



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, 2024
AND COMPARATIVE TOTALS FOR 2023**

NEW ORLEANS MUNICIPAL EMPLOYEES' RETIREMENT SYSTEM
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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, 2024, 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, 2024, 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.

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Auditor's Responsibilities for the Audit of the Financial Statements

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

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

- Exercise professional judgment and maintain professional skepticism throughout the audit.
- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, and design and perform audit procedures responsive to those risks. Such procedures include examining, on a test basis, evidence regarding the amounts and disclosures in the financial statements.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the 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 \$808,403,025 at December 31, 2024. 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, 2025. 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, 2024 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, 2023, 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 25, 2025 on our consideration of the City of New Orleans Employees' Retirement System's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the System's internal control over financial reporting and compliance.

A handwritten signature in blue ink, appearing to read "Luther Speight & Co", is written over the printed name.

Luther Speight & Company CPAs
New Orleans, Louisiana
June 25, 2025

**NEW ORLEANS MUNICIPAL EMPLOYEES' RETIREMENT SYSTEM
MANAGEMENT'S DISCUSSION AND ANALYSIS
DECEMBER 31, 2024**

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, 2024.

Financial Highlights

- The System's net position restricted for pension benefits at market value for the current year totaled \$505.8 million as compared to the prior year of \$461.8 million. This represents an increase of \$44 million or 9.5%.
- Net appreciation/(depreciation) in fair value reflected a balance of \$47.8 million for the current year. This balance represents an increase of \$2.5 million as compared to the previous year net appreciation in fair value of \$45.6 million.
- Total investments increased from a 2023 level of \$457 million to the reported level of \$505 million for the year 2024 representing an increase in market value of \$48 million.
- Total contributions to the System were recorded at \$45.5 million for 2024, which reflected a \$4.0 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, 2024.
- Statement of Changes in Fiduciary Net Position – This statement reports the results of the System's activities during the calendar year 2024, categorically disclosing the additions to and deduction from Plan's net position. The net increase to Plan net position on this statement supports the change in net position on the Statement of Fiduciary Net Position between the years ended December 31, 2023 and 2024.
- 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, 2025.

**NEW ORLEANS MUNICIPAL EMPLOYEES' RETIREMENT SYSTEM
MANAGEMENT'S DISCUSSION AND ANALYSIS
DECEMBER 31, 2024**

Additions to Plan Net Assets

Additions to the System's net position were derived primarily from contributions from employees and employers in addition to investment income. Net investment income increased by \$3.8 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 2023 and 2024:

Contributions	2024	2023
Employer - City of New Orleans	\$ 30,259,991	\$ 27,912,682
Employer - Other Agencies	3,273,372	2,690,047
Employee	11,065,528	10,183,093
Other	972,803	848,935
	<u>\$ 45,571,694</u>	<u>\$ 41,634,757</u>

Deductions from Plan Net Assets

Deductions from the System net assets include retirement, disability, death, and survivor benefits. Total deductions were recorded at \$57.4 million for 2024 which reflects a \$3 million increase as compared to the previous year.

Summary of the System's Total Additions and Deductions

	2024	2023
Total Additions	\$ 101,414,586	\$ 93,701,581
Total Deductions	<u>57,388,043</u>	<u>54,067,120</u>
Net Increase in Plan Net Position	<u>\$ 44,026,543</u>	<u>\$ 39,634,461</u>

Significant Actuarial Matters

- 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.
- Actual employer contributions made during the year ending December 31, 2024 of \$33,533,363 were 118.6% of the actuarially determined contribution (ADC). In the prior year, actual contributions were 113.47% of the prior year ADC.

**NEW ORLEANS MUNICIPAL EMPLOYEES' RETIREMENT SYSTEM
MANAGEMENT'S DISCUSSION AND ANALYSIS
DECEMBER 31, 2024**

- The total actuarial gain from all sources is \$13,566,797, or 1.63% of actuarial accrued liability.
 - The total actuarial loss from investment experience is \$1,184,628, or 0.14% of actuarial accrued liability.
 - The total actuarial gain from demographics and non-investment experience is \$14,751,425, or 1.77% of actuarial accrued liability.
- The rate of return on the market value of assets was 12.25% for the year ending December 31, 2024. The return on the actuarial value of assets was 7.00% for the same period due to the recognition of prior years' investment gains and losses. This resulted in an actuarial loss when measured against the assumed rate of return of 7.25%.
- The actuarial value of assets is 100.51% of the market value of assets. The investment experience in the past years has only been partially recognized in the actuarial value of assets. As the deferred net loss is recognized in future years, the cost of the System is likely to increase unless the net loss is offset by future experience. The recognition of the market losses of \$2,582,912 will also have an impact on the future funded ratio. If the net deferred losses were recognized immediately in the actuarial value of assets, the ADC would increase from 15.06% to 15.14% of payroll.
- The following actuarial assumptions were approved by the Board and changed with this valuation, following the completion of an experience study for the period January 1, 2019 through December 31, 2023:
 - 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% Life Annuities, 15% 50% Joint & Survivor Annuities, and 20% 100% Joint & Survivor Annuities
 - The discount rate was changed from 7.25% to 7.00%
 - The payroll growth assumption for amortization purposes was changed from 2.50% to 3.00%

