316	353,609,598	339,098,650
Plan fiduciary net position - ending	574,336,790	505,835,421	461,808,874	422,174,414	510,029,851	460,642,035	418,971,331	365,737,309	391,827,316	353,609,598
Net pension liability - ending:	$ 242,919,275	$ 302,567,604	$ 365,138,338	$ 370,650,857	$ 263,794,228	$ 285,698,287	$ 304,174,110	$ 292,615,317	$ 237,939,135	$ 255,470,039
Plan fiduciary net position as a percentage of the total pension liability:	70.28%	62.57%	55.85%	53.25%	65.91%	61.72%	57 94%	55.55%	62.22%	58.06%
Covered-employee payroll	173,634,515	187,107,514	171,532,511	148,147,592	142,338,647	135,779,772	149,538,039	128,530,078	120,808,711	115,504,517
Net pension liability as a percentage of covered-employee payroll:	139 90%	161.71%	212.87%	250 19%	185.33%	210 41%	203.41%	227.66%	196.96%	221 18%

1. This schedule presents information for 10 years.

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

EMPLOYEES' RETIREMENT SYSTEM OF THE CITY OF NEW ORLEANS
SCHEDULE OF SYSTEM'S CONTRIBUTIONS
DECEMBER 31, 2025

Year	Actuarially Determined Contribution	Contributions in Relation to the Actuarially Determined Liability	Contribution (Deficiency) /Excess	Covered Employee Payroll	Contributions as a Percentage of Covered Payroll
2016	22,713,296	27,304,527	(4,591,231)	115,504,517	23.64%
2017	26,857,512	27,169,921	(312,409)	120,808,711	22.49%
2018	28,015,495	31,065,227	(3,049,732)	128,530,078	24.17%
2019	28,689,759	33,884,678	(5,194,919)	149,538,039	22.66%
2020	22,890,640	32,615,183	(9,724,543)	135,779,772	24.02%
2021	23,973,368	21,651,850	2,321,518	142,338,647	15.21%
2022	24,450,297	25,665,015	(1,214,718)	148,147,592	17.32%
2023	26,969,460	30,602,729	(3,633,269)	171,532,511	17.84%
2024	28,274,657	33,533,363	(5,258,706)	187,107,514	17.92%
2025	26,744,115	35,524,882	(7,250,225)	173,634,515	20.46%

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

EMPLOYEES' RETIREMENT SYSTEM OF THE CITY OF NEW ORLEANS
SCHEDULE OF INVESTMENT RETURNS
DECEMBER 31, 2025

Year	Annual Money-Weighted Rate of Return
2016	8.62%
2017	8.52%
2018	5.57%
2019	5.03%
2020	4.89%
2021	4.86%
2022	5.42%
2023	5.44%
2024	4.93%
2025	4.83%

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

NEW ORLEANS MUNICIPAL EMPLOYEES' RETIREMENT SYSTEM
NOTES TO REQUIRED SUPPLEMENTARY INFORMATION
DECEMBER 31, 2025

1. SCHEDULE OF CHANGES IN NET PENSION LIABILITY:

The total pension liability contained in this schedule was provided by the System's actuary. The net pension liability is measured as the total pension liability less the amount of the fiduciary net position of the System.

2. SCHEDULE OF EMPLOYERS' NET POSITION LIABILITY:

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

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

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

4. SCHEDULE OF INVESTMENT RETURNS:

The annual money-weighted rate of return is shown in this schedule. The money-weighted rate of return is calculated as the internal rate of return on pension plan investments net of pension plan investment expense. This expresses investment performance adjusted for the changing amounts invested throughout the year, measured using monthly inputs with expenses measured on an accrual basis.

