

LOUISIANA PUBLIC SCHOOL RISK MANAGEMENT AGENCY
FINANCIAL REPORT AND INDEPENDENT AUDITORS' REPORT
YEAR ENDED OCTOBER 1, 2023

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INDEPENDENT AUDITORS' REPORT

March 18, 2024

The Board of Trustees
Louisiana Public School Risk Management Agency

Opinions

We have audited the accompanying financial statements of the business-type activities of Louisiana Public School Risk Management Agency (LARMA) as of and for the year ended October 1, 2023, and the related notes to the financial statements, which collectively comprise LARMA's basic financial statements as listed in the table of contents. The prior year summarized comparative information has been derived from LARMA's October 1, 2022 financial statements and in our report dated March 27, 2023 expressed an unqualified opinion on those financial statements.

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the business-type activities of LARMA, as of October 1, 2023, and the respective changes in the financial position for the year then ended in conformity with accounting principles generally accepted in the United States of America.

Basis for Opinions

We conducted our audit in accordance with auditing standards generally accepted in the United States of America. Our responsibilities under those standards are further described in the Auditors' Responsibilities for the Audit of the Financial Statements section of our report. We are required to be independent of LARMA, and to meet our other ethical responsibilities, in accordance with the relevant ethical requirements relating to our audit. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinions.

Management's Responsibility for the Financial Statements

Management is responsible for the preparation and fair presentation of these financial statements in accordance with accounting principles generally accepted in the United States of America; this includes 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 LARMA's ability to continue as a going concern for twelve months beyond the financial statement date, including any currently known information that may raise substantial doubt shortly thereafter.

Auditors' 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 auditors' report that includes our opinions. 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 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 judgement made by a reasonable user based on the financial statements.

In performing an audit in accordance with generally accepted 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 LARMA'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 LARMA'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.

Supplemental Information

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise LARMA's basic financial statements. The supplemental information is presented for the purposes of additional analysis and is not a required part of the basic financial statements. Such supplemental information is the responsibility of management and was derived from and relate directly to the underlying accounting and other records used to prepare the basic financial statements. The information has been subjected to the auditing procedures, including comparing and reconciling such information directly 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 supplemental information is fairly stated, in all material respects, in relation to the basic financial statements as a whole.

Other Information

Management is responsible for the other information included in the annual report. The other information comprises the schedule of compensation, benefits and other payments to agency head or chief executive officer and the schedules required by state law but does not include the basic financial statements and our auditors' report thereon. Our opinions on the basic financial statements do not cover the other information, and we do not express an opinion or any form of assurance thereon.

In connection with our audit of the basic financial statements, our responsibility is to read the other information and consider whether a material inconsistency exists between the other information and the basic financial statements, or the other information otherwise appears to be materially misstated. If, based on the work performed, we conclude that an uncorrected material misstatement of the other information exists, we are required to describe it in our report.

Other Reporting Required by Government Auditing Standards

In accordance with Government Auditing Standards, we have also issued our report dated March 18, 2024, on our consideration of LARMA'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 LARMA's internal control over financial reporting and compliance.

LOUISIANA PUBLIC SCHOOL RISK MANAGEMENT AGENCY

Statement of Financial Position

October 1, 2023

With comparative totals as of October 1, 2022

	<u>2023</u>	<u>2022</u>
ASSETS		
Cash and cash equivalents	\$ 6,241,700	\$ 7,869,142
Member receivables	835,676	1,090,280
Other receivables	<u>1,794,119</u>	<u>2,500</u>
TOTAL ASSETS	<u>\$ 8,871,495</u>	<u>\$ 8,961,922</u>
 LIABILITIES AND NET ASSETS		
Liabilities		
Reserves for unpaid claims and allocated adjustment expenses	\$ 5,208,970	\$ 5,023,123
Accounts payable and accrued expenses	<u>-</u>	<u>1,920</u>
Total Liabilities	5,208,970	5,025,043
Net Assets	<u>3,662,525</u>	<u>3,936,879</u>
TOTAL LIABILITIES AND NET ASSETS	<u>\$ 8,871,495</u>	<u>\$ 8,961,922</u>

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

LOUISIANA PUBLIC SCHOOL RISK MANAGEMENT AGENCY

Statement of Activities

Year ended October 1, 2023

With comparative totals for the year ended October 1, 2022

	<u>2023</u>	<u>2022</u>
Revenues:		
Premiums written and earned	\$ 5,103,049	\$ 4,742,092
Less: Reinsurance Premiums	<u>(1,770,181)</u>	<u>(1,494,055)</u>
Total revenues	<u>3,332,868</u>	<u>3,248,037</u>
Expenses:		
Claims:		
Claims paid and adjustment expenses-net	2,358,527	2,875,090
Changes in reserves for unpaid claims and allocated adjustment expenses-net	<u>185,847</u>	<u>(507,081)</u>
Claims incurred-net	<u>2,544,374</u>	<u>2,368,009</u>
Supporting Services:		
Management fees	336,899	305,510
Agent commissions	614,827	568,475
Consulting and professional fees	94,778	65,552
Contract Labor	60,000	15,000
Insurance	10,910	17,542
Safety/Training Grants	-	193,959
Other	<u>31,655</u>	<u>26,081</u>
Total supporting services	<u>1,149,069</u>	<u>1,192,119</u>
Total Expenses	<u>3,693,443</u>	<u>3,560,128</u>
Operating income (loss)	<u>(360,575)</u>	<u>(312,091)</u>
Other income:		
Interest income	<u>86,221</u>	<u>18,775</u>
Increase (decrease) in Net Assets	(274,354)	(293,316)
Net Assets, beginning	<u>3,936,879</u>	<u>4,230,195</u>
Net Assets, ending	<u>\$ 3,662,525</u>	<u>\$ 3,936,879</u>