**NEW ORLEANS MUNICIPAL EMPLOYEES' RETIREMENT SYSTEM
MANAGEMENT'S DISCUSSION AND ANALYSIS
DECEMBER 31, 2024**

As a result of these assumption changes, the total normal cost increased by \$854,477 and the actuarial accrued liability decreased by \$25,386,207. The total impact was a decrease in the ADC of \$2,016,574, or 1.07% of payroll.

SUMMARY OF KEY VALUATION RESULTS

Valuation Result	Current	Prior
Contributions for fiscal year beginning:	January 1, 2025	January 1, 2024
• Actuarially determined employer contributions	\$28,274,657	\$29,638,103
• Actuarially determined employer contributions as a percent of payroll	15.06%	16.95%
• Actual employer contributions	—	33,533,363
Actuarial accrued liability for plan year beginning:	January 1, 2025	January 1, 2024
• Retired participants and beneficiaries	\$492,570,067	\$493,503,792
• Inactive vested participants	21,526,126	28,798,477
• Active participants	294,306,832	304,644,943
• Total	\$808,403,025	\$826,947,212
• Normal cost including administrative expenses for plan year beginning January 1	18,391,597	15,778,961
Assets for plan year beginning January 1:		
• Market value of assets (MVA)	\$505,835,421	\$461,808,874
• Actuarial value of assets (AVA)	508,418,333	486,571,233
• Actuarial value of assets as a percentage of market value of assets	100.51%	105.36%
Funded status for plan year beginning January 1:		
• Unfunded actuarial accrued liability on market value of assets	\$302,567,604	\$365,138,338
• Funded percentage on MVA basis	62.57%	55.85%
• Unfunded actuarial accrued liability on actuarial value of assets	\$299,984,692	\$340,375,979
• Funded percentage on AVA basis	62.89%	58.84%
• Effective Amortization period on an AVA basis	20	22

**NEW ORLEANS MUNICIPAL EMPLOYEES' RETIREMENT SYSTEM
OF THE CITY OF NEW ORLEANS
MANAGEMENT'S DISCUSSION AND ANALYSIS
DECEMBER 31, 2024**

Valuation Result	Current	Prior
Key assumptions:		
• Net investment return	7.00%	7.25%
• Inflation rate	2.50%	2.50%
Demographic data for plan year beginning January 1:		
• Number of retired participants and beneficiaries	2,124	2,124
• Number of inactive vested participants	348	423
• Number of active participants	3,089	3,004
• Total Payroll	\$187,776,193	\$174,850,253
• Average compensation	60,789	58,206

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, 2024
AND COMPARATIVE TOTALS FOR 2023

	<u>2024</u>	<u>2023</u>
ASSETS		
Cash	\$ 2,753,993	\$ 4,304,383
Receivables		
Accounts Receivables		
Accrued Interest & Dividends	67,418	80,657
Contributions	350,049	2,394,898
Due from Broker for securities sold	5,928	-
Total Receivables	<u>423,395</u>	<u>2,475,555</u>
Investments (at fair value)		
Cash & Cash Equivalents	29,693,917	27,158,189
Domestic Fixed Income	61,905,826	59,330,509
Domestic Equity	230,237,274	189,193,031
Foreign Equity	60,451,091	58,376,700
Investment in Private Equity	19,646,885	20,555,541
Investments in Private Debt	7,986,857	7,217,220
Investment in Real Estate	19,106,612	22,870,526
Infrastructure	53,956,230	50,369,880
Global Tactical Asset Allocations (GTAA)	22,264,957	22,089,010
Total Investments at Fair Value	<u>505,249,649</u>	<u>457,160,606</u>
TOTAL ASSETS	<u>508,427,037</u>	<u>463,940,544</u>
LIABILITIES		
Due to Terminated Employees	2,178,062	1,814,768
Due to Broker for Securities Purchased	3,394	896
Accrued Management and Custodial Fee	350,052	262,124
Escrow Accounts	60,112	53,882
TOTAL LIABILITIES	<u>2,591,620</u>	<u>2,131,670</u>
NET POSITION - RESTRICTED FOR PENSION BENEFITS	<u>\$ 505,835,417</u>	<u>\$ 461,808,874</u>

