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

Municipal Employees' Retirement System

Presentation of the June 30, 2021 Financial Statement Audit Results

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

OVERVIEW

- Required Communications
- Condensed Comparative Financial Statements
- Audit Results

Required Communications

Management's Responsibility

- Preparation and fair presentation of the financial statements in accordance with GAAP, which include making the following accounting estimates and judgments significant to the financial statements
  - Most significant estimates:
    - Fair value of alternative investments
    - Total pension liability
- Appropriate selection and use of accounting policies
- Design, implementation, and maintenance of adequate records and a strong internal control system

Required Communications

Hawthorn, Waymouth & Carroll's Responsibility under Generally Accepted Auditing Standards:

- To express an opinion on the financial statements
- To provide reasonable, but not absolute, assurance of detecting material misstatements of the financial statements
- To gain a basic understanding of the internal control policies and procedures in order to design an effective and efficient audit approach
- To inform the Board of any illegal acts and material noncompliance of which we become aware

Required Communications

Significant Accounting Policies

- Significant accounting policies are disclosed in Note 2 to the Financial Statements
- There were no changes in accounting principles

Required Communications

Emphasis of Matter

- Refers to a matter presented or disclosed in the financial statements that is essential to users' understanding of the financial statements:
  - Pension liability based on actuarial assumptions

Required Communications

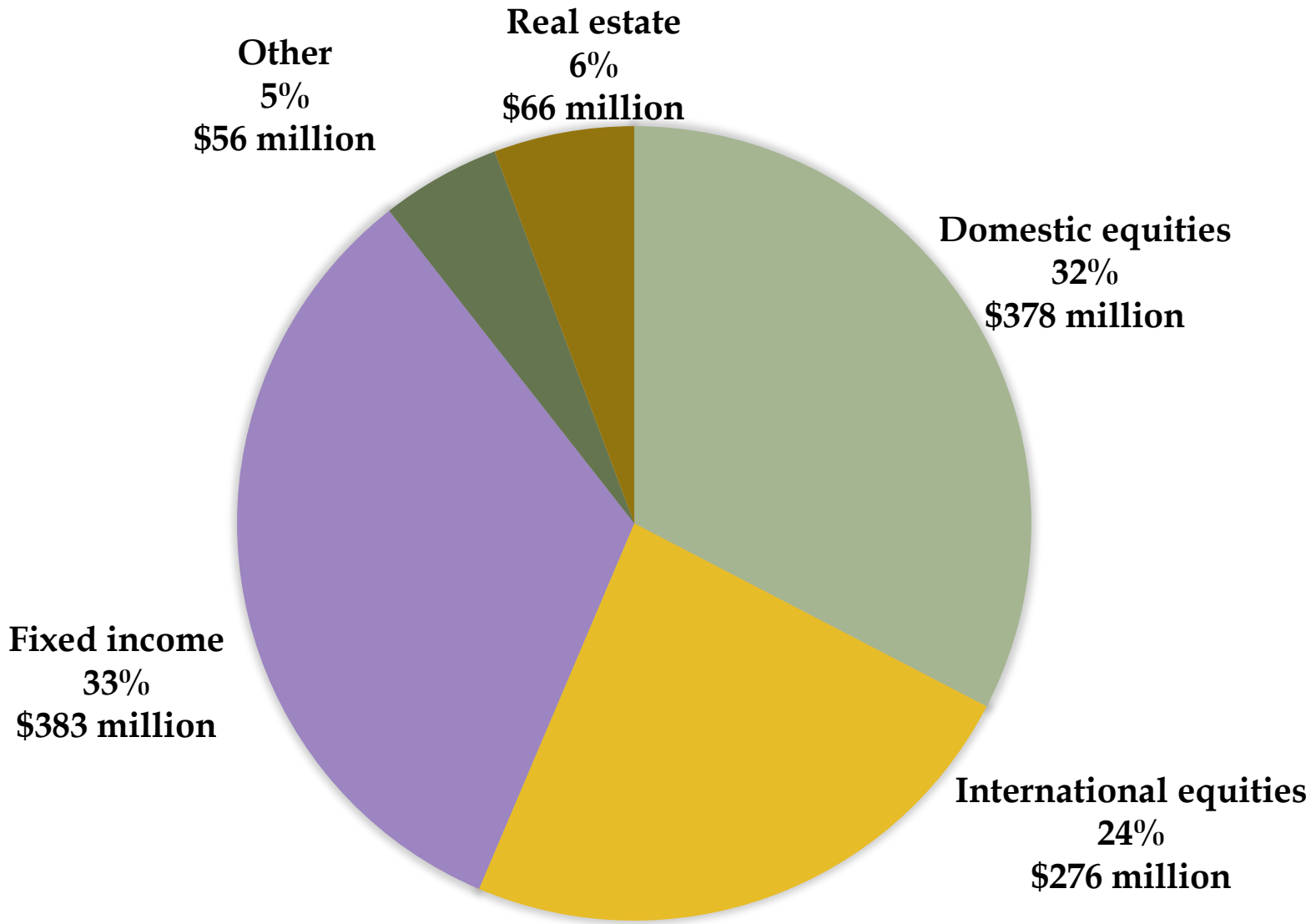
Other Matters

- There were no difficulties or disagreements encountered in dealing with management.
- There were no significant audit adjustments or uncorrected (due to materiality levels) adjustments.
- To our knowledge, no consultation with other accountants has occurred on financial reporting or disclosure matters.
- We have obtained a representation letter from management dated December 15, 2021.

Condensed Comparative Statements of Fiduciary Net Position

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

INVESTMENTS



Condensed Comparative Statements of Changes in Fiduciary Net Position

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

Condensed Comparative Statements of Changes in Fiduciary Net Position (Continued)

	2021	2020	2019
Deductions:			
Retirement benefits	$ 89,596,002	$ 86,035,950	$ 84,432,517
Refunds of contributions	6,304,282	4,574,890	5,757,314
Administrative expenses	2,155,921	1,668,759	1,794,134
Other post-employment benefits	34,662	(106,202)	476,472
Transfers to other systems	2,725,791	2,471,449	1,404,787
Total deductions	100,816,658	94,644,846	93,865,224
Net Increase	231,217,895	28,319,385	40,419,794
Net Position Restricted for Pensions, beginning of year	964,250,175	935,930,790	895,510,996
Net Position Restricted for Pensions, end of year	$ 1,195,468,070	$ 964,250,175	$ 935,930,790

Audit Results

- We issued an unmodified opinion on the financial statements.
- No deficiencies in internal control over financial reporting that we consider to be material weaknesses were identified.
- No violations of laws or regulations that have a direct and material effect on the financial statements were identified.

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

Questions?

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