
LOUISIANA HORSEMEN'S PENSION TRUST

FINANCIAL STATEMENTS

DECEMBER 31, 2019

RICHARD  CPAS

LOUISIANA HORSEMEN'S PENSION TRUST

FINANCIAL STATEMENTS

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LOUISIANA HORSEMEN'S PENSION TRUST

TABLE OF CONTENTS

	<u>Page</u>
<u>Independent Auditors' Report</u>	1-2
<u>Financial Statements</u>	
Statements of Net Assets Available for Benefits	3
Statements of Changes in Net Assets Available for Benefits	4
Statements of Accumulated Plan Benefits	5
Statements of Changes in Accumulated Plan Benefits	6
<u>Notes to Financial Statements</u>	7-13
<u>Supplemental Schedules</u>	
Schedule H, Line 4(i) – Schedule of Assets (Held at Year End)	14-15
Schedule of Compensation, Benefits and Other Payments to Agency Head	16
<u>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 <i>Government Auditing Standards</i></u>	17-18



Independent Auditors' Report

The Trustees
Louisiana Horsemen's Pension Trust

We have audited the accompanying financial statements of the Louisiana Horsemen's Pension Trust (the Trust), which comprise the statements of net assets available for benefits and accumulated plan benefits as of December 31, 2019 and 2018 and the related statements of changes in net assets available for benefits and changes in accumulated plan benefits for the years then ended, and the related notes to the 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.

Auditor's Responsibility

Our responsibility is to express an opinion 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 and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. 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 auditor's 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 opinion.

Opinion

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial status of the Trust as of December 31, 2019 and 2018 and the changes in its financial status for the years then ended in accordance with accounting principles generally accepted in the United States of America.

Report on Supplementary Information

Our audit was conducted for the purpose of forming an opinion on the financial statements as a whole. The supplementary information, on pages 14-15, Schedule H, Line 4(i) – Schedule of Assets, and on page 16, Schedule of Compensation, Benefits, and Other Payments to the Agency Head, is presented for purpose of additional analysis and is not a required part of the basic financial statements. Such information has been subjected to the auditing procedures applied in the audit of the basic financial statements and certain additional procedures, including comparing and reconciling such information directly to 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 Schedule H, Line 4(i) – Schedule of Assets and the Schedule of Compensation, Benefits, and Other Payments to the Agency Head are fairly stated, in all material respects, in the relation to the basic 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 June 26, 2020, on our consideration of the Trust'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 solely 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 the internal control over financial reporting or compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the Trust's internal control over financial reporting and compliance.

Richard CPAS

Metairie, Louisiana
June 26, 2020

LOUISIANA HORSEMEN'S PENSION TRUST
STATEMENTS OF NET ASSETS AVAILABLE FOR BENEFITS
DECEMBER 31, 2019 AND 2018

	<u>ASSETS</u>	
	<u>2019</u>	<u>2018</u>
Assets		
Cash and cash equivalents	\$ 216,329	\$ 241,603
Investments		
Certificates of deposit, at cost	1,867,312	1,662,730
Common stocks, at fair value	<u>1,106,878</u>	<u>890,755</u>
Total investments	<u>2,974,190</u>	<u>2,553,485</u>
Accrued interest	7,645	7,358
1% Purse receivable	127,651	101,123
Prepaid income tax	-	942
Prepaid expenses	<u>13,185</u>	<u>13,185</u>
	<u>148,481</u>	<u>122,608</u>
 Total assets	 <u>\$ 3,339,000</u>	 <u>\$ 2,917,696</u>

LIABILITIES AND NET ASSETS

<u>Liabilities</u>		
Operating payables	\$ 2,840	\$ 2,551
Income tax payable	20,364	-
Deferred tax liability	<u>77,000</u>	<u>22,000</u>
Total liabilities	<u>100,204</u>	<u>24,551</u>
 Net assets available for benefits	 <u>\$ 3,238,796</u>	 <u>\$ 2,893,145</u>