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

LOUISIANA PUBLIC SCHOOL RISK MANAGEMENT AGENCY

Statement of Cash Flows

Year ended October 1, 2023

With comparative totals for the year ended October 1, 2022

	<u>2023</u>	<u>2022</u>
Cash Flows from Operating Activities:		
Operating income (loss)	\$ (360,575)	\$ (310,091)
Adjustments to reconcile increase in net assets to net cash from operating activities:		
Changes in operating assets and liabilities:		
Receivables	(1,537,015)	294,496
Reserves for unpaid claims and allocated adjustment expenses	185,847	(507,081)
Accounts payable and accrued expenses	<u>(1,920)</u>	<u>(12,112)</u>
	<u>(1,713,663)</u>	<u>(536,788)</u>
Cash Flows From Investing Activities:		
Interest income	<u>86,221</u>	<u>18,775</u>
Net Increase (decrease) in Cash and Cash Equivalents	(1,627,442)	(518,013)
Cash and Cash Equivalents, beginning	<u>7,869,142</u>	<u>8,387,155</u>
Cash and Cash Equivalents, ending	<u>\$ 6,241,700</u>	<u>\$ 7,869,142</u>

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

LOUISIANA PUBLIC SCHOOL RISK MANAGEMENT AGENCY

Notes to Financial Statements

October 1, 2023

NOTE A – ORGANIZATION

The Louisiana Public School Risk Management Agency (LARMA), a public entity risk pool, was created effective September 17, 2003 under the provisions of the Louisiana Inter-Local Risk Management Agency Statutes (LRS 33:1341 et al). The purpose of LARMA is to provide member school districts insurance coverage. The by-laws of LARMA, as supplemented by the Interlocal Agreement, set forth the various procedures, which are to be followed in the organization, administration and operation of LARMA.

LARMA provides coverage for general liability, automobile liability and physical damage, and errors and omissions. Members' deductibles are set for each line of coverage based on a case by case determination. LARMA uses reinsurance agreements to reduce its exposure to large losses on these types of coverages.

A summary of the risk amounts retained by LARMA, by line of coverage, is as follows:

<u>Line of Coverage</u>	<u>Retention</u>
General liability, automobile liability, auto physical damage and errors and omission	\$200,000 self-insured retention, \$800,000 per occurrence reinsurance, \$2,000,000 of aggregate stop loss reinsurance coverage after exhaustion of loss fund.

The responsibility for managing the affairs of LARMA rests with the Board of Trustees consisting of five to nine members elected by a majority vote at the annual meeting. Trustees are elected for terms of three years and may be re-elected to any number of successive terms.

Alliant Insurance Services serves as the administrator for LARMA. The administrator's responsibilities include, but are not limited to, underwriting, policy issuance, policy holders' services and claims management services. In addition, the administrator oversees and manages the claim services and uses professional adjustment firms in Louisiana for field services.

At October 1, 2023, twenty-seven Louisiana school districts were members in LARMA.

LARMA members are subject to supplemental assessments in the event of deficiencies. If the assets of LARMA were to be exhausted, members would be responsible for LARMA liabilities. LARMA also may return surpluses to members.

LOUISIANA PUBLIC SCHOOL RISK MANAGEMENT AGENCY

Notes to Financial Statements

October 1, 2023

NOTE B – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The accompanying financial statements have been prepared using the accrual basis of accounting in accordance with accounting principles generally accepted in the United States of America as applied to governmental units. The Governmental Accounting Standards Board is the accepted standard setting body for establishing governmental accounting and financial reporting principles. A summary of significant accounting policies is set forth below:

Cash and Cash Equivalents

For purposes of the statement of cash flows, LARMA considers all highly liquid investments with maturities of three months or less at the time of purchase to be cash equivalents.

Member Receivables

Member receivables represent advances made on claims that are reimbursable from members and are considered fully collectable.

Other Receivables

Other receivables represent receivables from reinsurance.

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 certain reported amounts and disclosures. Accordingly, actual results could differ from those estimates.

Premiums Earned

Premiums are recognized on a monthly prorata basis over the term of the policy. Premiums applicable to the unexpired terms of the policies in force are reported as unearned at the balance sheet date.

Reserves for Unpaid Claims and Allocated Adjustment Expenses

LARMA establishes claims liabilities based on estimates of the ultimate cost of claims (including future claims adjustment expenses) that have been reported but not settled, and of claims that have been incurred but not reported. Because actual claims costs depend on such complex factors as inflation, changes in doctrines of legal liability, and damage awards, the process used in computing claims liabilities does not necessarily result in an exact amount, particularly for coverages such as general liability. Claims liabilities are recomputed periodically using a variety of actuarial and statistical techniques to produce current estimates that reflect recent settlements, claims frequency, and other economic and social factors. Adjustments to claims liabilities are charged or credited to expenses in the periods in which they are made.