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, 2024
AND COMPARATIVE TOTALS FOR 2023

	<u>2024</u>	<u>2023</u>
ADDITIONS TO NET ASSETS		
Investment Income:		
Interest and Dividends	\$ 9,325,878	\$ 7,691,329
Net Appreciation	47,846,551	45,315,758
Securities Litigation and Lending	1,041	172,701
Total Investment Income	57,173,470	53,179,788
Less: Investment Expenses	(1,330,578)	(1,112,964)
Net Investment Income	55,842,892	52,066,824
Contributions:		
Employer-City of New Orleans	30,259,991	27,912,682
Employer-Other Agencies	3,273,372	2,690,047
Employee	11,065,528	10,183,093
Payments for Military Service	150,562	51,895
Transfer from S&WB	101,508	546,082
Transfers from State System	720,733	250,958
Total Contributions:	45,571,694	41,634,757
TOTAL ADDITIONS TO NET ASSETS	101,414,586	93,701,581
DEDUCTIONS FROM NET ASSETS		
Retirement Allowance	23,133,649	22,146,566
Retirement Allowance Options II, III, IV	17,016,488	17,599,486
Ordinary Disability	1,067,800	1,130,307
Accidental Disability	415,947	415,230
Separation Allowances	2,447,581	2,206,849
Refund to Members	3,149,613	952,157
Transfers To State System	1,258,354	594,846
Transfers To S&WB	417,890	265,970
Transfers To MPERS	-	7,968
Lump Sum Benefits Due to Death of Members	212,597	210,653
Cost of Living Benefits	2,049,352	2,102,731
Drop Withdrawal	2,615,232	2,854,155
DROP Annuity	816,803	771,409
Policy 4 Annuity	1,894,117	1,798,547
Policy 4 Cash Withdrawal	125,761	288,745
Other Administrative Expenses	766,859	721,501
TOTAL DEDUCTIONS FROM NET ASSETS	57,388,043	54,067,120
Net (Decrease)/increase	44,026,543	39,634,461
NET POSITION - RESTRICTED FOR PENSION BENEFITS		
Beginning of Year	461,808,874	422,174,413
End of the Year	\$ 505,835,417	\$ 461,808,874

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

NEW ORLEANS MUNICIPAL EMPLOYEES' RETIREMENT SYSTEM
NOTES TO THE FINANCIAL STATEMENTS
DECEMBER 31, 2024

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.

NEW ORLEANS MUNICIPAL EMPLOYEES' RETIREMENT SYSTEM
NOTES TO THE FINANCIAL STATEMENTS
DECEMBER 31, 2024

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.

NEW ORLEANS MUNICIPAL EMPLOYEES' RETIREMENT SYSTEM
NOTES TO THE FINANCIAL STATEMENTS
DECEMBER 31, 2024

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."

NEW ORLEANS MUNICIPAL EMPLOYEES' RETIREMENT SYSTEM
NOTES TO THE FINANCIAL STATEMENTS
DECEMBER 31, 2024

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.

NEW ORLEANS MUNICIPAL EMPLOYEES' RETIREMENT SYSTEM
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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, 2024 and 2023 the System's membership consisted of:

	<u>2024</u>	<u>2023</u>
Active Participants	3,089	3,004
Retired Participants	1,787	1,788
Inactive Vested Participants	348	423
Beneficiaries	238	232
Disabled Participants	99	104
Total participants as of measurement date	<u><u>5,561</u></u>	<u><u>5,551</u></u>

NEW ORLEANS MUNICIPAL EMPLOYEES' RETIREMENT SYSTEM
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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.
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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
--------	-------------------------------------

**NEW ORLEANS MUNICIPAL EMPLOYEES' RETIREMENT SYSTEM
NOTES TO THE FINANCIAL STATEMENTS
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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
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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

NEW ORLEANS MUNICIPAL EMPLOYEES' RETIREMENT SYSTEM
NOTES TO THE FINANCIAL STATEMENTS
DECEMBER 31, 2024

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 31 st . *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:	
<i>Member</i>	6.0% of pensionable compensation
<i>Employer</i>	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.

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.

NEW ORLEANS MUNICIPAL EMPLOYEES' RETIREMENT SYSTEM
NOTES TO THE FINANCIAL STATEMENTS
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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 2023. 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, 2023, 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.

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.