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

LOUISIANA HORSEMEN'S PENSION TRUST
STATEMENTS OF CHANGES IN NET ASSETS AVAILABLE FOR BENEFITS
FOR THE YEARS ENDED DECEMBER 31, 2019 AND 2018

	<u>2019</u>	<u>2018</u>
Additions to net assets attributed to:		
Investment return		
Interest and dividends	\$ 75,220	\$ 66,639
Net realized and unrealized gain (loss)	247,653	(64,217)
Total investment return, net	<u>322,873</u>	<u>2,422</u>
Contributions		
1% Purse	868,367	878,872
Horsemen's Bookkeeper - pony lead fees	3,321	3,452
Total contributions	<u>871,688</u>	<u>882,324</u>
Total additions	<u>1,194,561</u>	<u>884,746</u>
Reductions to net assets attributed to:		
Payments to participants	565,459	534,062
Death benefit expenses	15,000	49,005
Income tax expense	149,169	85,848
Administrative expenses	119,282	116,962
Total reductions	<u>848,910</u>	<u>785,877</u>
Change in net assets available for benefits	345,651	98,869
Net assets available for benefits, beginning of year	<u>2,893,145</u>	<u>2,794,276</u>
Net assets available for benefits, end of year	<u>\$ 3,238,796</u>	<u>\$ 2,893,145</u>

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

LOUISIANA HORSEMEN'S PENSION TRUST
STATEMENTS OF ACCUMULATED PLAN BENEFITS
DECEMBER 31, 2019 AND 2018

	<u>2019</u>	<u>2018</u>
Present value of accumulated benefits		
Vested benefits:		
Participants currently receiving payment	\$ 3,593,639	\$ 3,383,772
Other participants	<u>3,066,839</u>	<u>2,832,602</u>
	<u>\$ 6,660,478</u>	<u>\$ 6,216,374</u>

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

LOUISIANA HORSEMEN'S PENSION TRUST
STATEMENTS OF CHANGES IN ACCUMULATED PLAN BENEFITS
FOR THE YEARS ENDED DECEMBER 31, 2019 AND 2018

	<u>2019</u>	<u>2018</u>
Present value of		
accumulated benefits at beginning of year	\$ 6,216,374	\$ 6,767,702
Increase (decrease) during the year attributable to:		
Benefits accumulated	396,641	131,506
Benefits paid	(580,459)	(583,067)
Interest rate change	<u>627,922</u>	<u>(99,767)</u>
	<u>444,104</u>	<u>(551,328)</u>
Present value of		
accumulated benefits at end of year	<u>\$ 6,660,478</u>	<u>\$ 6,216,374</u>

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

LOUISIANA HORSEMEN'S PENSION TRUST

NOTES TO FINANCIAL STATEMENTS

DECEMBER 31, 2019

1. Description of the Plan

Organization and Description of the Plan

The purpose of the Louisiana Horsemen's Pension Trust (the Trust) is to provide retirement and other benefits to Trainers who comply with the terms and conditions set forth in two plans: The Louisiana Horsemen's Pension Plan and the H.B.P.A. Louisiana Division Senior Member Retirement Plan. The benefits are provided to Trainers as members of the Louisiana Horsemen's Benevolent and Protective Association (H.B.P.A.). The Trust was formed in order to continue to provide retirement and other benefits to qualified Trainers who derive income from the racing, training, and care of thoroughbred racehorses or quarter horses in Louisiana. Benefits shall be paid only from the available funds of the Trust. The Plans are not qualified retirement plans and are not subject to the provisions of the Employee Retirement Income Security Act of 1974.

The H.B.P.A. Louisiana Division Senior Member Retirement Plan covers Trainers that are over sixty years of age and had a defined number of starts for a defined period of racing seasons. There are no death benefit provisions under this plan. Trainers included in this plan remained in this plan when it was frozen with an amendment and restatement dated January 1, 1996. The amended and restated plan, dated January 1, 1996, is known as the Louisiana Horsemen's Pension Plan. A credited year of training includes a plan year beginning on or after January 1, 1985, during which a Trainer has twelve (12) starts at a licensed Louisiana race track; a plan year beginning on or after January 1, 1996, during which a Trainer has twenty (20) starts at a licensed Louisiana race track; and a plan year beginning on or after January 1, 2011, during which a trainer has thirty (30) starts at a licensed Louisiana race track of which at least eight (8) starts occur in each of three quarters of the plan year. In addition, for both Plans, the Trainer has filed an application with the Trustees on a form provided.