LOUISIANA PUBLIC SCHOOL RISK MANAGEMENT AGENCY

Notes to Financial Statements

October 1, 2023

NOTE B – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES-CONTINUED

Excess Insurance

LARMA uses reinsurance agreements to reduce its exposure to large losses on all types of insured events. This is commonly referred to as reinsurance ceded. Reinsurance permits recovery of a portion of losses from reinsurers, although it does not discharge the primary liability of LARMA as direct insurer of the risk reinsured. LARMA does not report reinsured risk as liabilities unless it is probable that those risks will not be covered by reinsurers.

Income Taxes

Income of LARMA is excludible from gross income under Section 115 of the Internal Revenue Code and is therefore not subjected to either federal or state income taxes.

Subsequent Events

Management has evaluated subsequent events through March 18, 2024, the date the financial statements were available to be issued.

Prior year Comparative Information

The financial statements include certain prior-year summarized comparative information in total. Such information does not include sufficient detail to constitute a presentation in conformity with accounting principles generally accepted in the United States of America. Accordingly, such information should be read in conjunction with the LARMA's financial statements for the period ended October 1, 2022, from which the summarized information was derived.

NOTE C - CASH AND CASH EQUIVALENTS

The bank balances of \$7,100,067 have been deposited in public depositories, which are insured \$250,000 by the Federal Deposit Insurance Corporation (FDIC), \$6,850,067 secured by pledged securities held by the custodial bank in the name of the fiscal agent bank.

LOUISIANA PUBLIC SCHOOL RISK MANAGEMENT AGENCY

Notes to Financial Statements

October 1, 2023

NOTE D – RESERVES FOR UNPAID CLAIMS AND ADJUSTMENT EXPENSES

As discussed in Note B, LARMA established a liability for both reported and unreported insured events, which includes estimates of both future payments of losses and related claim adjustment expenses and is net of any probable reinsurance coverage.

Management believes that the reserves for unpaid losses are adequate to cover the ultimate cost of reported and unreported claims. However, the ultimate cost may be more or less than the estimated liability. The reserves, which have been estimated by LARMA's independent actuary and LARMA claims organization, are as follows:

Case Reserves	\$ 3,166,636
Reserve for losses incurred but not reported	<u>2,042,334</u>
Total reserves for unpaid claims and claim adjustment expenses at October 1, 2023	<u>\$ 5,208,970</u>

The following represents changes in the reserves for unpaid claims and claim adjustment expenses for LARMA during the period:

Unpaid claims and claim adjustment expenses at October 1, 2022	<u>\$ 5,023,123</u>
Incurred claims and claim adjustment expenses:	
Provision for insured events of the current year	1,463,136
Increase (Decrease)-net in provision for insured events of prior years	<u>1,081,238</u>
Total incurred claims and claim adjustment expenses	2,544,374
Less claim payments-net:	
Claims and claim adjustment expenses attributable to insured events of the current year	602,572
Claims and claim adjustment expenses attributable to insured events of prior years	<u>1,755,955</u>
Total payments-net	<u>2,358,527</u>
Total unpaid claims and claim adjustment expenses at October 1, 2023	<u>\$ 5,208,970</u>

LOUISIANA PUBLIC SCHOOL RISK MANAGEMENT AGENCY

Notes to Financial Statements

October 1, 2023

NOTE E – MEMBER DISTRIBUTIONS

On July 20, 2021 the board of trustees approved a 5% safety grant distribution to renewing members effective October 1, 2021. \$193,959 was paid out in the year ended October 1, 2022.

The board did not approve any member distributions for the year ended October 1, 2023. Instead, the board approved a 5% rate reduction in member premiums.

SUPPLEMENTAL INFORMATION

LOUISIANA PUBLIC SCHOOL RISK MANAGEMENT AGENCY

Schedule of Ten Year Claims Development Information

October 1, 2023

Premium Revenue:	<u>2014</u>	<u>2015</u>
Earned	\$ 5,102,276	\$ 4,990,616
Ceded	<u>(1,905,023)</u>	<u>(1,844,213)</u>
Net Earned	3,197,253	3,146,403
Investment Income	5,539	2,612
Administrative Expenses	1,085,277	1,431,349
Reserve for Unallocated Adjustment Expenses	-	-
Estimated Incurred Claims, End of Policy Year (or earliest year available)	1,060,281	990,745
Cumulative Paid Claims as of:		
End of Policy Year	423,226	421,343
One Year Later	546,098	488,435
Two Years Later	559,121	696,798
Three Years Later	603,094	871,226
Four Years Later	742,273	951,599
Five Years Later	910,489	1,241,740
Six Years Later	960,689	1,343,954
Seven Years Later	1,062,129	1,501,924
Eight Years Later	1,233,724	1,407,101
Nine Years Later	1,447,068	
Cumulative Incurred Claims as of:		
End of Policy Year	1,060,281	990,745
One Year Later	834,005	832,450
Two Years Later	706,415	1,124,610
Three Years Later	712,098	1,024,667
Four Years Later	718,500	1,111,546
Five Years Later	1,006,909	1,254,500
Six Years Later	1,117,516	1,227,450
Seven Years Later	1,006,835	1,051,591
Eight Years Later	1,104,050	1,019,768
Nine Years Later	1,146,438	
Increase(Decrease) in Cumulative Incurred Claims from End of Policy Year	86,157	29,023

