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

Louis C. McKnight, III, CPA
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May 8, 2020

To Mr. Warren Ponder, Executive Director, and the Board of Trustees of
Municipal Employees' Retirement System of Louisiana
Baton Rouge, Louisiana

Dear Mr. Ponder and Members of the Board of Trustees:

We are pleased to confirm our understanding of the services we are to provide Municipal Employees' Retirement System of Louisiana for the year ending June 30, 2020. We will audit the schedules of employer allocations for Plans A and B and the totals for all entities of the columns titled net pension liability, total deferred outflows of resources, total deferred inflows of resources, and total pension expense (benefit) included in the schedules of pension amounts by employer for Plans A and B, including the related notes to employer pension schedules, which collectively comprise the employer pension schedules of Municipal Employees' Retirement System of Louisiana as of and for the year ending June 30, 2020.

We have also been engaged to report on supplementary information that accompanies Municipal Employees' Retirement System of Louisiana's employer pension schedules. We will subject the following supplementary information to the auditing procedures applied in our audit of the employer pension schedules and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the employer pension schedules or to the employer pension schedules themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America, and we will provide an opinion on it in relation to the employer pension schedules as a whole, in a report combined with our auditor's report on the employer pension schedules:

1. Schedule of employers' proportionate share of contributions – Plans A and B

2. Schedule of net pension liability sensitivity to change in discount rate – Plans A and B

3. Schedule of amortization – Plans A and B

4. Schedule of change in net pension liability and deferred inflows and deferred outflows due to change in proportion – Plans A and B

We will notify the Legislative Auditor, immediately and in writing, of any change in the scope of the engagement (for example, a change from an audit engagement to a review/attestation engagement) and will include all reasons for such change.

Audit Objectives

The objective of our audit is the expression of an opinion as to whether your employer pension schedules are fairly presented, in all material respects, in conformity with U.S. generally accepted accounting principles and to report on the fairness of the supplementary information referred to in the second paragraph when considered in relation to the employer pension schedules as a whole. Our audit will be conducted in accordance with auditing standards generally accepted in the United States of America and

the standards for financial audits contained in *Government Auditing Standards,* issued by the Comptroller General of the United States, and will include tests of the accounting records of Municipal Employees' Retirement System of Louisiana and other procedures we consider necessary to enable us to express such an opinion. Our audit will be performed in accordance with the *Louisiana Governmental Audit Guide*, authorized by Louisiana Revised Statute 24:513.A.(5)(a)(i), which is published jointly by the Louisiana Legislative Auditor and the Society of Louisiana Certified Public Accountants. We will issue a written report upon completion of our audit of Municipal Employees' Retirement System of Louisiana's employer pension schedules. Our report will be addressed to the Executive Director and the Board of Trustees of Municipal Employees' Retirement System of Louisiana. We cannot provide assurance that an unmodified opinion will be expressed. Circumstances may arise in which it is necessary for us to modify our opinion or add emphasis-of-matter or other-matter paragraphs. If our opinion is other than unmodified, we will discuss the reasons with you in advance. We will notify the Legislative Auditor, immediately and in writing, of our decision to disclaim an opinion or to render an adverse opinion on the financial statements for any reason other than omitted component units. If, for any reason, we are unable to complete the audit or are unable to form or have not formed an opinion, we may decline to express an opinion or issue reports, or may withdraw from this engagement. Should such situation arise, we will notify you and the Legislative Auditor, immediately and in writing, including all substantive reasons for the withdrawal.

We will also provide a report (that does not include an opinion) on internal control related to the employer pension schedules and compliance with the provisions of laws, regulations, and contracts, noncompliance with which could have a material effect on the employer pension schedules as required by *Government Auditing Standards.* The report on internal control and on compliance and other matters will include a paragraph that states (1) that the purpose of the report is solely to describe the scope of 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, and (2) that the report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering internal control and compliance. The paragraph will also state that the report is not suitable for any other purpose.

Audit Procedures – General

An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the employer pension schedules; therefore, our audit will involve judgment about the number of transactions to be examined and the areas to be tested. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluating the overall presentation of the employer pension schedules. We will plan and perform the audit to obtain reasonable assurance about whether the employer pension schedules are free of material misstatement, whether from (1) errors, (2) fraudulent financial reporting, (3) misappropriation of assets, or (4) violations of laws or governmental regulations that are attributable to the entity or to acts by management or employees acting on behalf of the entity. Because the determination of waste and abuse is subjective, *Government Auditing Standards* do not expect auditors to perform specific procedures to detect waste or abuse in financial audits nor do they expect auditors to provide reasonable assurance of detecting waste and abuse.