Retirement benefits begin in the month following retirement or at age 65 or age 70, upon request. The amount of the monthly retirement benefits shall be determined by applying the average total starts for the three (3) years with the most starts from 1985, through the year prior to the year of retirement according to a graduating scale, with a minimum monthly benefit of \$231 and a maximum monthly benefit of \$308. Effective July 1, 2015, the Trustees approved a 10% increase in pension benefits to all participants.

Death and Disability Benefits

Effective January 1, 1996, any Trainer with at least five (5) credited years of training is eligible for a deferred disability retirement benefit to begin at age 65. The monthly disability benefit will be \$15 per credited year of training up to a maximum of \$150 per month. A Trainer who has at least ten (10) credited years of training is also eligible for a death benefit. The Trainer's designated beneficiary shall receive the unused vested pension amount or \$7,500, whichever is greater. The Trust does not provide a death benefit after a trainer reaches age 80.

LOUISIANA HORSEMEN'S PENSION TRUST

NOTES TO FINANCIAL STATEMENTS

DECEMBER 31, 2019

2. Significant Accounting Policies

Basis of Accounting

The financial statements of the Trust have been prepared on the accrual basis of accounting and accordingly reflect all significant receivables, payables, and other liabilities.

Cash and Cash Equivalents

Cash and cash equivalents include amounts on deposit in financial institutions and highly liquid investments with maturities of three months or less at date of acquisition.

Investment Valuation and Income Recognition

Common stocks are reported at fair value. Fair value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date. Certificates of deposit are reported at cost which approximates fair value. Purchases and sales of securities are recorded on a trade-date basis. Interest income is recorded on the accrual basis. Dividends are recorded on the ex-dividend date. Net realized and unrealized gains (losses) includes the Trust's gains and losses on investments bought and sold as well as held during the year.

Contributions

During the 2008 Louisiana Legislative Session, Louisiana Revised Statute 4:251.1 was enacted to provide for the Horsemen's Self-Help Pension Program (Horsemen's Pension Trust). Pursuant to Revised Statute 4:252 (c)(5), the Horsemen's Benevolent and Protective Association may utilize up to one-half of the authorized two percent of total amount of purses and purse supplements available for improving and administering the Horsemen's Pension Trust. Until June 1, 2016, contributions consisted of one-half of the authorized two percent of total amount of purses and purse supplements available. Beginning on June 1, 2016, contributions consisted of one-fourth of the authorized two percent of total amount of purses and purse supplements available. Effective again as of June 1, 2017, contributions reverted to consist of the original one-half of the authorized two percent of the total amount of purses and purse supplements available. In utilizing the funds authorized, not more than seventy-five percent shall be used to directly improve pension benefits and the remainder shall be placed for investment in the pension program's trust fund for the purpose of helping to ensure that said trust fund becomes self-sustaining.

Benefit Payments

Benefit payments to participants are recorded when due to the participant or beneficiary.

LOUISIANA HORSEMEN'S PENSION TRUST

NOTES TO FINANCIAL STATEMENTS

DECEMBER 31, 2019

2. Significant Accounting Policies (continued)

Present Value of Accumulated Plan Benefits

Accumulated plan benefits are those future periodic payments, including lump-sum distributions that are attributable under the Plan's provisions, for services rendered by the participants prior to the valuation date. Accumulated plan benefits include benefits to be paid to (a) retired or vested participants or their beneficiaries and (b) present participants or their beneficiaries. Benefits for retired or vested participants or their beneficiaries are based on the provisions of the Plan in effect at the time of retirement or termination.