Continued

LOUISIANA PUBLIC SCHOOL RISK MANAGEMENT AGENCY

Schedule of Ten Year Claims Development Information - Continued

October 1, 2023

Premium Revenue:	<u>2016</u>	<u>2017</u>	<u>2018</u>
Earned	\$ 5,059,676	\$ 5,155,279	\$ 4,848,039
Ceded	<u>(1,852,742)</u>	<u>(1,817,302)</u>	<u>(1,489,744)</u>
Net Earned	3,206,934	3,337,977	3,358,294
Investment Income	12,915	17,188	33,174
Administrative Expenses	1,495,899	1,509,660	1,567,620
Reserve for Unallocated Adjustment Expenses	-	-	-
Estimated Incurred Claims, End of Policy Year (or earliest year available)	892,974	928,489	974,521
Cumulative Paid Claims as of:			
End of Policy Year	468,773	555,609	344,543
One Year Later	633,714	653,460	478,254
Two Years Later	715,117	964,397	842,409
Three Years Later	822,561	1,356,625	1,103,453
Four Years Later	1,398,021	1,609,707	1,297,863
Five Years Later	1,754,835	1,652,899	1,369,071
Six Years Later	1,932,985	1,710,801	
Seven Years Later	2,153,571		
Eight Years Later			
Nine Years Later			
Cumulative Incurred Claims as of:			
End of Policy Year	892,974	928,489	974,521
One Year Later	884,753	973,050	1,432,272
Two Years Later	1,133,517	1,235,954	1,315,830
Three Years Later	1,478,068	1,171,974	1,341,937
Four Years Later	1,466,175	1,269,025	1,424,186
Five Years Later	1,672,541	1,269,625	1,529,101
Six Years Later	1,722,634	1,230,416	
Seven Years Later	2,009,664		
Eight Years Later			
Nine Years Later			
Increase(Decrease) in Cumulative Incurred Claims from End of Policy Year	1,116,690	301,927	554,580

LOUISIANA PUBLIC SCHOOL RISK MANAGEMENT AGENCY

Schedule of Ten Year Claims Development Information - Continued

October 1, 2023

Premium Revenue:	<u>2019</u>	<u>2020</u>	<u>2021</u>
Earned	\$ 4,616,515	\$ 4,575,718	\$ 4,296,321
Ceded	<u>(1,476,628)</u>	<u>(1,512,853)</u>	<u>(1,599,726)</u>
Net Earned	3,139,887	3,062,865	2,696,595
Investment Income	103,468	45,203	11,669
Administrative Expenses	1,592,407	1,394,225	956,278
Reserve for Unallocated Adjustment Expenses	-	-	-
Estimated Incurred Claims, End of Policy Year (or earliest year available)	918,032	1,053,604	1,263,766
Cumulative Paid Claims as of:			
End of Policy Year	683,389	396,290	420,876
One Year Later	816,983	616,025	1,030,689
Two Years Later	920,637	1,039,055	1,476,783
Three Years Later	1,132,639	1,228,986	
Four Years Later	1,521,822		
Five Years Later			
Six Years Later			
Seven Years Later			
Eight Years Later			
Nine Years Later			
Cumulative Incurred Claims as of:			
End of Policy Year	918,032	1,053,604	1,263,766
One Year Later	1,181,866	1,393,323	1,881,146
Two Years Later	1,186,517	1,290,917	1,670,489
Three Years Later	1,048,621	1,244,402	
Four Years Later	1,110,028		
Five Years Later			
Six Years Later			
Seven Years Later			
Eight Years Later			
Nine Years Later			
Increase(Decrease) in Cumulative Incurred Claims from End of Policy Year	191,996	190,798	406,723

Continued

LOUISIANA PUBLIC SCHOOL RISK MANAGEMENT AGENCY

Schedule of Ten Year Claims Development Information - Continued

October 1, 2023

Premium Revenue:	<u>2022</u>	<u>2023</u>
Earned	\$ 4,742,092	\$5,103,049
Ceded	<u>(1,494,055)</u>	<u>(1,770,181)</u>
Net Earned	3,248,037	3,332,868
Investment Income	18,775	86,221
Administrative Expenses	1,192,119	1,149,069
Reserve for Unallocated Adjustment Expenses	-	-
Estimated Incurred Claims, End of Policy Year (or earliest year available)	1,181,715	1,463,138
Cumulative Paid Claims as of:		
End of Policy Year	695,535	602,572
One Year Later	796,183	
Two Years Later		
Three Years Later		
Four Years Later		
Five Years Later		
Six Years Later		
Seven Years Later		
Eight Years Later		
Nine Years Later		
Cumulative Incurred Claims as of:		
End of Policy Year	1,181,715	1,463,138
One Year Later	1,451,586	
Two Years Later		
Three Years Later		
Four Years Later		
Five Years Later		
Six Years Later		
Seven Years Later		
Eight Years Later		
Nine Years Later		
Increase(Decrease) in Cumulative Incurred Claims from End of Policy Year	269,871	-

