

LOUISIANA PUBLIC SCHOOL RISK MANAGEMENT AGENCY
FINANCIAL REPORT AND INDEPENDENT AUDITORS' REPORT
YEAR ENDED OCTOBER 1, 2017

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Gragson, Casiday & Guillory, L.L.P.
CERTIFIED PUBLIC ACCOUNTANTS

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INDEPENDENT AUDITORS' REPORT

February 22, 2018

The Board of Trustees
Louisiana Public School Risk Management Agency

Report on the Financial Statements

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, 2017, 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, 2016 financial statements and in our report dated March 24, 2017 expressed an unqualified opinion on those financial statements.

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.

Auditors' Responsibility

Our responsibility is to express opinions on these financial statements based on our audit. We conducted our audit in accordance with auditing standards generally accepted in the United States of America. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditors' judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the

effectiveness of the entity's internal control. Accordingly, we express no such opinion. 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 financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinions.

Opinions

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, 2017, and the respective changes in financial position, and cash flows thereof for the year then ended in accordance with accounting principles generally acted in the United States of America.

Other Matters

Other Information

Our audit was conducted for the purpose of forming an opinion on the financial statements taken as a whole. The accompanying supplemental information and other information as listed in the table of contents is presented for the purpose of additional analysis and is not a required part of the financial statements. This is the responsibility of management and was derived from and relate directly to the underlying accounting and other records used to prepare the financial statements. The information has been subjected to the auditing procedures applied in the audit of the financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the financial statements or to the financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the information is fairly stated in all material respects in relation to the financial statements as a whole.

Other Reporting Required by Government Auditing Standards

In accordance with Government Auditing Standards, we have also issued our report dated February 22, 2018, 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, 2017

With comparative totals as of October 1, 2016

	<u>2017</u>	<u>2016</u>
ASSETS		
Cash and cash equivalents	\$ 8,833,077	\$ 8,189,231
Other receivables	<u>1,272,225</u>	<u>1,486,283</u>
TOTAL ASSETS	<u>\$ 10,105,302</u>	<u>\$ 9,675,514</u>
 LIABILITIES AND NET ASSETS		
Liabilities		
Reserves for unpaid claims and allocated adjustment expenses	\$ 3,985,923	\$ 3,942,459
Accounts payable and accrued expenses	<u>47,320</u>	<u>1,525</u>
Total Liabilities	4,033,243	3,943,985
Net Assets	<u>6,072,059</u>	<u>5,731,529</u>
TOTAL LIABILITIES AND NET ASSETS	<u>\$ 10,105,302</u>	<u>\$ 9,675,514</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, 2017

With comparative totals for the year ended October 1, 2016

	<u>2017</u>	<u>2016</u>
Revenues:		
Premiums written and earned	\$ 5,155,279	\$ 5,059,676
Less: Reinsurance Premiums	<u>(1,817,302)</u>	<u>(1,852,742)</u>
Total revenues	<u>3,337,977</u>	<u>3,206,934</u>
Expenses:		
Claims:		
Claims paid and adjustment expenses-net	1,461,511	1,062,920
Changes in reserves for unpaid claims and allocated adjustment expenses-net	<u>43,464</u>	<u>(148,507)</u>
Claims incurred-net	<u>1,504,975</u>	<u>914,413</u>
Supporting Services:		
Management fees	328,688	339,650
Agent commissions	618,692	609,079
Consulting and professional fees	21,480	22,700
Contract Labor	60,000	60,000
Safety/Training Grants	460,674	430,801
Other	<u>20,126</u>	<u>18,691</u>
Total supporting services	<u>1,509,660</u>	<u>1,495,899</u>
Total Expenses	<u>3,014,635</u>	<u>2,410,312</u>
Operating income (loss)	323,342	796,622
Other income:		
Interest income	<u>17,188</u>	<u>12,915</u>
Increase (decrease) in Net Assets	340,530	809,537
Net Assets, beginning	<u>5,731,529</u>	<u>4,921,992</u>
Net Assets, ending	<u>\$ 6,072,059</u>	<u>\$ 5,731,529</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, 2017

With comparative totals for the year ended October 1, 2016

	<u>2017</u>	<u>2016</u>
Cash Flows from Operating Activities:		
Operating income (loss)	\$ 323,342	\$ 796,622
Adjustments to reconcile increase in net assets to net cash from operating activities:		
Changes in operating assets and liabilities:		
Other receivable	214,058	97,638
Reserves for unpaid claims and allocated adjustment expenses	43,464	(148,507)
Accounts payable and accrued expenses	<u>45,794</u>	<u>1,526</u>
	626,658	747,009
Cash Flows From Investing Activities:		
Interest income	<u>17,188</u>	<u>12,195</u>
Net Increase (decrease) in Cash and Cash Equivalents	643,846	759,924
Cash and Cash Equivalents, beginning	<u>8,189,231</u>	<u>7,429,307</u>
Cash and Cash Equivalents, ending	<u>\$ 8,833,077</u>	<u>\$ 8,189,231</u>