NEW ORLEANS MUNICIPAL EMPLOYEES' RETIREMENT SYSTEM
NOTES TO THE FINANCIAL STATEMENTS
DECEMBER 31, 2024

Continued,

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 – The System adopted GASB Statement No. 87, *Leases*. Under this Statement, lease contracts, as defined, are financings of the right to use an underlying asset. A lessor is required to recognize a lease receivable and a deferred inflow of resources, and a lessee recognizes a lease liability and intangible right-to-use asset, thereby enhancing the relevance and consistency of information about leasing activities. Lease receivables, as well as lease liabilities are measured at the present value of lease payments over the term of each respective contract. Options to renew the lease are included in the lease term if reasonably certain to be exercised. The adoption of the standard did not have a material effect on the financial statements for the year ended December 31, 2024.

The System adopted GASB Statement No. 96, *Subscription Based Information Technology Arrangements (SBITA)*. Under this Statement, SBITA, as defined, are financings of the right to use an underlying asset. SBITA liabilities are measured at the present value of lease payments over the term of each respective contract. Options to renew the lease are included in the lease term if reasonably certain to be exercised. The right to use assets may also include certain implementation phase costs. The adoption of this standard did not have a material effect on the financial statements for the year ended December 31, 2024.

NEW ORLEANS MUNICIPAL EMPLOYEES' RETIREMENT SYSTEM
NOTES TO THE FINANCIAL STATEMENTS
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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 was as follows as of December 31, 2024:

<u>Plan Year</u>	<u>Total Pension Liability</u>	<u>Plan Fiduciary Net Position</u>	<u>Employers' Net Pension Liability</u>	<u>Plan Fiduciary Net Position as a % of the Total Pension Liability</u>
2024	\$ 808,403,025	\$ 505,835,417	\$ 302,567,608	62.57%
2023	\$ 826,947,212	\$ 461,808,874	\$ 365,138,338	55.85%

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, 2024 audit were based on the results of an actuarial valuation report as of January 1, 2025. 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.

NEW ORLEANS MUNICIPAL EMPLOYEES' RETIREMENT SYSTEM
NOTES TO THE FINANCIAL STATEMENTS
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Continued,

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 was changed from 7.25% to 7.00%
- The payroll growth assumption for amortization purposes was changed from 2.50% to 3.00%

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.

**NEW ORLEANS MUNICIPAL EMPLOYEES' RETIREMENT SYSTEM
NOTES TO THE FINANCIAL STATEMENTS
DECEMBER 31, 2024**

Continued,

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

NEW ORLEANS MUNICIPAL EMPLOYEES' RETIREMENT SYSTEM
NOTES TO THE FINANCIAL STATEMENTS
DECEMBER 31, 2024

Continued,

Termination rates (%) before retirement

Age	Disability
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	5%	13%
6-13	11%	10%
14+	7%	7%

Retirement rates

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

NEW ORLEANS MUNICIPAL EMPLOYEES' RETIREMENT SYSTEM
NOTES TO THE FINANCIAL STATEMENTS
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Continued,

Retirement rates for inactive vested participants

Age	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.

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.

NEW ORLEANS MUNICIPAL EMPLOYEES' RETIREMENT SYSTEM
NOTES TO THE FINANCIAL STATEMENTS
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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.

Best estimates of arithmetic real rates of return for each major asset class included in the System's target allocation as of December 31, 2024 were determined by the System's investment advisors and are summarized as follows:

<u>Asset Class</u>	<u>Target Allocation</u>	<u>Long-Term Expected Real Rate</u>
Cash	2.00%	1.10%
Domestic Equity	42.50%	6.10%
International Equity	14.00%	6.63%
Fixed Income	22.00%	2.05%
Real Estate	5.00%	3.50%
Hedge funds & GTAA	9.50%	2.90%
Private investments	5.00%	9.65%
Total	<u>100.00%</u>	

The discount rates used to measure the Total Pension Liability (TPL) was 7.0% as of December 31, 2024. 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, 2024.

NEW ORLEANS MUNICIPAL EMPLOYEES' RETIREMENT SYSTEM
NOTES TO THE FINANCIAL STATEMENTS
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The rate of return on the market value of assets was 12.25% for the December 31, 2024 plan year. The return on the actuarial value of assets was 7.00% for the same period due to the recognition of prior years' investment gains and losses. This resulted in an actuarial loss when measured against the assumed rate of return of 7.25%.

Based upon the low fixed income interest rate environment, target asset allocation and expectations of future investment returns for various classes, and with the recommendation of the Board's financial advisor, the Board adopted an investment return assumption of 7.00% with the January 1, 2025 valuation.