LOUISIANA PUBLIC SCHOOL RISK MANAGEMENT AGENCY

Schedule of Changes in Claim Liabilities by Line of Coverage

Year ended October 1, 2023

Unpaid Claim Liabilities, October 1, 2022	\$ 5,023,123
Incurred Claims:	
Provision for Insured Events of Current Year	1,463,136
Increase (Decrease)-net in Provision for Insured Events of Prior Years	<u>1,081,238</u>
Increase in Incurred Claims-net:	2,544,374
Less Claim Payments-net:	
Payment-net on Claims for Insured Events of Current Year	602,572
Payments-net on Claims for Insured Events of Prior Years	<u>1,755,955</u>
Total Payments-net	<u>2,358,527</u>
Unpaid Claim Liabilities, October 1, 2023	<u>\$ 5,208,970</u>

LOUISIANA PUBLIC SCHOOL RISK MANAGEMENT AGENCY

Schedule of Net Assets (Members' Surplus)

Year ended October 1, 2023

	Year ended October 1, 2004	Year ended October 1, 2005	Year ended October 1, 2006	Year ended October 1, 2007	Year ended October 1, 2008	Year ended October 1, 2009	Year ended October 1, 2010
Earned premiums	\$ 1,792,387	\$ 5,251,727	\$ 4,213,572	\$ 4,921,613	\$ 5,177,726	\$ 4,853,537	\$ 5,284,178
Reinsurance premiums	(663,789)	(2,119,816)	(1,745,347)	(2,000,598)	(2,052,517)	(1,712,981)	(1,938,318)
Total Revenues	1,128,598	3,131,911	2,468,225	2,921,015	3,125,209	3,140,556	3,345,860
Claims paid by year of loss occurrence	(456,189)	(2,109,600)	(1,080,357)	(2,751,832)	(1,961,498)	(787,293)	(1,986,482)
Claim administrative fees (included in Claims Paid in years 2006 and 2007)	(36,201)	(171,989)	-	-	(257,753)	(216,678)	(327,446)
Supporting services expenses	(359,437)	(1,035,947)	(849,075)	(984,556)	(1,042,917)	(977,531)	(1,050,378)
Operating Income	276,771	(185,625)	538,793	(815,373)	(136,959)	1,159,054	(18,466)
Other Income:							
Grant income	-	-	-	-	-	-	-
Interest income	-	48,720	119,512	170,330	103,504	25,349	17,639
	276,771	(136,905)	658,305	(645,043)	(33,455)	1,184,403	(807)
Reserves for unpaid claims/ expenses	-	-	-	-	-	-	-
Net assets (members' surplus)	\$ 276,771	\$ (136,905)	\$ 658,305	\$ (645,043)	\$ (33,455)	\$ 1,184,403	\$ (807)

Continued

LOUISIANA PUBLIC SCHOOL RISK MANAGEMENT AGENCY

Schedule of Net Assets (Members' Surplus) - Continued

Year ended October 1, 2023

	Year ended October 1, 2011	Year ended October 1, 2012	Year ended October 1, 2013	Year ended October 1, 2014	Year ended October 1, 2015	Year ended October 1, 2016
Earned premiums	\$ 5,061,154	\$ 4,647,892	\$ 4,696,762	\$ 5,102,276	\$ 4,990,616	\$ 5,059,676
Reinsurance premiums	<u>(1,814,934)</u>	<u>(1,681,510)</u>	<u>(1,730,724)</u>	<u>(1,905,023)</u>	<u>(1,844,213)</u>	<u>(1,852,742)</u>
Total Revenues	3,246,220	2,966,382	2,966,038	3,197,253	3,146,403	3,206,934
Claims paid by year of loss occurrence	(1,017,032)	(846,876)	(929,328)	(1,121,189)	(1,143,488)	(1,825,831)
Claim administrative fees (included in Claim Paid in Years 2006 and 2007)	(300,000)	(293,700)	(293,700)	(325,881)	(326,614)	(327,700)
Supporting services expenses	<u>(1,018,469)</u>	<u>(938,611)</u>	<u>(993,234)</u>	<u>(1,085,277)</u>	<u>(1,431,349)</u>	<u>(1,495,901)</u>
Operating Income	910,719	887,195	749,776	664,906	244,952	(442,498)
Other Income						
Grant income	-	-	10,000	30,000	30,000	-
Interest Income	<u>13,958</u>	<u>11,152</u>	<u>11,269</u>	<u>5,539</u>	<u>2,612</u>	<u>12,915</u>
	924,677	898,347	771,045	700,445	277,564	(429,583)
Reserve for unpaid claims/ expenses	-	(98,758)	-	(122,595)	-	(341,307)
Net assets (member's surplus)	<u>\$ 924,677</u>	<u>\$ 799,589</u>	<u>\$ 771,045</u>	<u>\$ 577,850</u>	<u>\$ 277,564</u>	<u>\$ (770,890)</u>