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

LOUISIANA PUBLIC SCHOOL RISK MANAGEMENT AGENCY

Notes to Financial Statements

October 1, 2017

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	\$150,000 self-insured retention, \$850,000 per occurrence reinsurance, \$1,000,000 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.

Willis Pooling 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, 2017, twenty-nine 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, 2017

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.

Other Receivables

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

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, 2017

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 February 22, 2018, 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, 2016, from which the summarized information was derived.

NOTE C - CASH AND CASH EQUIVALENTS

The bank balances of \$8,833,077 have been deposited in public depositories, which are insured up to \$250,000 by the Federal Deposit Insurance Corporation (FDIC) and the excess is secured by pledged securities held by the custodial bank in the name of the fiscal agent bank.

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.

LOUISIANA PUBLIC SCHOOL RISK MANAGEMENT AGENCY

Notes to Financial Statements

October 1, 2017

NOTE D – RESERVES FOR UNPAID CLAIMS AND ADJUSTMENT EXPENSES - CONTINUED

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	\$ 2,727,745
Reserve for losses incurred but not reported	<u>1,258,178</u>
Total reserves for unpaid claims and claim adjustment expenses at October 1, 2017	<u>\$ 3,985,923</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, 2016	<u>\$ 3,942,459</u>
Incurred claims and claim adjustment expenses:	
Provision for insured events of the current year	928,489
Increase (Decrease)-net in provision for insured events of prior years	<u>576,486</u>
Total incurred claims and claim adjustment expenses	1,504,975
Less claim payments-net:	
Claims and claim adjustment expenses attributable to insured events of the current year	229,641
Claims and claim adjustment expenses attributable to insured events of prior years	<u>1,231,870</u>
Total payments-net	<u>1,461,511</u>
Total unpaid claims and claim adjustment expenses at October 1, 2017	<u>\$ 3,985,923</u>

NOTE E – MEMBER DISTRIBUTIONS

The board of trustees recommended at its July 10, 2017 meeting a ten percent distribution based upon member surplus. As of October 1, 2017, the member distribution amounted to \$460,674 through safety grants.

SUPPLEMENTAL INFORMATION

LOUISIANA PUBLIC SCHOOL RISK MANAGEMENT AGENCY

Schedule of Ten Year Claims Development Information

October 1, 2017

	<u>2008</u>	<u>2009</u>	<u>2010</u>
Premium Revenue:			
Earned	\$ 5,177,726	\$ 4,853,537	\$ 5,284,178
Ceded	<u>(2,052,517)</u>	<u>(1,712,981)</u>	<u>(1,938,318)</u>
Net Earned	3,125,209	3,140,556	3,345,860
Investment Income	103,504	25,349	17,638
Administrative Expenses	1,042,917	977,531	1,050,378
Reserve for Unallocated Adjustment Expenses	-		-
Estimated Incurred Claims, End of Policy Year (or earliest year available)	1,861,000	1,528,237	1,798,704
Cumulative Paid Claims as of:			
End of Policy Year	483,752	386,588	416,277
One Year Later	898,876	381,977	548,636
Two Years Later	971,883	700,478	856,689
Three Years Later	1,348,863	737,659	1,272,530
Four Years Later	1,699,739	760,060	1,450,283
Five Years Later	1,911,082	910,854	1,503,144
Six Years Later	2,133,356	911,300	1,558,568
Seven Years Later	2,149,781	1,004,759	1,666,919
Eight Years Later	2,176,979	1,005,670	
Nine Years Later	2,176,979		
Cumulative Incurred Claims as of:			
End of Policy Year	1,861,000	1,528,237	1,798,704
One Year Later	2,204,399	1,064,422	1,946,804
Two Years Later	2,683,811	1,390,316	1,869,471
Three Years Later	2,344,056	1,073,614	1,879,803
Four Years Later	2,037,324	1,168,157	2,144,176
Five Years Later	2,183,442	1,133,852	2,056,626
Six Years Later	2,185,462	1,048,796	1,916,156
Seven Years Later	2,171,754	1,050,520	1,877,956
Eight Years Later	2,034,305	1,050,520	
Nine Years Later	2,034,305		
Increase(Decrease) in Cumulative Incurred Claims from End of Policy Year	173,305	(477,717)	79,252