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	<u>\$ 389,109,643</u>	<u>\$ 302,567,604</u>	<u>\$ 222,957,019</u>

NEW ORLEANS MUNICIPAL EMPLOYEES' RETIREMENT SYSTEM
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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, 2024, the carrying amount of the Retirement System's demand deposit accounts held with a financial institution classified as cash was \$2,753,993 and the bank balance was \$1,325,389, of which \$250,000 was protected from custodial credit risk by Federal Depository insurance. The remainder of the demand deposit balances were collateralized by securities held by the financial institution in the name of the System.

E. SHORT-TERM INVESTMENTS

During 2024, 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, 2024 the System's balance in LAMP was \$20,382,290.

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 \$4,808,472 at December 31, 2024. Deposits in the STIF fund are not insured by the FDIC. Additional uninvested cash reserves are held on deposit by the custodian totaling \$4,502,755. At December 31, 2024 the balances in LAMP, STIF and cash reserves totaled \$29,693,917. This balance is classified in the Statement of Fiduciary Net Position under investments as cash and cash equivalents.

NEW ORLEANS MUNICIPAL EMPLOYEES' RETIREMENT SYSTEM
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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, 2024:

<u>Fair Value Measurement Using</u>				
<u>Asset Category</u>	<u>Total</u>	<u>Quoted Prices in Active Markets for Identical Assets - Level 1</u>	<u>Significant Other Observable Inputs - Level 2</u>	<u>Significant Other Unobservable Inputs - Level 3</u>
Investment at Fair Value Level:				
Equity Securities				
Domestic Equity	\$ 230,237,274	\$ 230,237,274	\$ -	\$ -
International Equity	60,452,026	60,452,026	-	-
Total Equity Securities	290,689,300	290,689,300	-	-
Investments Measured at the Net Asset Value (NAV)				
Fixed Income Securities	61,905,826			
Real Estate Funds	19,106,612			
Infrastructure Fund	53,956,230			
Private Equity	19,647,686			
Private Debt	7,986,857			
Global Tactical Allocations (GTAA)	22,263,221			
Total Investments Measured at the Net Asset Value (NAV)	\$ 184,866,432			
Investments Measured at Cost				
Cash and Cash Equivalents	29,693,917			
Total Investments at Fair Value	\$ 505,249,649			

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.

NEW ORLEANS MUNICIPAL EMPLOYEES' RETIREMENT SYSTEM
NOTES TO THE FINANCIAL STATEMENTS
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Continued,

The unfunded commitments and redemption terms for investments measured at the net asset value (NAV) per share or its equivalent as of December 31, 2024 is presented in the following table:

Asset Category	Net Asset Value	Unfunded Commitments	Redemption Frequency	Redemption Notice Period
Fixed Income Securities	\$ 61,905,826	\$ -	Daily	1-15 Days
Real Estate Funds	19,106,612	-	Quarterly	90 Days
Infrastructure Fund	53,956,230	-	Daily	1-15 Days
Private Equity	19,647,686	-	N/A	N/A
Private Debt	7,986,857	-	N/A	N/A
Global Tactical Allocations (GTAA)	22,263,221	-	Daily	1-15 Days
	<u>\$ 184,866,432</u>			

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.

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:

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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, 2024 were \$505,249,649.

NEW ORLEANS MUNICIPAL EMPLOYEES' RETIREMENT SYSTEM
NOTES TO THE FINANCIAL STATEMENTS
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The following table presents the reported values of investments that represent 5% or more of the System's net position.

<u>Domestic Equity</u>	<u>Fair Value</u>
Vanguard 500 Index	\$ 58,643,216
Cornerstone - Large Cap Core	51,570,009
Vanguard Growth Index	40,640,918
Wedge - Large Cap Value	38,462,388
 <u>Infrastructure</u>	
KKR Diversified Core Infrastructure Fund	<u>39,839,346</u>
	<u>\$ 229,155,877</u>

The Fund's asset allocation targets are intended to provide a high likelihood of producing a rate of return sufficient to meet or exceed the following objectives over a ten-year period:

- a. The Fund's actuarial interest rate assumption; and
- b. The Fund's custom benchmark.

NEW ORLEANS MUNICIPAL EMPLOYEES' RETIREMENT SYSTEM
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Net Appreciation/(Depreciation)

During 2024, the System's investments, including gains and losses on investments bought and sold, as well as held during the year appreciated in value by \$47.8 million. The details are as follows:

Equities:	
Domestic	\$ 42,723,576
Foreign	1,648,038
Fixed Incomes:	
Domestic Fixed Income	1,920,501
Foreign	
Global Infrastructure	1,904,300
Market Prices Determined by Other Methods:	
Investment in Hedge Funds	(440,370)
Private Equities	1,194,811
Middle Market Debt	273,286
Real Estate	(1,377,591)
Total	\$ 47,846,551

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%

NEW ORLEANS MUNICIPAL EMPLOYEES' RETIREMENT SYSTEM
NOTES TO THE FINANCIAL STATEMENTS
DECEMBER 31, 2024

G. INVESTMENT EXPENSES

Investment expenses reported at \$1,330,578 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 22% of the Aggregate Fund to alternative investments.