Continued

LOUISIANA PUBLIC SCHOOL RISK MANAGEMENT AGENCY

Schedule of Net Assets (Members' Surplus) - Continued

Year ended October 1, 2023

	<u>Year ended October 1, 2017</u>	<u>Year ended October 1, 2018</u>	<u>Year ended October 1, 2019</u>	<u>Year ended October 1, 2020</u>	<u>Year ended October 1, 2021</u>	<u>Year ended October 1, 2022</u>
Earned premiums	\$ 5,155,279	\$ 4,848,038	\$ 4,616,515	\$ 4,575,718	\$ 4,296,321	\$ 4,742,092
Reinsurance premiums	<u>(1,817,302)</u>	<u>(1,489,744)</u>	<u>(1,476,628)</u>	<u>(1,512,853)</u>	<u>(1,599,726)</u>	<u>(1,494,055)</u>
Total Revenues	3,337,977	3,358,294	3,139,887	3,062,865	2,696,595	3,248,037
Claims paid by year of loss occurrence	(1,376,460)	(1,040,024)	(1,189,917)	(897,082)	(1,160,374)	(473,124)
Claim administrative fees (included in Claim Paid in Years 2006 and 2007)	(334,660)	(327,688)	(331,905)	(331,905)	(316,409)	(323,052)
Supporting services expenses	<u>(1,509,660)</u>	<u>(1,567,620)</u>	<u>(1,592,407)</u>	<u>(1,394,225)</u>	<u>(956,277)</u>	<u>(1,192,119)</u>
Operating Income	117,197	422,962	25,658	439,653	263,535	1,259,742
Other Income						
Grant income	-	-	-	-	-	-
Interest Income	<u>17,188</u>	<u>33,174</u>	<u>103,468</u>	<u>45,203</u>	<u>11,669</u>	<u>18,775</u>
	134,385	456,136	129,126	484,856	275,204	1,278,517
Reserve for unpaid claims/ expenses	<u>(29,781)</u>	<u>(504,572)</u>	<u>(271,595)</u>	<u>(411,705)</u>	<u>(614,582)</u>	<u>(1,350,938)</u>
Net assets (member's surplus)	<u>\$ 104,604</u>	<u>\$ (48,436)</u>	<u>\$ (142,469)</u>	<u>\$ 73,151</u>	<u>\$ (339,378)</u>	<u>\$ (72,421)</u>

Continued

LOUISIANA PUBLIC SCHOOL RISK MANAGEMENT AGENCY

Schedule of Net Assets (Members' Surplus) - Continued

Year ended October 1, 2023

	Year ended <u>October 1, 2023</u>	Year ended <u>Total</u>
Earned premiums	\$ 5,103,049	\$ 94,390,128
Reinsurance premiums	<u>(1,770,181)</u>	<u>(34,223,001)</u>
Total Revenues	3,332,868	60,167,127
Claims paid by year of loss Occurrence	(266,496)	(24,420,472)
Claim administrative fees (included in Claim Paid in Years 2006 and 2007)	(336,017)	(5,179,298)
Supporting services expenses	<u>(1,149,069)</u>	<u>(22,624,059)</u>
Operating Income	1,581,286	7,943,298
Other Income		
Grant income	-	70,000
Interest Income	<u>86,221</u>	<u>858,197</u>
	1,667,507	8,871,495
Reserve for unpaid claims/ expenses	<u>(1,463,137)</u>	<u>(5,208,970)</u>
Net assets (member's surplus)	<u>\$ 204,370</u>	<u>\$ 3,662,525</u>

OTHER INFORMATION

LOUISIANA PUBLIC SCHOOL RISK MANAGEMENT AGENCY

Schedule of Compensation, Benefits and Other Payments
To Chief Executive Officer

Year ended October 1, 2023

Chief Executive Officer: Richard Wilkinson, Chairman

<u>Purpose</u>	<u>Amount</u>
Salary	\$ -
Benefits-insurance	-
Benefits-retirement	-
Benefits-cell phone	-
Car allowance	-
Vehicle provided by government	-
Per diem	-
Reimbursement	-
Travel	-
Conference/travel reimbursements	7,772
Continuing professional education fees	-
Housing	-
Unvouchered expenses	-
Special meals	-

INDEPENDENT AUDITORS' 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

March 18, 2024

The Board of Trustees
Louisiana Public School Risk Management Agency

We have audited, 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, the financial statements of the business type activities of Louisiana Public School Risk Management Agency (LARMA) as of and for the year ended October 1, 2023, and the related notes to the financial statements, which collectively comprise LARMA's basic financial statements and have issued our report thereon dated March 18, 2024.

Internal Control Over Financial Reporting

In planning and performing our audit of the financial statements, we considered Louisiana Public School Risk Management Agency's internal control over financial reporting (internal control) to determine the 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 Louisiana Public School Risk Management Agency's internal control. Accordingly, we do not express an opinion on the effectiveness of the Louisiana Public School Risk Management Agency'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 over financial reporting that might be material weaknesses or significant deficiencies. Given these limitations, during our audit we did not identify any deficiencies in internal control that we consider to be material weaknesses. However, material weaknesses may exist that have not been identified.

Compliance and Other Matters

As part of obtaining reasonable assurance about whether the Louisiana Public School Risk Management Agency's financial statements are free of material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts and grants agreements, noncompliance with which could have a direct and material effect on the determination of financial statement amounts. 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 is required to be reported under *Government Auditing Standards*.

Purpose of this Report

The purpose of this report is solely to describe the scope of our testing of internal control and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the entity's internal control or on compliance. This report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the entity's internal control and compliance. Accordingly, this communication is not suitable for any other purpose. Under Louisiana Revised Statute 24:513, this report is distributed by the Louisiana Legislative Auditor as a public document.