Because of the inherent limitations of an audit, combined with the inherent limitations of internal control, and because we will not perform a detailed examination of all transactions, an unavoidable risk exists that some material misstatements may exist and not be detected by us, even though the audit is properly planned and performed in accordance with U.S. generally accepted auditing standards and *Government Auditing Standards.* In addition, an audit is not designed to detect immaterial misstatements or violations of laws or governmental regulations that do not have a direct and material effect on the employer pension schedules. However, we will inform the appropriate level of management of any material errors, fraudulent financial reporting, misappropriation of assets, material abuse or violations of laws or governmental regulations that come to our attention, unless clearly inconsequential, and will also

notify the Legislative Auditor immediately and in writing. Furthermore, should we become aware of any illegal acts, we shall also notify the appropriate enforcement agency, including the local district attorney and sheriff. We will include such matters in the reports required by *Government Auditing Standards* and the *Louisiana Governmental Audit Guide*. Our responsibility as auditors is limited to the period covered by our audit and does not extend to any later periods for which we are not engaged as auditors.

Our procedures will include tests of documentary evidence supporting the transactions recorded in the accounts and may include direct confirmation of receivables and certain other assets and liabilities by correspondence with selected individuals and funding sources. At the conclusion of our audit, we will require certain written representations from you about your responsibilities for the employer pension schedules; compliance with laws, regulations, and contracts; and other responsibilities required by generally accepted auditing standards.

Audit Procedures – Internal Control

Our audit will include obtaining an understanding of the entity and its environment, including internal control, sufficient to assess the risks of material misstatement of the employer pension schedules and to design the nature, timing, and extent of further audit procedures. Tests of controls may be performed to test the effectiveness of certain controls that we consider relevant to preventing and detecting errors and fraud that are material to the employer pension schedules and to preventing and detecting misstatements resulting from illegal acts and other noncompliance matters that have a direct and material effect on the employer pension schedules. Our tests, if performed, will be less in scope than would be necessary to render an opinion on internal control and, accordingly, no opinion will be expressed in our report on internal control issued pursuant to *Government Auditing Standards.*

An audit is not designed to provide assurance on internal control or to identify significant deficiencies or material weaknesses. Accordingly, we will express no such opinion. However, during the audit, we will communicate to management and those charged with governance internal control related matters that are required to be communicated under AICPA professional standards and *Government Auditing Standards.*

Audit Procedures – Compliance

Municipal Employees' Retirement System of Louisiana will prepare and sign the Louisiana Compliance Questionnaire for Audit Engagements of Quasi-Public Organizations, adopt it in an open meeting, and return it to us.

As part of obtaining reasonable assurance about whether the employer pension schedules are free of material misstatement, we will perform tests of Municipal Employees' Retirement System of Louisiana's compliance with the provisions of applicable laws, regulations, contracts, and agreements and will report on any matters of noncompliance that are material to the employer pension schedules. However, the objective of our audit will not be to provide an opinion on overall compliance and we will not express such an opinion in our report on compliance issued pursuant to *Government Auditing Standards.*

Other Services

We will also assist in preparing the employer pension schedules and related notes of Municipal Employees' Retirement System of Louisiana in conformity with U.S. generally accepted accounting principles based on information provided by you. This nonaudit service does not constitute an audit under *Government Auditing Standards* and such service will not be conducted in accordance with *Government Auditing Standards.* We will perform the service in accordance with applicable professional standards. The other services are limited to the employer pension schedules and related notes service previously defined. We, in our sole professional judgment, reserve the right to refuse to

perform any procedure or take any action that could be construed as assuming management responsibilities.

Management's Responsibilities

Management is responsible for designing, implementing, establishing, and maintaining effective internal controls relevant to the preparation and fair presentation of employer pension schedules that are free from material misstatement, whether due to fraud or error, and for evaluating and monitoring ongoing activities to help ensure that appropriate goals and objectives are met; following laws and regulations; and ensuring that management and financial information is reliable and properly reported. Management is also responsible for implementing systems designed to achieve compliance with applicable laws, regulations, and contracts. You are also responsible for the selection and application of accounting principles, for the preparation and fair presentation of the employer pension schedules and all accompanying information in conformity with U.S. generally accepted accounting principles, and for compliance with applicable laws and regulations and the provisions of contracts.