5. ACTUARIAL ASSUMPTIONS:

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

NEW ORLEANS MUNICIPAL EMPLOYEES' RETIREMENT SYSTEM
SUMMARY OF AUDITOR'S RESULTS
DECEMBER 31, 2025

Financial Statements

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

Internal Control Over Financial Reporting:

Material weakness(es) identified?	____yes	__X__no
Significant deficiency(s) identified not considered to be material weaknesses?	____yes	__X__none reported
Noncompliance material to financial statements noted?	____yes	__X__no

Federal Awards

(Not Applicable)

Luther Speight & Company, LLC
Certified Public Accountants and Consultants

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

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

We have audited, in accordance with the auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States, the financial statements of the New Orleans Municipal Employees' Retirement System (the System), as of and for the year ended December 31, 2025, and the related notes to the financial statements, which collectively comprise the System's basic financial statements and have issued our report thereon dated June 22, 2026.

Report on Internal Control over Financial Reporting
In planning and performing our audit of the financial statements, we considered the System'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 opinions on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of the System's internal control. Accordingly, we do not express an opinion on the effectiveness of the System's internal control.

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

Our consideration of internal control was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control that might be material weaknesses or significant deficiencies and therefore, material weaknesses or significant deficiencies may exist that were not identified.

Report on Compliance and Other Matters
As part of obtaining reasonable assurance about whether the System's financial statements are free from material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements, noncompliance with which could have a direct and material effect on the financial statements. However, providing an opinion on compliance with those provisions was not an objective of our audit, and accordingly, we do not express such an opinion. The results of our tests disclosed no instances of noncompliance or other matters that are required to be reported under *Government Auditing Standards.*

Purpose of This Report

The purpose of this report is solely to describe the scope of our testing of internal control and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the entity's internal control or on compliance. This report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the entity's internal control and compliance. Accordingly, this communication is not suitable for any other purpose.

Luther Speight & Company CPAs
New Orleans, Louisiana
June 22, 2026

SCHEDULE OF FINDINGS AND MANAGEMENT RESPONSES

NEW ORLEANS MUNICIPAL EMPLOYEES' RETIREMENT SYSTEM
SCHEDULE OF FINDINGS AND MANAGEMENT RESPONSES
DECEMBER 31, 2025

We noted no findings during the current year audit period ended December 31, 2025.

NEW ORLEANS MUNICIPAL EMPLOYEES' RETIREMENT SYSTEM
DECEMBER 31, 2025
STATUS OF PRIOR YEAR FINDINGS

We noted no findings during the prior year audit period ended December 31, 2024.

NEW ORLEANS MUNICIPAL EMPLOYEES' RETIREMENT SYSTEM
SCHEDULE OF COMPENSATION, BENEFITS, AND OTHER PAYMENTS TO AGENCY HEAD OR CHIEF EXECUTIVE OFFICER
FOR THE YEAR ENDED DECEMER 31, 2025

Agency Head Name: Mr. Jesse Evans, Jr.

Purpose	Amount
Salary	$138,035
Benefits-insurance	$1,747
Benefits-retirement	$10,232
Benefits-other	
Car allowance	
Vehicle provided by government	
Per diem	
Reimbursements	
Travel	
Registration fees	
Conference travel	
Continuing professional education fees	
Housing	
Unvouchered expenses*	
Special meals	

Served as Director of the New Orleans Municipal Employees' Retirement System from January 1, 2025 through December 31, 2025.

Luther Speight & Company, LLC
Certified Public Accountants and Consultants

NEW ORLEANS MUNICIPAL EMPLOYEES' RETIREMENT SYSTEM

STATEWIDE AGREED-UPON PROCEDURES REPORT

FOR THE YEAR ENDED DECEMBER 31, 2025

Luther Speight & Company, LLC
Certified Public Accountants and Consultants

INDEPENDENT ACCOUNTANT'S REPORT ON APPLYING AGREED-UPON PROCEDURES

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

We have performed the procedures enumerated below on the control and compliance (C/C) areas identified in the Louisiana Legislative Auditor's (LLA's) Statewide Agreed-Upon Procedures (SAUPs) for the fiscal period January 1, 2025, through December 31, 2025. The New Orleans Municipal Employees' Retirement System management is responsible for those C/C areas identified in the SAUPs.