<u>2011</u>	<u>2012</u>	<u>2013</u>	<u>2014</u>	<u>2015</u>	<u>2016</u>	<u>2017</u>
\$ 5,061,154	\$ 4,647,892	\$ 4,696,762	\$ 5,102,276	\$ 4,990,616	\$ 5,059,676	\$ 5,155,279
<u>(1,814,934)</u>	<u>(1,681,510)</u>	<u>(1,730,721)</u>	<u>(1,905,023)</u>	<u>(1,844,213)</u>	<u>(1,852,742)</u>	<u>(1,817,302)</u>
3,246,220	2,966,382	2,966,038	3,197,253	3,146,403	3,206,934	3,337,977
13,958	11,152	11,269	5,539	2,612	12,915	17,188
1,018,469	938,610	993,234	1,085,277	1,431,349	1,495,899	1,509,660
-	-	-	-	-	-	-
1,531,422	1,416,899	1,246,098	1,060,281	990,745	892,974	928,489
392,688	380,064	344,947	423,226	421,343	468,773	555,609
609,889	644,500	557,357	546,098	488,435	588,272	
642,776	663,261	679,649	559,121	696,798		
906,202	939,839	894,857	603,094			
1,017,217	956,693	1,123,813				
1,045,802	978,718					
1,215,704						
1,531,422	1,416,899	1,246,098	1,060,281	990,745	892,974	957,489
1,463,465	1,266,039	958,545	834,005	832,450	884,753	
1,374,910	1,287,885	950,687	706,415	1,124,610		
1,306,423	1,443,235	1,069,300	712,098			
1,341,588	1,403,860	1,132,313				
1,324,084	1,375,492					
1,184,885						
(346,537)	(41,407)	(113,785)	(348,183)	133,865	(8,221)	-

LOUISIANA PUBLIC SCHOOL RISK MANAGEMENT AGENCY

Schedule of Changes in Claim Liabilities by Line of Coverage

Year ended October 1, 2017

Unpaid Claim Liabilities, October 1, 2016	<u>\$ 3,942,459</u>
Incurred Claims:	
Provision for Insured Events of Current Year	928,489
Increase (Decrease)-net in Provision for Insured Events of Prior Years	<u>576,486</u>
Increase in Incurred Claims-net:	1,504,975
Less Claim Payments-net:	
Payment-net on Claims for Insured Events of Current Year	229,641
Payments-net on Claims for Insured Events of Prior Years	<u>1,231,870</u>
Total Payments-net	<u>1,461,511</u>
Unpaid Claim Liabilities, October 1, 2017	<u>\$ 3,985,923</u>

LOUISIANA PUBLIC SCHOOL RISK MANAGEMENT AGENCY

Schedule of Net Assets (Members' Surplus)

Year ended October 1, 2017

	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)	(2,619,783)	(1,961,498)	(788,993)	(1,339,474)
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	(683,324)	(136,959)	1,157,354	628,562
Other Income:							
Grant income	-	-	-	-	-	-	-
Interest income	-	48,720	119,512	170,330	103,504	25,349	17,639
Reserves for unpaid claims/ expenses	-	(7,151)	(10,542)	(4,076)	(7,543)	(6,650)	(110,039)
Net assets (members' surplus)	\$ 276,771	\$ (144,056)	\$ 647,763	\$ (517,070)	\$ (40,998)	\$ 1,176,053	\$ 536,162

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GAGSON, CASIDAY & GUILLOTORY, L.L.P.
CERTIFIED PUBLIC ACCOUNTANTS

Continued

LOUISIANA PUBLIC SCHOOL RISK MANAGEMENT AGENCY

Schedule of Net Assets (Members' Surplus) - Continued

Year ended October 1, 2017

	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	(915,267)	(685,467)	(830,114)	(277,215)	(370,185)	(260,531)
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	1,012,484	1,048,604	848,990	1,508,880	1,018,255	1,122,802
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>
	1,026,442	1,059,756	870,259	1,544,419	1,050,867	1,135,717
Reserve for unpaid claims/ expenses	<u>(92,941)</u>	<u>(283,281)</u>	<u>(359,583)</u>	<u>(532,230)</u>	<u>(878,145)</u>	<u>(736,254)</u>
Net assets (member's surplus)	<u>\$ 933,501</u>	<u>\$ 776,475</u>	<u>\$ 510,676</u>	<u>\$ 1,012,189</u>	<u>\$ 172,722</u>	<u>\$ 399,463</u>