The Board recognized that alternative investments may contain a high level of risk due to, but not limited to, such factors as potential liquidity constraints, restrictions on the ability to withdraw invested capital, concentrated positions, short positions, leverage, high volatility and the marketability of such investments. These investments include, but are not limited to real estate, private equity, infrastructure and hedge funds. As of December 31, 2024, alternative investments were \$100.7 million or 20% of total investments as summarized below:

Real Estate	\$	19,106,612
Infrastructure		53,956,230
Hedge Funds		1,736
Private Equity		19,646,885
Private Debt		7,986,857
		<hr/>
	\$	<u>100,698,320</u>

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.

NEW ORLEANS MUNICIPAL EMPLOYEES' RETIREMENT SYSTEM
NOTES TO THE FINANCIAL STATEMENTS
DECEMBER 31, 2024

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.

Cash on Deposit

As of December 31, 2024, the System's cash balances in bank accounts totaled \$1,325,389. The System's cash balance that exceeds the FDIC insurance limit is 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.

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, 2024, 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, 2024, 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, 2024, 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.

NEW ORLEANS MUNICIPAL EMPLOYEES' RETIREMENT SYSTEM
NOTES TO THE FINANCIAL STATEMENTS
DECEMBER 31, 2024

Continued,

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, 2024, the System had not received any payments from the City in reference to the settlement.

**NEW ORLEANS MUNICIPAL EMPLOYEES' RETIREMENT SYSTEM
NOTES TO THE FINANCIAL STATEMENTS
DECEMBER 31, 2024**

N. SUBSEQUENT EVENTS

Management evaluated subsequent events as of June 25, 2025, 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, 2024

	2024	2023	2022	2021	2020	2019	2018	2017	2016	2015
Total Pension Liability										
Service cost	\$ 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	\$ 8,164,544
Interest cost at 7.50%	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	40,513,176
Changes of benefit terms	-	-	3,120,186	-	6,341,974	-	(437,937)	-	-	-
Difference between expected and actual experience	(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	20,288,669
Changes of assumptions	(25,386,207)	-	-	-	(4,226,362)	70,869,862	-	-	-	-
Benefit payments and net transfers	(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)	(46,455,662)
Net change in total pension liability:	(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	22,510,727
Total pension liability - beginning	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	540,175,678
Total pension liability - ending	<u>\$ 808,403,025</u>	<u>\$ 826,947,212</u>	<u>\$ 792,825,271</u>	<u>\$ 773,824,079</u>	<u>\$ 746,340,322</u>	<u>\$ 723,145,441</u>	<u>\$ 658,352,626</u>	<u>\$ 629,766,451</u>	<u>\$ 609,079,637</u>	<u>\$ 562,686,405</u>
Plan fiduciary net position										
Contributions - employer	\$ 33,533,363	\$ 30,602,729	\$ 25,665,015	\$ 21,651,850	\$ 32,615,183	\$ 33,884,678	\$ 31,065,227	\$ 27,169,921	\$ 27,304,527	\$ 22,447,281
Contributions - member	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	6,490,092
Net investment income	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	(14,044,748)
Benefit payments and net transfers	(56,621,183)	(53,345,618)	(54,593,407)	(52,129,637)	(53,756,908)	(48,716,880)	(50,075,418)	(48,198,171)	(48,678,803)	(46,455,662)
Administrative expense	(766,859)	(721,502)	(615,589)	(560,127)	(316,687)	(376,002)	(243,972)	(337,564)	(170,780)	(88,383)
Transfers into the System	972,802	848,935	764,331	965,183	261,920	264,650	507,195	-	-	-
Net change in plan fiduciary net position:	44,026,542	39,634,461	(87,855,437)	49,387,816	41,670,704	53,234,022	(26,090,007)	38,217,718	14,510,948	(31,651,420)
Plan fiduciary net position - beginning	461,808,875	422,174,414	510,029,851	460,642,035	418,971,331	365,737,309	391,827,316	353,609,598	339,098,650	370,750,070
Plan fiduciary net position - ending	505,835,417	461,808,875	422,174,414	510,029,851	460,642,035	418,971,331	365,737,309	391,827,316	353,609,598	339,098,650
Net pension liability - ending:	<u>\$ 302,567,608</u>	<u>\$ 365,138,337</u>	<u>\$ 370,650,857</u>	<u>\$ 263,794,228</u>	<u>\$ 285,698,287</u>	<u>\$ 304,174,110</u>	<u>\$ 292,615,317</u>	<u>\$ 237,939,135</u>	<u>\$ 255,470,039</u>	<u>\$ 223,587,755</u>
Plan fiduciary net position as a percentage of the total pension liability:	62.57%	55.85%	53.25%	65.91%	61.72%	57.94%	55.55%	62.22%	58.06%	60.26%
Covered-employee payroll	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	105,691,915
Net pension liability as a percentage of covered-employee payroll:	<u>161.71%</u>	<u>212.87%</u>	<u>250.19%</u>	<u>185.33%</u>	<u>210.41%</u>	<u>203.41%</u>	<u>227.66%</u>	<u>196.96%</u>	<u>221.18%</u>	<u>211.55%</u>