The present value of accumulated plan benefits is determined by a Certified Public Accountant and is that amount that results from applying assumptions to adjust the accumulated plan benefits to reflect time value of money between that valuation date and the expected date of payment. The significant assumptions used in the valuation as of December 31, 2019 and 2018 were as follows: the present value was calculated based on an interest rate of 2.09% and 3.31% (the adjusted Federal long-term rate at December 31 2019 and 2018, respectively), and the anticipated life expectancy of age 80 for the participants credited with 10 years of service at December 31, 2019 and 2018. The valuations are based on the assumption that the plan will continue. Should the Plan terminate, different assumptions and other factors might be applicable in determining the present value of accumulated benefits.

Trust contributions are made, and the present value of accumulated plan benefits are reported based on certain assumptions pertaining to interest rates, promised benefit amounts, and trainer demographics all of which are subject to change. Due to uncertainties inherent in the estimations and assumptions process, it is at least reasonably possible that changes in these estimates and assumptions in the near future would be material to the financial statements.

This calculation was made for each of the 262 and 271 vested participants eligible for or already receiving retirement benefits in the Louisiana Horsemen's Pension Plan as of December 31, 2019 and 2018, with the exception of those in the discretionary Senior Pension Plan receiving benefits.

Tax Status

The Louisiana Horsemen's Pension Trust files as a taxable trust. The Trust applies a "more-likely-than-not" recognition threshold for all tax uncertainties. This approach only allows the recognition of those tax benefits that have a greater than 50% likelihood of being sustained upon examination by the taxing authorities. As a result of implementing this approach, the Trust has reviewed its tax positions and determined there were no outstanding or retroactive tax positions with less than a 50% likelihood of being sustained upon examination by the taxing authorities. Therefore, the implementation of this standard has not had a material effect on the Trust.

Income taxes are provided for the tax effects of transactions reported in the financial statements and consist of taxes currently due plus deferred taxes related primarily to differences between the bases of certain assets and liabilities for financial and tax reporting. The deferred taxes represent the future tax return consequences of those differences, which will either be deductible or taxable when the assets and liabilities are recovered or settled.

LOUISIANA HORSEMEN'S PENSION TRUST

NOTES TO FINANCIAL STATEMENTS

DECEMBER 31, 2019

2. Significant Accounting Policies (continued)

Estimates

The preparation of financial statements in conformity with generally accepted accounting principles requires the plan administrator to make estimates and assumptions that affect the reported amounts of assets, liabilities, and changes therein, disclosure of contingent assets and liabilities, and the present value of accumulated plan benefits at the date of the financial statements. Accordingly, actual results may differ from those estimates.

Reclassifications

Certain accounts in the prior year financial statements have been reclassified for comparative purposes to conform with the presentation in the current-year financial statements.

3. Investments

The Organization has the following investments at December 31:

	<u>2019</u>	<u>2018</u>
Certificates of deposit	\$ 1,867,312	\$ 1,662,730
Common stocks	<u>1,106,878</u>	<u>890,755</u>
	<u>\$ 2,974,190</u>	<u>\$ 2,553,485</u>

4. Income Taxes

The provisions for income taxes are included in administrative expenses and consist of the following for the years ended December 31:

	<u>2019</u>	<u>2018</u>
Current	\$ 94,169	\$ 99,848
Deferred	<u>55,000</u>	<u>(14,000)</u>
	<u>\$ 149,169</u>	<u>\$ 85,848</u>

At December 31, 2019 and 2018, included in total liabilities is a deferred tax liability of \$64,000 and \$22,000 respectively, relating to the book-tax difference in recognition of unrealized investment gains and losses.

The Trust's provision for income taxes differs from applying the statutory U.S. federal income tax rate to income before income taxes. The primary differences result from providing for state income taxes.