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 CERTIFIED PUBLIC ACCOUNTANTS
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LOUISIANA PUBLIC SCHOOL RISK MANAGEMENT AGENCY

Schedule of Net Assets (Members' Surplus) - Continued

Year ended October 1, 2017

	Year ended <u>October 1, 2017</u>	Year ended <u>Total</u>
Earned premiums	\$ 5,155,279	\$ 66,208,395
Reinsurance premiums	<u>(1,817,302)</u>	<u>(24,879,814)</u>
Total Revenues	\$ 3,337,977	41,328,581
Claims paid by year of loss occurrence	(220,949)	(13,915,622)
Claim administrative fees (included in Claim Paid in Years 2006 and 2007)	(334,660)	(3,212,322)
Supporting services expenses	<u>(1,509,660)</u>	<u>(14,772,342)</u>
Operating Income	1,272,708	9,428,295
Other Income		
Grant income	-	70,000
Interest Income	<u>17,188</u>	<u>559,687</u>
	1,289,896	10,057,982
Reserve for unpaid claims/ expenses	<u>(957,488)</u>	<u>(3,985,923)</u>
Net assets (member's surplus)	<u>\$ 332,408</u>	<u>\$ 6,072,059</u>

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 GREGGSON, CASIDAY & GUILLOTORY, L.L.P.
 CERTIFIED PUBLIC ACCOUNTANTS

OTHER INFORMATION

LOUISIANA PUBLIC SCHOOL RISK MANAGEMENT AGENCY

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

Year ended October 1, 2017

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	2,536
Continuing professional education fees	-
Housing	-
Unvouchered expenses	-
Special meals	-



Gragson, Casiday & Guillory, L.L.P.
CERTIFIED PUBLIC ACCOUNTANTS

RAYMOND GUILLORY, JR., C.P.A.
COY T. VINCENT, C.P.A.
MICHELLE LEE, C.P.A.
BRADLEY J. CASIDAY, C.P.A., C.V.A.
GRAHAM A. PORTUS, E.A.
KATHRYN BLESSINGTON, C.P.A.
JACKLYN BARLOW, C.P.A.
BRIAN MCCAIN, C.P.A.
BLAKE MANUEL, C.P.A.

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

February 22, 2018

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, 2017, and the related notes to the financial statements, which collectively comprise LARMA's basic financial statements and have issued our report thereon dated February 22, 2018.

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.

Gragson, Casiday & Guillory

LOUISIANA PUBLIC SCHOOL RISK MANAGEMENT AGENCY

Schedule of Findings and Responses

Year Ended October 1, 2017

I - Summary of Auditors' Results

Financial Statements

Type of auditors' report issued: unqualified

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



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INDEPENDENT ACCOUNTANTS' REPORT
ON APPLYING AGREED-UPON PROCEDURES

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

February 22, 2018

We have performed the procedures included enumerated below, which were agreed to by LARMA and the Louisiana Legislative Auditor (LLA) on the control and compliance (C/C) areas identified in the LLA's Statewide Agreed-Upon Procedures (SAUP's) for the fiscal year October 2, 2016 through October 1, 2017. LARMA's management is responsible for those C/C areas identified in the SAUP's.

This agreed upon procedures engagement was conducted in accordance with attestation standards established by the American Institute of Certified Public Accountants and applicable standards of *Government Auditing Standards*. The sufficiency of these procedures is solely the responsibility of the specified users of this report. Consequently, we make no representation regarding the sufficiency of the procedures described below either for the purpose for which this report has been requested or for any other purpose.

The procedures and associated findings are as follows:

Written Policies and Procedures

1. Obtain LARMA's written policies and procedures and report whether those written policies and procedures address each of the following financial/business functions (or report that the District does not have any written policies and procedures), as applicable:
 - a) *Budgeting*, including preparing, adopting, monitoring, and amending the budget.
The District does not have a complete written policies and procedures manual.
 - b) *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 District does not have a complete written policies and procedures manual.
 - c) *Disbursements*, including processing, reviewing, and approving.
The District does not have a complete written policies and procedures manual.
 - d) *Receipts*, including receiving, recording, and preparing deposits.
The District does not have a complete written policies and procedures manual.
 - e) *Payroll/Personnel*, including (1) payroll processing, and (2) reviewing and approving time and attendance records, including leave and overtime worked.
The District does not have a complete written policies and procedures manual.

- f) *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 District does not have a complete written policies and procedures manual.

- g) *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.

The District does not have a complete written policies and procedures manual.

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

The District does not have a complete written policies and procedures manual.

- i) *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 LARMA's ethics policy. Note: Ethics requirements are not applicable to nonprofits.