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

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

EMPLOYEES' RETIREMENT SYSTEM OF THE CITY OF NEW ORLEANS
SCHEDULE OF SYSTEM'S CONTRIBUTIONS
DECEMBER 31, 2024

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
2015	21,891,996	22,447,281	(555,285)	105,691,915	21.24%
2016	22,713,296	27,304,527	(4,591,231)	115,504,517	23.64%
2017	26,857,512	27,169,921	(312,409)	120,808,711	22.49%
2018	28,015,495	31,065,227	(3,049,732)	128,530,078	24.17%
2019	28,689,759	33,884,678	(5,194,919)	149,538,039	22.66%
2020	22,890,640	32,615,183	(9,724,543)	135,779,772	24.02%
2021	23,973,368	21,651,850	2,321,518	142,338,647	15.21%
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%

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, 2024

<u>Year</u>	<u>Annual Money- Weighted Rate of Return</u>
2015	-3.88%
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%

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, 2024

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, 2024**

Financial Statements

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

Internal Control Over Financial Reporting:

Material weakness(es) identified? X yes 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
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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, 2024, 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 25, 2025.

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. We identified a certain deficiency in internal control, described in the accompanying schedule of findings and management responses as item 2024-01 that we consider to be a material weakness.

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*.

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Atlanta Office: 1201 Peachtree St. NE, Suite 200 / Atlanta, GA 30328 / (678)971-3700

New Orleans Municipal Employees' Retirement System's Response to Finding

Government Auditing Standards requires the auditor to perform limited procedures on the System's response to the findings identified in our audit and described in the accompanying schedule of findings and management responses. The System's response was not subjected to the other auditing procedures applied in the audit of the financial statements and, accordingly, we express no opinion on the response.

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.

A handwritten signature in blue ink, appearing to read "Luther Speight & Co", is written over the printed name of the firm.

Luther Speight & Company CPAs

New Orleans, Louisiana

June 25, 2025

SCHEDULE OF FINDINGS AND MANAGEMENT RESPONSES

**NEW ORLEANS MUNICIPAL EMPLOYEES' RETIREMENT SYSTEM
SCHEDULE OF FINDINGS AND MANAGEMENT RESPONSES
DECEMBER 31, 2024**

Finding 2024-01: INVESTMENT CUSTODIAN AGREEMENT NOT CURRENT AND EXECUTED – MATERIAL WEAKNESS

Criteria:

The custodian agreement sets forth the terms, conditions and responsibilities of both parties related to the management, accounting and reporting of the Plan's investments. A fully executed agreement is required to ensure that all applicable criteria are clearly defined and agreed to by both parties.

Condition:

JP Morgan served as the Plan's investment custodian for the year ended December 31, 2024. We reviewed the Plan's investment custodian agreement for the year ended December 31, 2024 and noted that a current custodian agreement was not signed and maintained on file.

Effect:

Without a fully executed current agreement on file, changes to the agreement terms and conditions could occur and not be fully enforceable.

Cause:

Management did not initiate the current renewal of the custodian agreement for board review and approval.

Recommendation:

We recommend that management and the board implement procedures to obtain a fully executed custodian agreement.

Management Response:

At the conclusion of the formal contractual agreement with the custodian of the retirement fund, the custodian continued providing all custodial services outlined in the agreement. The retirement fund continued to pay the required fees for all services rendered. In the absence of an extended formal agreement, both parties operated in line with the initial executed agreement. The board along with management will look to execute an extension of the agreement at its next available board meeting. Additionally, the board and management has requested that both legal counsels work to add language in the extension that will allow the extended agreement to continuously renew for 30 days until either a new extension is executed, a new agreement is executed or either party moves to terminate the agreement. The agreement will be added to a contract alert system provided by the city, which will aid in advising of an approaching expiring agreement. Lastly, management has advised the auditor that all custodial services were performed by the investment custodian consistent with the terms and conditions of the initial executed custodial agreement. Management is not aware of any matters regarding the performance of the custodian that were adversely affected by the absence of a formally executed extension of the initial agreement.