The New Orleans Municipal Employees' Retirement System has agreed to and acknowledged that the procedures performed are appropriate to meet the intended purpose of the engagement, which is to perform specified procedures on the C/C areas identified in LLA's SAUPs for the fiscal period January 1, 2025, through December 31, 2025. Additionally, LLA has agreed to and acknowledged that the procedures performed are appropriate for its purposes. This report may not be suitable for any other purpose. The procedures performed may not address all the items of interest to a user of this report and may not meet the needs of all users of this report and, as such, users are responsible for determining whether the procedures performed are appropriate for their purposes.

The procedures and associated findings are as follows:

Written Policies and Procedures

1. Obtain and inspect the entity's written policies and procedures and observe that they address each of the following categories and subcategories (if applicable to public funds and the entity's operations):

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

   Results: *We performed the above procedures and noted no exceptions.*

b) ***Purchasing***, including (1) how purchases are initiated; (2) how vendors are added to the vendor list; (3) the preparation and approval process of purchase requisitions and purchase orders; (4) controls to ensure compliance with the public bid law; and (5) documentation required to be maintained for all bids and price quotes.

Results: *We performed the above procedures and noted no exceptions.*

c) ***Disbursements***, including processing, reviewing, and approving.

Results: *We performed the above procedures and noted no exceptions.*

d) ***Receipts/Collections***, including receiving, recording, and preparing deposits. Also, policies and procedures should include management's actions to determine the completeness of all collections for each type of revenue or agency fund additions (e.g., periodic confirmation with outside parties, reconciliation to utility billing after cutoff procedures, reconciliation of traffic ticket number sequences, agency fund forfeiture monies confirmation).

Results: *We performed the above procedures and noted no exceptions.*

e) ***Payroll/Personnel***, including (1) payroll processing, and (2) reviewing and approving time and attendance records, including leave and overtime worked.

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

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

Results: *We performed the above procedures and noted no exceptions.*

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

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

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

Results: *We performed the above procedures and noted no exceptions.*

i) ***Ethics***, including (1) the prohibitions as defined in Louisiana Revised Statute 42:1111-1121, (2) actions to be taken if an ethics violation takes place, (3) system to monitor possible ethics violations, and (4) requirement that all employees, including elected officials, annually attest through signature verification that they have read the entity's ethics policy.

Results: *We performed the above procedures and noted no exceptions.*

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

Results: *Not applicable, as the Entity has no debt.*

k) ***Information Technology Disaster Recovery/Business Continuity***, including (1) identification of critical data and frequency of data backups, (2) storage of backups in a separate physical location isolated from the network, (3) periodic testing/verification that backups can be restored, (4) use of antivirus software on all systems, (5) timely application of all available system and software patches/updates, and (6) identification of personnel, processes, and tools needed to recover operations after a critical event.

Results: *We performed the above procedures and noted no exceptions.*

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

Results: *We performed the above procedures and noted no exceptions.*

Board or Finance Committee

2. Obtain and inspect the board/finance committee minutes for the fiscal period, as well as the board's enabling legislation, charter, bylaws, or equivalent document in effect during the fiscal period, and:

a) Observe that the board/finance committee met with a quorum at least monthly, or on a frequency in accordance with the board's enabling legislation, charter, bylaws, or other equivalent document.

Results: *We performed the above procedures and noted no exceptions.*

b) For those entities reporting on the governmental accounting model, observe whether the minutes referenced or included monthly budget-to-actual comparisons on the general fund, quarterly budget-to-actual, at a minimum, on proprietary funds, and semi-annual budget-to-actual, at a minimum, on all special revenue funds. Alternately, for those entities reporting on the nonprofit accounting model, observe that the minutes referenced or included financial activity relating to public funds if those public funds comprised more than 10% of the entity's collections during the fiscal period.