The District does not have a complete written policies and procedures manual.

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

The District does not have a complete written policies and procedures manual.

Council (or Finance Committee, if applicable)

2. Obtain and review the board minutes for the fiscal year, and:

- a) Report whether the managing board met (with a quorum) at least monthly, or on a frequency in accordance with the board's enabling legislation, charter, or other equivalent document.

The minutes reflected that the managing board met quarterly in accordance with enabling legislation.

- b) Report whether the minutes referenced or included monthly budget-to-actual comparisons on the General Fund and any additional funds identified as major funds in LARMA's prior audit (GAAP-basis).

➤ If the budget-to-actual comparisons show that management was deficit spending during the fiscal period, report whether there is a formal/written plan to eliminate the deficit spending for those entities with a fund balance deficit. If there is a formal/written plan, report whether the meeting minutes for at least one board meeting during the fiscal year reflect that the board is monitoring the plan.

Quarterly income statements with budgetary comparisons and variances were not provided to the board. However, interim six months and annual financials are presented and reviewed by the board and management.

- c) Report whether the minutes referenced or included non-budgetary financial information (e.g. approval of contracts and disbursements) for at least one meeting during the fiscal year.

Minutes, where applicable, contained approval of non-budgetary financial information.

Bank Reconciliations

- 3. Obtain a listing of District bank accounts from management and management's representation that the listing is complete.

The listing was provided by management.

- 4. Using the listing provided by management, select all of LARMA's bank accounts (if five accounts or less) or one-third of the bank accounts on a three-year rotating basis (if more than 5 accounts). If there is a change in practitioners, the new practitioner is not bound to follow the rotation established by the previous practitioner. *Note: School student activity fund accounts may be excluded from selection if they are otherwise addressed in a separate audit or AUP engagement.* For each of the bank accounts selected, obtain bank statements and reconciliations for all months in the fiscal year and report whether:

- a) Bank reconciliations have been prepared;

For each bank account selected, the accounts were reconciled.

- b) Bank reconciliations include evidence that a member of management or a board member (with no involvement in the transactions associated with the bank account) has reviewed each bank reconciliation; and

There is no documentation that a member of management or a board member has reviewed each bank reconciliation. However, the review is performed but not documented.

- c) If applicable, management has documentation reflecting that it has researched reconciling items that have been outstanding for more than 6 months as of the end of the fiscal period.

As of October 1, 2017, there are no outstanding checks.

Collections

- 5. Obtain a listing of cash/check/money order (cash) collection locations and management's representation that the listing is complete.

There are no "cash" collection locations. All collections are received electronically via wire transfers.

- 6. Using the listing provided by management, select all of LARMA's cash collection locations (if five locations or less) or one-third of the collection locations on a three-year rotating basis (if more than 5 locations). If there is a change in practitioners, the new practitioner is not bound to follow the rotation established by the previous practitioner. *Note: School student activity funds may be excluded from*

selection if they are otherwise addressed in a separate audit or AUP engagement. For each cash collection location selected:

- a) Obtain existing written documentation (e.g. insurance policy, policy manual, job description) and report whether each person responsible for collecting cash is (1) bonded, (2) not responsible for depositing the cash in the bank, recording the related transaction, or reconciling the related bank account (report if there are compensating controls performed by an outside party), and (3) not required to share the same cash register or drawer with another employee.

The District does not collect cash and therefore, does not maintain a cash register or drawer. However, the person responsible for collecting revenues does not perform any depositing, recording, or reconciling functions.

- b) Obtain existing written documentation (e.g. sequentially numbered receipts, system report, reconciliation worksheets, policy manual) and report whether the District has a formal process to reconcile cash collections to the general ledger and/or subsidiary ledgers, by revenue source and/or agency fund additions, by a person who is not responsible for cash collections in the cash collection location selected.

Although no cash collection locations, the District has a process to reconcile deposits to the general ledger by revenue source.

- c) Select the highest (dollar) week of cash collections from the general ledger or other accounting records during the fiscal period and:

- Using District collection documentation, deposit slips, and bank statements, trace daily collections to the deposit date on the corresponding bank statement and report whether the deposits were made within one day of collection. If deposits were not made within one day of collection, report the number of days from receipt to deposit for each day at each collection location.

All deposits were made within one day of collections.

- Using sequentially numbered receipts, system reports, or other related collection documentation, verify that daily cash collections are completely supported by documentation and report any exceptions.

No evidence of exceptions was found during the testing.