LOUISIANA HORSEMEN'S PENSION TRUST

NOTES TO FINANCIAL STATEMENTS

DECEMBER 31, 2019

5. Fair Value Measurements

Financial Accounting Standards Board (FASB) *Accounting Standards Codification (ASC)* 820, Fair Value Measurements and Disclosures, provides the framework for measuring fair value. That framework provides a fair value hierarchy that prioritizes the inputs to valuation techniques used to measure fair value. The hierarchy gives the highest priority to unadjusted quoted prices in active markets for identical assets or liabilities (Level 1 Measurements) and the lowest priority to unobservable inputs (Level 3 Measurements). The three levels of the fair value hierarchy under ASC 820 are described as follows:

Level 1: Inputs to the valuation methodology are unadjusted quoted prices for identical assets or liabilities in active markets that the Plan has ability to access.

Level 2: Inputs to the valuation methodology include:

- Quoted prices for similar assets or liabilities in active markets
- Quoted prices for identical or similar assets or liabilities in inactive markets;
- Inputs other than quoted prices that are observable for the asset or liability;
- Inputs that are derived principally from or corroborated by observable market data by correlation or other means.

If the asset or liability has a specified (contractual) term, the Level 2 input must be observable for substantially the full term of the asset or liability.

Level 3: Inputs to the valuation methodology are unobservable and significant to the fair value measurement.

The asset or liability's fair value measurement level within the fair value hierarchy is based on the lowest level of any input that is significant to the fair value measurement. Valuation techniques used need to maximize the use of observable inputs and minimize the use of unobservable inputs.

Following is a description of the valuation methodologies used for assets measured at fair value. There have been no changes in the methodologies used at December 31, 2019 and 2018.

Common stocks: Valued at the closing price reported on the active market on which the individual securities are traded.

The methods described above may produce a fair value calculation that may not be indicative of net realizable value or reflective of future fair values. Furthermore, while the Plan believes its valuation methods are appropriate and consistent with other market participants, the use of different methodologies or assumptions to determine the fair value of certain financial instruments could result in a different fair value measurement at reporting date.

LOUISIANA HORSEMEN'S PENSION TRUST

NOTES TO FINANCIAL STATEMENTS

DECEMBER 31, 2019

5. Fair Value Measurements (continued)

The common stocks are considered Level 1 in the fair value hierarchy as of December 31, 2019 and 2018. The following table sets forth common stock investments by industry sector as of December 31:

	<u>2019</u>	<u>2018</u>
Consumer goods	\$ 276,901	\$ 242,328
Financial	123,918	91,973
Healthcare	231,749	210,464
Industrials	78,428	49,438
Technology	218,215	133,330
Energy	56,327	53,533
Communication services	<u>121,340</u>	<u>109,689</u>
	<u>\$ 1,106,878</u>	<u>\$ 890,755</u>

6. Related Party Transactions

During the years ended December 31, 2019 and 2018, included in administrative expenses is \$68,400 and \$68,400, respectively, for management fees paid to LAHBPA 1993, Inc. in accordance with the management agreement. The Executive Director function is performed by an employee of LAHBPA 1993 Inc.

7. Termination of Plan

In the event the Trust terminates, the net assets shall be allocated as follows: (a) first, to pay any benefits due and owing under the plan to the then current vested participants and beneficiaries; (b) second, to pay the expenses of terminating the Trust; (c) third, to pay benefits to participants and beneficiaries who were not previously vested (but who shall be deemed vested upon termination of the Trust) and (d) fourth, with respect to any excess, to all participants and beneficiaries in such manner as the Trustees shall determine.

8. Risks and Uncertainties

The Trust invests in various investment securities. Investment securities are exposed to various risks such as interest rate, market, and credit risks. Due to the level of risk associated with certain investment securities, it is at least reasonably possible that changes in the values of investment securities will occur in the near term, and that such change could materially affect the amounts reported in the statement of net assets available for benefits.

LOUISIANA HORSEMEN'S PENSION TRUST

NOTES TO FINANCIAL STATEMENTS

DECEMBER 31, 2019

9. Concentration

Contributions received from purse and purse supplements as reported on the Statements of Changes in Net Assets Available for Benefits represent 72.69% and 99.34% of total additions to plan assets during the years ended December 31, 2019 and 2018, respectively.