Results: *We performed the above procedures and noted no exceptions.*

c) For governmental entities, obtain the prior year audit report and observe the unassigned fund balance in the general fund. If the general fund had a negative ending unassigned fund balance in the prior year audit report, observe that the minutes for at least one meeting during the fiscal period referenced or included a formal plan to eliminate the negative unassigned fund balance in the general fund.

Results: *Per Review of the prior year financial statements, we came to the conclusion that it was not applicable. The General fund balance and the unassigned fund balance did not have a negative ending balance.*

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

Results: *Not applicable, there were no audit findings for prior year and Entity's 2024 audit was accepted by the LLA.*

Bank Reconciliations

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

Results*: We performed the step above without exception.*

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

Results: *We did not observe any evidence that the reconciliation was prepared within 2 months of the closing date.*

Management's Response: *Upon bank availability of the closing statement for the applicable period, the reconciliation process begins. The reconciliations were completed timely and forwarded by email to members of management for review.*

b) Bank reconciliations include written evidence that a member of management/board member who does not handle cash, post ledgers, or issue checks has reviewed each within 1 month of the date the reconciliation was prepared (e.g., initialed and dated or electronically logged); and

Results: *We did not observe any evidence that a member of management or a board member who does not handle cash, posts ledgers, or issue checks has reviewed each bank reconciliation within 1 month of the date the reconciliation was prepared.*

Management's Response: *The completed reconciliations are sent by email to the members of management. These reconciliations are reviewed and saved on the office network drive.*

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

Results: *We noted that there were no reconciling items that have been outstanding for more than 12 months from the statement closing date. No exceptions noted.*

Collections

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

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

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

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

a) Employees responsible for cash collections do not share cash drawers/registers.

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

c) Each employee responsible for collecting cash is not responsible for posting collection entries to the general ledger or subsidiary ledgers unless another employee/official is responsible for reconciling ledger postings to each other and to the deposit.

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

6. Obtain from management a copy of the bond or insurance policy for theft covering all employees who have access to cash. Observe the bond or insurance policy for theft was enforced during the fiscal period.

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

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

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

   a) Observe that receipts are sequentially pre-numbered.

   b) Trace sequentially pre-numbered receipts, system reports, and other related collection documentation to the deposit slip.

   c) Trace the deposit slip total to the actual deposit per the bank statement.

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

   e) Trace the actual deposit per the bank statement to the general ledger.

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

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

***Results**: The Entity processes all benefit payments in its Retirement office at City Hall New Orleans via its bank's online platform.*

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

***Results**: We performed the above procedures and noted no exceptions.*

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

***Results**: No exceptions noted.*

b) At least two employees are involved in processing and approving payments to vendors.

***Results:** No exceptions noted.*

The employee responsible for processing payments is prohibited from adding/modifying vendor files, unless another employee is responsible for periodically reviewing changes to vendor files.

***Results:** No exceptions noted.*

c) Either the employee/official responsible for signing checks mails the payment or gives the signed checks to an employee to mail who is not responsible for processing payments.

***Results:** No exceptions noted.*

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

***Results**: No exceptions noted.*

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

***Results**: We performed the above procedures and noted no exceptions.*

a) Observe whether the disbursement matched the related original itemized invoice and supporting documentation indicates deliverables included on the invoice were received by the entity.

***Results**: We performed the above procedures and noted no exceptions.*

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

***Results:** We performed the above procedures and noted no exceptions.*

11. Using the entity's main operating account and the month selected in Bank Reconciliations procedure #3A, randomly select 5 non-payroll-related electronic disbursements (or all electronic disbursements if less than 5) and observe that each electronic disbursement was (a) approved by only those persons authorized to disburse funds (e.g., sign checks) per the entity's policy, and (b) approved by the required number of authorized signers per the entity's policy. Note: If no electronic payments were made from the main operating account during the month selected the practitioner should select an alternative month and/or account for testing that does include electronic disbursements.