7. Obtain existing written documentation (e.g. policy manual, written procedure) and report whether the District has a process specifically defined (identified as such by the District) to determine completeness of all collections, including electronic transfers, for each revenue source and agency fund additions (e.g. periodic confirmation with outside parties, reconciliation to utility billing after cutoff procedures, reconciliation of traffic ticket number sequences, agency fund forfeiture monies confirmation) by a person who is not responsible for collections.

The District's procedures include some of the processes specifically defined to determine completeness of all collections but they are generally performed by persons who are also responsible for collections.

Disbursements – General (excluding credit card/debit card/fuel card/P-Card purchases or payments)

8. Obtain a listing of District disbursements from management or, alternately, obtain the general ledger and sort/filter for District disbursements. Obtain management's representation that the listing or general ledger population is complete.

The listing was provided by management.

9. Using the disbursement population from #8 above, randomly select 25 disbursements (or randomly select disbursements constituting at least one-third of the dollar disbursement population if the District had less than 25 transactions during the fiscal period), excluding credit card/debit card/fuel card/P-card purchases or payments. Obtain supporting documentation (e.g. purchase requisitions, system screens/logs) for each transaction and report whether the supporting documentation for each transaction demonstrated that:

Randomly selected 25 disbursements and obtained supporting documentation for each transaction.

- a) Purchases were initiated using a requisition/purchase order system or an equivalent electronic system that separates initiation from approval functions in the same manner as a requisition/purchase order system.

Not applicable, District does not use purchase order system.

- b) Purchase orders, or an electronic equivalent, were approved by a person who did not initiate the purchase.

Not applicable, District does not use purchase order system.

- c) Payments for purchases were not processed without (1) an approved requisition and/or purchase order, or electronic equivalent; a receiving report showing receipt of goods purchased, or electronic equivalent; and an approved invoice.

All 25 disbursement invoices were approved by check signatures; however, documentation was not reflected on the invoices.

10. Using District documentation (e.g. electronic system control documentation, policy manual, written procedure), report whether the person responsible for processing payments is prohibited from adding vendors to LARMA's purchasing/disbursement system.

The person responsible for processing payments is prohibited from adding vendors to the system.

11. Using District documentation (e.g. electronic system control documentation, policy manual, written procedure), report whether the persons with signatory authority or who make the final authorization for disbursements have no responsibility for initiating or recording purchases.

The person with signature authority has no responsibility for initiating or recording purchases.

12. Inquire of management and observe whether the supply of unused checks is maintained in a locked location, with access restricted to those persons that do not have signatory authority, and report any exceptions. Alternately, if the checks are electronically printed on blank check stock, review District

documentation (electronic system control documentation) and report whether the persons with signatory authority have system access to print checks.

The District does not maintain checks. A third-party management company processes all disbursements and the District disburses funds via electronic transfers.

13. If a signature stamp or signature machine is used, inquire of the signer whether his or her signature is maintained under his or her control or is used only with the knowledge and consent of the signer. Inquire of the signer whether signed checks are likewise maintained under the control of the signer or authorized user until mailed. Report any exceptions.

The District does not utilize signature stamps or checks.

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

14. 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.

The District does not utilize credit or debit cards.

15. Using the listing prepared by management, randomly select 10 cards (or at least one-third of the cards if the District has less than 10 cards) that were used during the fiscal year, rotating cards each year. If there is a change in practitioners, the new practitioner is not bound to follow the rotation established by the previous practitioner.

Obtain the monthly statements, or combined statements if multiple cards are on one statement, for the selected cards. Select the monthly statement or combined statement with the largest dollar activity for each card (for a debit card, select the monthly bank statement with the largest dollar amount of debit card purchases) and:

- a) Report whether there is evidence that the monthly statement or combined statement and supporting documentation was reviewed and approved, in writing, by someone other than the authorized card holder. [Note: Requiring such approval may constrain the legal authority of certain public officials (e.g., mayor of a Lawrason Act municipality); these instances should not be reported.]]

N/A

- b) Report whether finance charges and/or late fees were assessed on the selected statements.

N/A

16. Using the monthly statements or combined statements selected under #15 above, obtain supporting documentation for all transactions for each of the 10 cards selected (i.e. each of the 10 cards should have one month of transactions subject to testing).

- a) For each transaction, report whether the transaction is supported by:

- An original itemized receipt (i.e., identifies precisely what was purchased).
N/A
 - Documentation of the business/public purpose. For meal charges, there should also be documentation of the individuals participating.
N/A
 - Other documentation that may be required by written policy (e.g., purchase order, written authorization.)
N/A
- b) For each transaction, compare the transaction's detail (nature of purchase, dollar amount of purchase, supporting documentation) to LARMA's written purchasing/disbursement policies and the Louisiana Public Bid Law (i.e. transaction is a large or recurring purchase requiring the solicitation of bids or quotes) and report any exceptions.