LOUISIANA PUBLIC SCHOOL RISK MANAGEMENT AGENCY

Schedule of Findings and Responses

Year Ended October 1, 2023

I - Summary of Auditors' Results

Financial Statements

Type of auditors' report issued: unmodified

Internal control over financial reporting:

- Material weaknesses(es) identified? ___ yes X no
- Control deficiencies(s) identified that are
not considered to be material weakness(es)? ___ yes X none reported

Noncompliance material to financial
statements noted? ___ yes X no

II – Financial Statement Findings

- None

III – Federal Award Findings and Questioned Costs

- N/A

IV – Prior Year Audit Findings

- None

INDEPENDENT ACCOUNTANTS' REPORT
ON APPLYING AGREED-UPON PROCEDURES

March 18, 2024

Board of Trustees
Louisiana Public School Risk Management Agency (LARMA)

We have performed the procedures included 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 year October 2, 2022 through October 1, 2023. LARMA's management is responsible for those C/C areas identified in the SAUPs.

LARMA 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 year October 2, 2022 through October 1, 2023. 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:

1) Written Policies and Procedures

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

- i. *Budgeting*, including preparing, adopting, monitoring, and amending the budget.

The Agency's procedures manual does address budgeting.

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

The Agency's procedures manual does address purchasing.

- iii. *Disbursements*, including processing, reviewing, and approving.

The Agency's procedures manual does address disbursements.

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

The Agency's procedures manual does address receipts/collections.

- v. *Payroll/Personnel*, including (1) payroll processing, and (2) reviewing and approving time and attendance records, including leave and overtime worked, and (3) approval process for employee(s) rate of pay or approval and maintenance of pay rate schedules.

The Agency does not have payroll/personnel.

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

The Agency's procedures manual does address contracting.

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

The Agency does not have credit/debit cards.

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

The Agency's procedures manual does address travel and expense reimbursement.

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

The Agency does not have employees or elected officials.

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

The Agency does not have any debt service.

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

The Agency's procedures manual does address information technology and disaster recovery.

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

The Agency does not have payroll/personnel.

2) Board or Finance Committee

- A. Obtain and inspect the board/finance committee minutes for the fiscal period, as well as the board's enabling legislation, charter, bylaws, or equivalent document in effect during the fiscal period, and:
 - i. Observe that the board/finance committee met with a quorum at least monthly, or on a frequency in accordance with the board's enabling legislation, charter, bylaws, or other equivalent document.

No exceptions noted.

- ii. For those entities reporting on the governmental accounting model, observe that the minutes referenced or included monthly budget-to-actual comparisons on the general fund, quarterly budget-to-actual, at a minimum, on proprietary funds, and semi-annual budget-to-actual, at a minimum, on special revenue funds.

The Agency does not adopt a budget, as it is a public risk pool.

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

No exceptions noted.

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

No exceptions noted.

3) Bank Reconciliations

- A. Obtain a listing of the entity's 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 each selected account and observe that:

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

No exceptions noted.

- ii. Bank reconciliations include evidence that a member of management/board member who does not handle cash, post ledgers, or issue checks has reviewed each bank reconciliation (e.g., initialed and dated, electronically logged); and

No exceptions noted.

- iii. 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.

No exceptions noted.

4) Collections

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

The listing was provided by management.

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

- i. Employees that are responsible for cash collections do not share cash drawers/registers.

Cash drawers are not maintained.

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

The individual responsible for collecting cash is not responsible for preparing/making bank deposits.

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

The individual responsible for collecting cash is not responsible for posting collection entries to the general ledger.

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

The individual responsible for reconciling cash collections to the general ledger is not responsible for collecting cash.

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

All persons are covered by an insurance policy for theft.

- D. Randomly select two deposit dates for each of the 5 bank accounts selected for procedure #3 under “Bank Reconciliations” above (select the next deposit date chronologically if no deposits were made on the dates randomly selected and randomly select a deposit if multiple deposits are made on the same day). Obtain supported documentation for each of the deposits and:

- i. Observe that receipts are sequentially pre-numbered.

No exceptions noted.

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

No exceptions noted.

- iii. Trace the deposit slip total to the actual deposit per the bank statement.

No exceptions noted.

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

No exceptions noted.

- v. Trace the actual deposit per the bank statement to the general ledger.

No exceptions noted.

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

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

The listing was provided by management.

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

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

At least two individuals are involved in initiating, approving and making a purchase.

- ii. At least two employees are involved in processing and approving payments to vendors.

At least two individuals are involved in processing and approving payments to vendors.

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

The individual responsible for processing payments is prohibited from adding/modifying vendor files.

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

The individual who processes payments does not have signing authority. Check signers do mail payments.

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

No exceptions noted..

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

- i. Observe that the disbursement matched the related original itemized invoice and supporting documentation indicates deliverables included on the invoice were received by the entity.

No exceptions noted.

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

No exceptions noted.

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

No exceptions noted.

6) Credit Cards/Debit Cards/Fuel Cards/P-Cards

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

Not applicable the Authority does not have any active credit cards, bank debit cards, fuel cards, nor P-cards.