Management is also responsible for making all financial records and related information available to us and for the accuracy and completeness of that information. You are also responsible for providing us with (1) access to all information of which you are aware that is relevant to the preparation and fair presentation of the employer pension schedules, (2) additional information that we may request for the purpose of the audit, and (3) unrestricted access to persons within the entity from whom we determine it necessary to obtain audit evidence.

Your responsibilities include adjusting the employer pension schedules to correct material misstatements and for confirming to us in the written representation letter that the effects of any uncorrected misstatements aggregated by us during the current engagement and pertaining to the latest period presented are immaterial, both individually and in the aggregate, to the employer pension schedules taken as a whole.

You are responsible for the design and implementation of programs and controls to prevent and detect fraud, and for informing us about all known or suspected fraud affecting the entity involving (1) management, (2) employees who have significant roles in internal control, and (3) others where the fraud could have a material effect on the financial statements. Your responsibilities include informing us of your knowledge of any allegations of fraud or suspected fraud affecting the entity received in communications from employees, former employees, regulators, or others. In addition, you are responsible for identifying and ensuring that the entity complies with applicable laws, regulations, contracts, and agreements and for taking timely and appropriate steps to remedy fraud and noncompliance with provisions of laws, regulations, or contracts.

You are responsible for the preparation of the supplementary information, which we have been engaged to report on, in conformity with U.S. generally accepted accounting principles. You agree to include our report on the supplementary information in any document that contains and indicates that we have reported on the supplementary information. You also agree to include the audited employer pension schedules with any presentation of the supplementary information that includes our report thereon. Your responsibilities include acknowledging to us in the written representation letter that (1) you are responsible for presentation of the supplementary information in accordance with GAAP; (2) you believe the supplementary information, including its form and content, is fairly presented in accordance with GAAP; (3) the methods of measurement or presentation have not changed from those used in the prior period (or, if they have changed, the reasons for such changes); and (4) you have disclosed to us any significant assumptions or interpretations underlying the measurement or presentation of the supplementary information.

Management is responsible for establishing and maintaining a process for tracking the status of audit findings and recommendations. Management is also responsible for identifying and providing report copies of previous financial audits, attestation engagements, performance audits or other studies related to the objectives discussed in the Audit Objectives section of this letter. This responsibility includes relaying to us corrective actions taken to address significant findings and recommendations resulting from those audits, attestation engagements, performance audits, or other studies. You are also responsible for providing management's views on our current findings, conclusions, and recommendations, as well as your planned corrective actions, for the report, and for the timing and format for providing that information.

You agree to assume all management responsibilities relating to the employer pension schedules and related notes and any other nonaudit services we provide. You will be required to acknowledge in the management representation letter our assistance with preparation of the employer pension schedules and related notes and that you have reviewed and approved the employer pension schedules and related notes prior to their issuance and have accepted responsibility for them. Further, you agree to oversee the nonaudit services by designating an individual, preferably from senior management, with suitable skill, knowledge, or experience; evaluate the adequacy and results of those services; and accept responsibility for them.

Engagement Administration, Fees, and Other

Immediately upon completion of the engagement, we will submit a copy of the reporting package to Municipal Employees' Retirement System of Louisiana and the Legislative Auditor. The reporting package will consist of:

1. An opinion (or disclaimer of opinion) as to whether the employer pension schedules are presented fairly in all material respects in conformity with accounting principles generally accepted in the United States.

2. A report on internal control and compliance with laws and regulations material to the employer pension schedules. This report shall describe the scope of testing of internal control and compliance, the results of the tests, and, where applicable, refer to the separate schedule of findings and responses. The state laws and regulations included in this report shall include all of the compliance matters included in the Louisiana Compliance Questionnaire.

3. If applicable, a summary schedule of findings and responses.

4. If applicable, a summary schedule of the current status of any prior findings, which you will prepare.

5. Management's corrective action plan, which you will prepare.

6. If applicable, a management letter to convey suggestions and recommendations not suitable for the foregoing reports. We will ask you to respond to any matters included in the management letter and include your response as a part of the issued management letter, or you may place your response to these matters in your corrective action plan.