N/A
- c) For each transaction, compare the Town's documentation of the business/public purpose to the requirements of Article 7, Section 14 of the Louisiana Constitution, which prohibits the loan, pledge, or donation of funds, credit, property, or things of value, and report any exceptions (e.g. cash advances or non-business purchases, regardless whether they are reimbursed). If the nature of the transaction precludes or obscures a comparison to the requirements of Article 7, Section 14, the practitioner should report the transaction as an exception.

N/A

Travel and Expense Reimbursement

17. Obtain from management a listing of all travel and related expense reimbursements, by person, during the fiscal year or, alternately, obtain the general ledger and sort/filter for travel reimbursements. Obtain management's representation that the listing or general ledger is complete.

The listing was provided by management.

18. Obtain LARMA's written policies related to travel and expense reimbursements. Compare the amounts in the policies to the per diem and mileage rates established by the U.S. General Services Administration (www.gsa.gov) and report any amounts that exceed GSA rates.

The District does not have a written travel and expense reimbursement policy. However, for actual reimbursements included in testing, none exceeded the GSA Rates.

19. Using the listing or general ledger from #17 above, select the three persons who incurred the most travel costs during the fiscal period. Obtain the expense reimbursement reports or prepaid expense documentation of each selected person, including the supporting documentation, and choose the largest travel expense for each person to review in detail. For each of the three travel expenses selected:

- a) Compare expense documentation to written policies and report whether each expense was reimbursed or prepaid in accordance with written policy (e.g., rates established for meals, mileage, lodging). If the District does not have written policies, compare to the GSA rates (#18 above) and report each reimbursement that exceeded those rates.

For the expense reimbursements tested, those did not exceed the GSA Rates.

- b) Report whether each expense is supported by:
- An original itemized receipt that identifies precisely what was purchased. [Note: An expense that is reimbursed based on an established per diem amount (e.g., meals) does not require a receipt.]

Itemized receipts were provided for all expenses tested that identified what was purchased.

- Documentation of the business/public purpose (Note: For meal charges, there should also be documentation of the individuals participating).

Each expense was supported by documentation of business purpose.

- Other documentation as may be required by written policy (e.g., authorization for travel, conference brochure, certificate of attendance)

No other documentation is required.

- c) Compare LARMA's documentation of the business/public purpose to the requirements of Article 7, Section 14 of the Louisiana Constitution, which prohibits the loan, pledge, or donation of funds, credit, property, or things of value, and report any exceptions (e.g. hotel stays that extend beyond conference periods or payment for the travel expenses of a spouse). If the nature of the transaction precludes or obscures a comparison to the requirements of Article 7, Section 14, the practitioner should report the transaction as an exception.

The District's documentation of business/public purpose for tested expenses appeared to comply with the requirements of Article 7, Section 14 of the Louisiana Constitution.

- d) Report whether each expense and related documentation was reviewed and approved, in writing, by someone other than the person receiving reimbursement.

Each expense tested was supported by documentation and approval in writing.

Contracts

20. Obtain a listing of all contracts in effect during the fiscal period or, alternately, obtain the general ledger and sort/filter for contract payments. Obtain management's representation that the listing or general ledger is complete.

The listing was provided by management.

21. Using the listing above, select the five contract "vendors" that were paid the most money during the fiscal period (excluding purchases on state contract and excluding payments to the practitioner). Obtain the related contracts and paid invoices and:

- a) Report whether there is a formal/written contract that supports the services arrangement and the amount paid.

The five highest paid vendors did have formal/written contracts.

- b) Compare each contract's detail to the Louisiana Public Bid Law or Procurement Code. Report whether each contract is subject to the Louisiana Public Bid Law or Procurement Code and:
- If yes, obtain/compare supporting contract documentation to legal requirements and report whether the District complied with all legal requirements (e.g., solicited quotes or bids, advertisement, selected lowest bidder)

The contracts/vendors were not subject to the public bid law.

- If no, obtain supporting contract documentation and report whether the District solicited quotes as a best practice.

Solicited quotes were not obtained.

- c) Report whether the contract was amended. If so, report the scope and dollar amount of the amendment and whether the original contract terms contemplated or provided for such an amendment.

None of the contracts were amended.

- d) Select the largest payment from each of the five contracts, obtain the supporting invoice, compare the invoice to the contract terms, and report whether the invoice and related payment complied with the terms and conditions of the contract.

The invoice and related payments complied with the contract terms.