***Results:** We performed the above procedures and noted no exceptions.*

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

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

***Results**: NOMERS does not have any active credit cards for the fiscal year, this area is not applicable.*

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

***Results**: Not Applicable.*

a) Observe whether there is evidence that the monthly statement or combined statement and supporting documentation (e.g., original receipts for credit/debit card purchases, exception reports for excessive fuel card usage) were reviewed and approved, in writing (or electronically approved), by someone other than the authorized card holder. [Note: Requiring such approval may constrain the legal authority of certain public officials (e.g., mayor of a Lawrason Act municipality); these instances should not be reported.]

Results: *Not Applicable.*

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

Results: Not Applicable.

14. Using the monthly statements or combined statements selected under #12 above, excluding fuel cards, randomly select 10 transactions (or all transactions if less than 10) from each statement, and obtain supporting documentation for the transactions (i.e., each card should have 10 transactions subject to testing). For each transaction, observe it is supported by (1) an original itemized receipt that identifies precisely what was purchased, (2) written documentation of the business/public purpose, and (3) documentation of the individuals participating in meals (for meal charges only). For missing receipts, the practitioner should describe the nature of the transaction and note whether management had a compensating control to address missing receipts, such as a "missing receipt statement" that is subject to increased scrutiny.

Results: Not Applicable.

a) Using the list of terminated employees obtained in Payroll and Personnel procedure identify those individuals who had access to cards and randomly select 5 terminated employees (or all terminated employees with card access if less than 5) from this population. Observe evidence that the cards have been deactivated for these terminated employees. In cases where a card is shared by multiple users, obtain evidence that the terminated employees' authorization has been removed.

Results: *Not Applicable.*

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

15. Obtain from management a listing of all travel and travel-related expense reimbursements during the fiscal period and management's representation that the listing or general ledger is complete. Randomly select 2 reimbursements, obtain the related expense reimbursement forms/prepaid expense documentation of each selected reimbursement, as well as the supporting documentation. For each of the 2 reimbursements selected:

a) If reimbursed using a per diem, observe the approved reimbursement rate is no more than those rates established by the U.S. General Services Administration (www.gsa.gov).

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

c) Observe each reimbursement is supported by documentation of the business/public purpose (for meal charges, observe that the documentation includes the names of those individuals participating) and other documentation required by written policy (procedure #1h).

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

***Results**: We performed the above procedures and noted no exceptions.*

Contracts

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

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

***Results**: We performed the above procedures and noted no exceptions.*

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

***Results**: We performed the above procedures and noted no exceptions.*

c) If the contract was amended (e.g., change order), observe the original contract terms provided for such an amendment and that amendments were made in compliance with the contract terms (e.g., if approval is required for any amendment, was approval documented).

***Results**: We performed the above procedures and noted no exceptions.*

d) Randomly select one payment from the fiscal period for each of the 5 contracts, obtain the supporting invoice, agree the invoice to the contract terms, and observe the invoice and related payment agreed to the terms and conditions of the contract.

***Results**: We performed the above procedures and noted no exceptions.*

Payroll and Personnel

17. Obtain a listing of employees and officials employed during the fiscal period and management's representation that the listing is complete. Randomly select 5 employees or officials, obtain related paid salaries and personnel files, and agree paid salaries to authorized salaries/pay rates in the personnel files.

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

18. Randomly select one pay period during the fiscal period. For the 5 employees or officials selected under #16 above, obtain attendance records and leave documentation for the pay period, and:

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

a) Observe all selected employees or officials documented their daily attendance and leave (e.g., vacation, sick, compensatory). (Note: Generally, officials are not eligible to earn leave and do not document their attendance and leave. However, if the official is earning leave according to a policy and/or contract, the official should document his/her daily attendance and leave.)

Results: *Not Applicable.*

b) Observe whether supervisors approved the attendance and leave of the selected employees or officials.