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

- i. Observe that there is evidence that the monthly statement or combined statement and supporting documentation (e.g., original receipts for credit/debit card purchases, exception reports for excess fuel card usage) was reviewed and approved, in writing, by someone other than the authorized card holder.

Not applicable the Authority does not have any active credit cards, bank debit cards, fuel cards, nor P-cards.

- ii. Observe that finance charges and/or late fees were assessed on the selected statements.

Not applicable the Authority does not have any active credit cards, bank debit cards, fuel cards, nor P-cards.

- C. Using the monthly statements or combined statements selected under #12 above, excluding fuel cards, randomly select 10 transactions (or all transactions if less than 10) from each statement, and obtain supporting documentation for the transactions (i.e. each card should have 10 transactions subject to testing). For each transaction, observed that it is supported by (1) an original itemized receipt that identifies precisely what was purchased, (2) written documentation of the business/public purpose, and (3) documentation of the individuals participating in meals (for meal charges only).

Not applicable the Authority does not have any active credit cards, bank debit cards, fuel cards, nor P-cards.

7) Travel and Travel-Related Expense Reimbursements (Excluding card transactions)

- A. Obtain from management a listing of all travel and travel-related expense reimbursements during the fiscal period and management's representation that the listing or general ledger is complete. Randomly select 5 reimbursements, obtain the related expense reimbursement forms/prepaid expense documentation of each selected reimbursement, as well as the supporting documentation. For each of the 5 reimbursements selected:

- i. If reimbursed using a per diem, agree the reimbursement rate to those rates established either by the State of Louisiana or the U.S. General Services Administration (www.gsa.gov).

No exceptions noted.

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

No exceptions noted.

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

No exceptions noted.

- iv. Observe that each reimbursement was reviewed and approved, in writing, by someone other than the person receiving reimbursement.

No exceptions noted.

Contracts

A. Obtain from management a listing of all agreements/contracts for professional services, materials and supplies, leases, and construction activities that were initiated or renewed during the fiscal period. Obtain management's representation that the list is complete. Randomly select 5 contracts (or all contracts if less than 5) from the listing, excluding the practitioner's contract, and:

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

No exceptions noted.

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

No exceptions noted.

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

No exceptions noted.

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

No exceptions noted.

9) Payroll and Personnel

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

Not applicable, the Agency does not employ employees.

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

i. Observe that all selected employees/officials documented their daily attendance and leave (e.g., vacation sick, compensatory). (Note: Generally, an elected official is not eligible to earn leave and

does not document his/her attendance and leave. However, if the elected official is earning leave according to policy and/or contract, the official should document his/her daily attendance and leave.)

Not applicable, the Agency does not employ employees.

- ii. Observe that supervisors approved the attendance and leave of the selected employees/officials.

Not applicable, the Agency does not employ employees.

- iii. Observe that any leave accrued or taken during the pay period is reflected in the entity's cumulative leave records.

Not applicable, the Agency does not employ employees.

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

Not applicable, the Agency does not employ employees.

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

Not applicable, the Agency does not employ employees.

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

Not applicable, the Agency does not employ employees.

10) Ethics

- A. Using the five randomly selected employees/officials from procedure #16 under "Payroll and Personnel" above, obtain ethics documentation from management and:

- i. Observe that the documentation demonstrates each employee/official completed one hour of ethics training during the fiscal period.

Not applicable, the Agency does not employ employees.

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

Not applicable, the Agency does not employ employees.

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

11) Debt Service

- A. Obtain a listing of bonds/notes and other debt instruments issued during the fiscal period and management's representation that the list is complete. Select all debt instruments on the listing, obtain supporting documentation, and observe that the State Bond Commission approval was obtained for each debt instrument issued.

The Agency does not have debt.

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

The Agency does not have debt.

12) Fraud Notice

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

The Agency was not aware of any misappropriation of public funds or assets during the fiscal year.

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

The Agency has the required notice posted in a conspicuous place upon its premises.

13) Information Technology Disaster Recovery/Business Continuity

A. Perform the following procedures, verbally discuss the results with management, and report “We performed the procedure and discussed the results with management.”

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

We performed the procedure and discussed the results with management. No exceptions noted.

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

We performed the procedure and discussed the results with management. No exceptions noted.

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

We performed the procedure and discussed the results with management. No exceptions noted.

14) Sexual Harassment

A. Using the 5 randomly selected employees/officials from procedure #16 under “Payroll and Personnel” above, obtain sexual harassment training documentation from management, and observe the documentation demonstrates each employee/official completed at least one hour of sexual harassment training during the calendar year.

Not applicable, the Agency does not employ employees.

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

Not applicable, the Agency does not employ employees.

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

- i. Number and percentage of public servants in the agency who have completed the training requirements;

Not applicable, the Agency does not employ employees.

- ii. Number of sexual harassment complaints received by the agency;

Not applicable, the Agency does not employ employees.

- iii. Number of complaints which resulted in a finding that sexual harassment occurred;

Not applicable, the Agency does not employ employees.

- iv. Number of complaints in which the finding of sexual harassment resulted in discipline or corrective action; and

Not applicable, the Agency does not employ employees.

- v. Amount of time it took to resolve each complaint.

Not applicable, the Agency does not employ employees.

We were engaged by LARMA 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 LARMA 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.