**NEW ORLEANS MUNICIPAL EMPLOYEES' RETIREMENT SYSTEM
DECEMBER 31, 2024
STATUS OF PRIOR YEAR FINDINGS**

We noted no findings during the prior year audit period ended December 31, 2023.

**NEW ORLEANS MUNICIPAL EMPLOYEES' RETIREMENT SYSTEM
SCHEDULE OF COMPENSATION, BENEFITS, AND OTHER
PAYMENTS TO AGENCY HEAD OR CHIEF EXECUTIVE OFFICER
DECEMBER 31, 2024**

Agency Head Name: Jesse Evans, Jr.

Purpose	Amount
Salary	\$136,648
Benefits-insurance	1,568
Benefits-retirement	10,029
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, 2024 through December 31, 2024.



Luther Speight & Company, LLC
Certified Public Accountants and Consultants

NEW ORLEANS MUNICIPAL EMPLOYEES' RETIREMENT SYSTEM

AGREED UPON PROCEDURES REPORT

FOR THE YEAR ENDED DECEMBER 31, 2024



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, 2024, through December 31, 2024. 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, 2024, through December 31, 2024. 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. **Results:** *There were no findings in this section in the 2023 AUP report. As a result, this section is not applicable for 2024. However, these procedures will be required to be performed for 2025.*

Board or Finance Committee

2. **Results:** *There were no findings in this section in the 2023 AUP report. As a result, this section is not applicable for 2024. However, these procedures will be required to be performed for 2025.*

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Bank Reconciliations

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

Results: List of bank accounts and management's representation were obtained. We noted that the Entity only has one bank account.

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

Results: We did not note any evidence that the bank reconciliation was prepared within 2 months of the statement closing date.

Management's Response: Every effort is made to complete the reconciliations within two months of the closing date and availability of the statement for the applicable period. We note that the reconciliations were completed in a timely manner and sent by email to members of management for their review.

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

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

Management's Response: Upon completion of each reconciliation, the completed reconciliation was sent by email to two members of management for review.

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

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

Collections

4. **Results:** *There were no findings in this section in the 2023 AUP report. As a result, this section is not applicable for 2024. However, these procedures will be required to be performed for 2025.*

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

5. **Results:** *There were no findings in this section in the 2023 AUP report. As a result, this section is not applicable for 2024. However, these procedures will be required to be performed for 2025.*

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

6. **Results:** *There were no findings in this section in the 2023 AUP report. As a result, this section is not applicable for 2024. However, these procedures will be required to be performed for 2025.*

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

7. **Results:** *There were no findings in this section in the 2023 AUP report. As a result, this section is not applicable for 2024. However, these procedures will be required to be performed for 2025.*

Contracts

8. **Results:** *There were no findings in this section in the 2023 AUP report. As a result, this section is not applicable for 2024. However, these procedures will be required to be performed for 2025.*

Payroll and Personnel

9. **Results:** *There were no findings in this section in the 2023 AUP report. As a result, this section is not applicable for 2024. However, these procedures will be required to be performed for 2025.*

Ethics

10. **Results:** *There were no findings in this section in the 2023 AUP report. As a result, this section is not applicable for 2024. However, these procedures will be required to be performed for 2025.*

Debt Service

- 11. Results:** *There were no findings in this section in the 2023 AUP report. As a result, this section is not applicable for 2024. However, these procedures will be required to be performed for 2025.*

Fraud Notice

- 12. Results:** *There were no findings in this section in the 2023 AUP report. As a result, this section is not applicable for 2024. However, these procedures will be required to be performed for 2025.*

Information Technology Disaster Recovery/Business Continuity

- 13. Results:** *There were no findings in this section in the 2023 AUP report. As a result, this section is not applicable for 2024. However, these procedures will be required to be performed for 2025.*

Sexual Harassment

- 14. Results:** *There were no findings in this section in the 2023 AUP report. As a result, this section is not applicable for 2024. However, these procedures will be required to be performed for 2025.*

We were engaged by the New Orleans Municipal Employees' Retirement System 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 the New Orleans Municipal Employees' Retirement System 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.

A handwritten signature in blue ink, appearing to read "Luther Speight", followed by a stylized flourish.

Luther Speight & Company CPAs
New Orleans, Louisiana
June 25, 2025