

**MUNICIPAL EMPLOYEES' RETIREMENT SYSTEM OF LOUISIANA
PROPOSED BUDGET NARRATIVE FY 2027**

BUDGET LINE ITEM	COMMENTS
Personnel Expenses	
Compensation	Increase based on recommendations of compensation changes by the Personnel Committee. Subject to Board approval.
Employer Retirement	Increase is related to compensation changes recommended by the Personnel Committee. Subject to Board approval. NOTE: Employer rate decreased from 27% to 26% for FY 2027.
Health Insurance	Increase based on discussion with insurance broker. Health insurance premiums typically increase in January of each year.
Federal Taxes (Medicare)	Decrease due to 9 employees (1 part-time) instead of 10 (2 part-time).
Incentive Pay Award/Conversion of Leave	No change from prior fiscal year. Amount is related to incentive pay as no employee of MERS is currently eligible for retirement and conversion of leave. \$5,000 for incentive award as allowed by the MERS Pay Policy (up to \$5,000/employee at Executive Director's discretion).

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Operating Expenses	
Building & Ground Maintenance	Increase due to change in pricing for waste and pest control services.
Building Repair Fund	No change from prior year.
Office Equipment & Maintenance	Increase related to: 1. Price increases for pension administration system support and Diligent subscription 2. Addition of new maintenance agreements for the audio visual system and the generator NOTE: MERS is currently reviewing other vendor options to replace Diligent.
Office Expense	Increase due to change in pricing for YES election services.
Telecommunications/Utilities	Increase related to generator - addition of the gas meter and estimation of gas cost for a 2-week loss of electricity.
Insurance	Increase in actual policy amounts from the prior year were based on discussion with insurance brokerage company as follows: 5% increase for property/commercial liability, worker's compensation, director & officer, and fiduciary liability policies; 10% increase for flood policies and 15% increase for cyber security policy. 3 year crime policy renews on July 1, 2027 - there was no increase for this policy.

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Professional Services	
Audit	Increase of \$1,250 for financial statement audit, \$750 for GASB 68, and \$3,500 for LLA SAUP procedures. Increase on SAUPs due to LLA requirement of performing testing in all areas in year 2 regardless of findings.
Professional Services (Other)	Increase from prior fiscal year due to Lafayette and calculations of the LCG UAL and a review of MERS tax qualification status by Tarcza & Associates.
Actuarial	No change from prior fiscal year.
Legal-Administrative	Decrease related to estimation of case progression by attorney for Lafayette Consolidated Government and attorney for BREC vs EBR Sheriff legal cases.
Travel Expenses	
Travel - Staff & Professional Development	Decrease related to 1 staff member completing MBA program in FY 2026.
Travel - Board Meetings & Conventions	No change from prior fiscal year.
Capital Budget	
Capital Projects	1. Roof replacement: \$TBD