Results: *Not Applicable.*

c) Observe any leave accrued or taken during the pay period is reflected in the entity's cumulative leave records.

Results: *Not Applicable.*

d) Observe the rate paid to the employees or officials agree to the authorized salary/pay rate found within the personnel file.

Results: *Not Applicable.*

19. Obtain a listing of those employees or officials that received termination payments during the fiscal period and management's representation that the list is complete. Randomly select two employees or officials, obtain related documentation of the hours and pay rates used in management's termination payment calculations and the entity's policy on termination payments. Agree the hours to the employee or officials' cumulative leave records, agree the pay rates to the employee or officials authorized pay rates in the employee or officials' personnel files, and agree the termination payment to entity policy.

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

20. Obtain management's representation that employer and employee portions of third-party payroll related amounts (e.g., payroll taxes, retirement contributions, health insurance premiums, garnishments, workers' compensation premiums, etc.) have been paid, and any associated forms have been filed, by required deadlines.

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

Ethics

21. Using the 5 randomly selected employees/officials from Payroll and Personnel procedure, obtain ethics documentation from management, and:

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

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

Results: Not Applicable.

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

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

22. Inquire and/or observe whether the agency has appointed an ethics designee as required by R.S. 42:1170.

Results: The HR Manager for the Department of Finance gathers the ethics documents for all employees within the finance department.

Debt Service

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

***Results**: Not applicable, as the entity does not have any outstanding debt.*

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

***Results**: Not applicable, as the entity does not have any outstanding debt.*

Fraud Notice

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

***Results**: We performed the above procedures and noted no exceptions.*

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

***Results**: We performed the above procedures and noted no exceptions.*

Information Technology Disaster Recovery/Business Continuity

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

a) Obtain and inspect the entity's most recent documentation that it has backed up its critical data (if no written documentation, inquire of personnel responsible for backing up critical data) and observe that such backup occurred within the past week. If backups are stored on a physical medium (e.g., tapes, CDs), observe evidence that backups are encrypted before being transported.

***Results:** We performed the above procedures and discussed the results with management.*

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

Results: *We performed the above procedures and discussed the results with management.*

c) Obtain a listing of the entity's computers currently in use and their related locations, and management's representation that the listing is complete. Randomly select 5 computers and observe while management demonstrates that the selected computers have current and active antivirus software and that the operating system and accounting system software in use are currently supported by the vendor.

Results: *We performed the above procedures and discussed the results with management.*

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

Results: *We performed the above procedures and discussed the results with management.*

29. Using the 5 randomly selected employees/officials from Payroll and Personnel procedure #9A, obtain cybersecurity training documentation from management, and observe that the documentation demonstrates that the following employees/officials with access to the agency's information technology assets have completed cybersecurity training as required by R.S. 42:1267. The requirements are as follows:

- *Hired before June 9, 2020 - completed the training; and*
- *Hired on or after June 9, 2020 - completed the training within 30 days of initial service or employment.*

Results: *We performed the above procedures and discussed the results with management.*

Sexual Harassment

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

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

31. Observe that the entity has posted its sexual harassment policy and complaint procedure on its website (or in a conspicuous location on the entity's premises if the entity does not have a website).

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

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

> ***Results**: NOMERS Department specifically does not have a sexual harassment report. HR department deals with sexual harassment situations for all employees that are employed for the City of New Orleans, so the following steps are not applicable.*

a) Number and percentage of public servants in the agency who have completed the training requirements;

> ***Results**: Not applicable.*

b) Number of sexual harassment complaints received by the agency;

> ***Results**: Not applicable.*

c) Number of complaints which resulted in a finding that sexual harassment occurred;

> ***Results**: Not applicable.*

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

> ***Results**: Not applicable.*

e) Amount of time it took to resolve each complaint.

> ***Results**: Not applicable.*

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

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

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

Luther Speight & Co

Luther Speight & Company CPAs
New Orleans, Louisiana
June 22, 2026