- e) Obtain/review contract documentation and council minutes and report whether there is documentation of council approval, if required by policy or law (e.g. Lawrason Act or Home Rule Charter).

Documentation provided reflected approval by the Board.

Payroll and Personnel

22. Obtain a listing of employees (and elected officials, if applicable) with their related salaries, and obtain management's representation that the listing is complete. Randomly select five employees/officials, obtain their personnel files, and:

The District has no employees.

- a) Review compensation paid to each employee during the fiscal year and report whether payments were made in strict accordance with the terms and conditions of the employment contract or pay rate structure.

N/A

- b) Review changes made to hourly pay rates/salaries during the fiscal year and report whether those changes were approved in writing and in accordance with written policy.

N/A

23. Obtain attendance and leave records and randomly select one pay period in which leave has been taken by at least one employee. Within that pay period, randomly select 25 employees/officials (or randomly select one-third of employees/officials if the District had less than 25 employees during the fiscal period), and:

a) Report whether 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.)

N/A

b) Report whether there is written documentation that supervisors approved, electronically or in writing, the attendance and leave of the selected employees/officials.

N/A

c) Report whether there is written documentation that the District maintained written leave records (e.g., hours earned, hours used, and balance available) on those selected employees/officials that earn leave.

N/A

24. Obtain from management a list of those employees/officials that terminated during the fiscal period and management's representation that the list is complete. If applicable, select the two largest termination payments (e.g., vacation, sick, compensatory time) made during the fiscal period and obtain the personnel files for the two employees/officials. Report whether the termination payments were made in strict accordance with policy and/or contract and approved by management.

N/A

25. Obtain supporting documentation (e.g. cancelled checks, EFT documentation) relating to payroll taxes and retirement contributions during the fiscal period. Report whether the employee and employer portions of payroll taxes and retirement contributions, as well as the required reporting forms, were submitted to the applicable agencies by the required deadlines.

N/A

Ethics

26. Using the five randomly selected employees/officials from procedure #22 under "Payroll and Personnel" above, obtain ethics compliance documentation from management and report whether the District maintained documentation to demonstrate that required ethics training was completed.

N/A, the District has no employees.

27. Inquire of management whether any alleged ethics violations were reported to the Town during the fiscal period. If applicable, review documentation that demonstrates whether management investigated

alleged ethics violations, the corrective actions taken, and whether management's actions complied with the Town's ethics policy. Report whether management received allegations, whether management investigated allegations received, and whether the allegations were addressed in accordance with policy.

Management was not notified of any alleged or actual ethics violations during the fiscal year.

Debt Service

28. If debt was issued during the fiscal year, obtain supporting documentation from the District, and report whether State Bond Commission approval was obtained.

No debt was issued during the fiscal year.

29. If the District had outstanding debt during the fiscal period, obtain supporting documentation from the District and report whether the District made scheduled debt service payments and maintained debt reserves, as required by debt covenants.

The District had no outstanding debt during the fiscal year.

30. If the District had tax millages relating to debt service, obtain supporting documentation and report whether millage collections exceed debt service payments by more than 10% during the fiscal period. Also, report any millages that continue to be received for debt that has been paid off.

The District did not have tax millages related to debt service payments.

Other

31. Inquire of management whether the District had any misappropriations of public funds or assets. If so, obtain/review supporting documentation and report whether the District reported the misappropriation to the legislative auditor and the district attorney of the parish in which the District is domiciled.

Management informed us that the District did not have any misappropriation of public funds or assets during the fiscal year.

32. Observe and report whether the District has posted on its premises and website, the notice required by R.S. 24:523.1. This notice (available for download or print at www.la.gov/hotline) concerns the reporting of misappropriation, fraud, waste, or abuse of public funds.

The District did not have the required notice posted in a conspicuous place upon its premises or its website.

33. If the practitioner observes or otherwise identifies any exceptions regarding management's representations in the procedures above, report the nature of each exception.

The practitioner did not observe or otherwise identify any exceptions regarding management's representations in the procedures above.

LARMA
Agreed-Upon Procedures
February 22, 2018
Page 12

We were not engaged to and did not conduct an examination or review, the objective of which would be the expression of an opinion or conclusion, respectively, on those C/C areas identified in the SAUP's. Accordingly, we do not express such an opinion or conclusion. Had we performed additional procedures, other matters might have come to our conclusion. Had we performed additional procedures, other matters might have come to our attention that would have been reported to you.

The purpose of this report is solely to describe the scope of testing performed on those C/C areas identified in the SAUP's, 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.

Dagson, Cassidy & Sullivan