We will provide copies of our reports to Municipal Employees' Retirement System of Louisiana; however, management is responsible for distribution of the reports and the employer pension schedules. Municipal Employees' Retirement System of Louisiana will submit a copy of the report, any management letter, and management's corrective action plan, if applicable, to each member of the governing board and to each Louisiana state agency providing financial assistance to Municipal Employees' Retirement System of Louisiana, if applicable. Unless restricted by law or regulation, or containing privileged and

confidential information, copies of our reports are to be made available for public inspection.

The audit documentation for this engagement is the property of Hawthorn, Waymouth & Carroll, L.L.P. and constitutes confidential information. However, we will make our audit documentation available to the Legislative Auditor, any successor auditor, or any organization authorized by the Louisiana State Board of Certified Public Accountants to perform quality assurance reviews. We will notify you of any such request. If requested, access to such audit documentation will be provided under the supervision of Hawthorn, Waymouth & Carroll, L.L.P.'s personnel. We will follow the Louisiana Legislative Auditor's policy regarding confidentiality of audit documentation found in the *Louisiana Governmental Audit Guide* when giving access to audit documentation to any parties other than those previously named individuals and organizations. Should we become aware of any illegal acts, we will make our audit documentation available to the local district attorney and/or any other state or federal enforcement or regulatory agency without liability.

The audit documentation for this engagement will be retained for a minimum of five years after the report release date.

Subsequent to the issuance of the report, should it be necessary to revise and reissue the report, we will notify the Legislative Auditor immediately. We will distribute such revised and reissued report in the same manner and to the same individuals and organizations as the original report.

We expect to begin our audit on approximately August 3, 2020 and to issue our reports no later than January 31, 2021. Blaine M. Crochet, CPA is the engagement partner and is responsible for supervising the engagement and signing the report. It is our understanding that you have assigned Ms. Nancy LaGarde, CPA of your staff (7937 Office Park Boulevard, Baton Rouge, LA 70809, 225-925-4810) as your representative during the engagement.

Our fees for these services are related to our standard hourly rates in effect at the time services are performed. Our standard hourly rates vary according to the degree of responsibility involved and the experience level of the personnel assigned to your engagement. Our fee for this engagement, which we estimate, will not exceed $20,500, including out-of-pocket expenses. This fee is based on the assumption that you will provide assistance, anticipated cooperation from your personnel, and the assumption that unexpected circumstances will not be encountered during the engagement. If significant additional time is necessary, we will discuss it with you and arrive at a new fee estimate before we incur the additional costs. Any amendments to the not-to-exceed amount of the fees will be in writing and signed by both our firm and Municipal Employees' Retirement System of Louisiana.

The Legislative Auditor will be notified, immediately and in writing, if our audit is cancelled or if there are any significant disagreements. The Legislative Auditor will be notified, immediately and in writing, if there are any changes in this agreement or if there are any restrictions placed on our staff during the audit that would impact the scope of the audit, which includes the failure to produce required records in a timely manner, or the nature of the tests required under the previously discussed standards.

You may request that we perform additional services not addressed in this engagement letter. If this occurs, we will communicate with you regarding the scope of the additional services and the estimated fees. We also may issue a separate engagement letter covering the additional services. In the absence of any other written communication from us documenting such additional services, our services will continue to be governed by the terms of this engagement letter.

Approval

We appreciate the opportunity to be of service to Municipal Employees' Retirement System of Louisiana,

and believe this letter accurately summarizes the significant terms of our engagement. If you agree with the terms of our engagement as described in this letter, please sign the enclosed copy and return it to us.

In accordance with the provisions of state law, this engagement agreement must be approved by the Legislative Auditor prior to commencement of our work. Upon your signature and approval, we will seek approval of the Legislative Auditor of this engagement.

We look forward to a pleasant association and the opportunity to provide the services included in this engagement. If you have any questions, please let us know.

Yours truly,

Blaine M. Crochet, CPA

Blaine M. Crochet, CPA

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

RESPONSE:

This letter correctly sets forth the understanding of Municipal Employees' Retirement System of Louisiana.

Signature:	_____	Signature:	_____
Name:	_____	Name:	_____
Title:	Chairperson, Board of Trustees	Title:	Executive Director
Date:	_____	Date:	_____