The Trust periodically maintains cash in bank accounts in excess of insured limits. The Trust has not experienced any losses and does not believe that significant credit risk exists as a result of this practice.

10. Subsequent Events

Management has evaluated subsequent events through the date that the financial statements were available to be issued June 26, 2020, and determined the following items require disclosure. No subsequent events occurring after this date have been evaluated for inclusion in these financial statements.

On January 30, 2020, the World Health Organization declared the coronavirus outbreak a "Public Health Emergency of International Concern" and on March 10, 2020, declared it to be a pandemic. Actions taken around the world to help mitigate the spread of the coronavirus include restrictions on travel, and quarantines in certain areas, and forced closures for certain types of public places and businesses. The coronavirus and actions taken to mitigate it have had and are expected to continue to have an adverse impact on the economies and financial markets in the local area and around the world. While it is unknown how long these conditions will last and what the complete financial effect will be to the Louisiana Horsemen's Pension Trust, to date, the Trust is experiencing declining revenue and reductions in the fair value of investments.

Horse racing in Louisiana resumed at three of the four tracks in June 2020. The fourth track is not scheduled to resume racing until November 2020 and the current closure is not COVID-19 related.

SUPPLEMENTARY INFORMATION

LOUISIANA HORSEMEN'S PENSION TRUST
SCHEDULE H, LINE 4(i) - SCHEDULE OF ASSETS (HELD AT YEAR END)
DECEMBER 31, 2019

Plan Number :001

Employer I.D. #72-6154124

<u>(a)</u>	<u>(b) Identity of issuer, borrower, lessor, or similar party</u>	<u>(c) Description of investment including maturity date, rate of interest, collateral, par, or maturity value. Identity of issuer, borrower, lessor, or similar party</u>	<u>(d) Cost</u>	<u>(e) Current value</u>
	<u>Cash</u>		<u>\$ 216,329</u>	<u>\$ 216,329</u>
	<u>Investments</u>			
	<u>Certificates of deposit</u>			
	BMW Bank of North America	Maturity date of May 22, 2020 1.950%, 100,000 shares	100,000	100,114
	Barclays Bank	Maturity date of September 16, 2020 2.200%, 100,000 shares	100,000	100,423
	Capital One Bank	Maturity date of October 28, 2020 2.250%, 120,000 shares	120,000	120,589
	Sallie Mae Bank	Maturity date of December 9, 2020 2.200%, 125,000 shares	125,000	125,634
	Discover Bank	Maturity date of June 8, 2021 1.500%, 75,000 shares	75,000	74,805
	Comenity Bank	Maturity date of September 14, 2021 1.650%, 100,000 shares	100,000	99,587
	Capital One Bank	Maturity date of May 10, 2022 2.300%, 150,000 shares	150,000	151,893
	Discover Bank	Maturity date of July 25, 2022 3.150%, 100,000 shares	100,000	103,434
	Discover Bank	Maturity date of October 24, 2022 3.200%, 71,000 shares	71,000	73,709
	Synchrony Bank	Maturity date of July 20, 2023 3.300%, 100,000 shares	100,000	105,025
	Comenity Bank	Maturity date of August 16, 2023 3.350%, 100,000 shares	100,000	105,315
	BMO Harris Bank	Maturity date of November 20, 2023 2.000%, 150,000 shares	150,000	150,209
	Citibank	Maturity date of December 21, 2023 3.550%, 100,000 shares	100,000	106,539
	Sallie Mae Bank	Maturity date of September 18, 2024 1.900%, 100,000 shares	100,000	99,916
	Goldman Sachs Bank	Maturity date of September 25, 2024 2.100%, 100,000 shares	100,000	100,095
	Wells Fargo Bank	Maturity date of October 18, 2024 1.950%, 100,000 shares	100,000	99,871
	Goldman Sachs	Maturity date of October 30, 2024 2.000%, 150,000 shares	150,000	150,154
	<u>Total certificates of deposit</u>		<u>1,841,000</u>	<u>1,867,312</u>

(continued)

LOUISIANA HORSEMEN'S PENSION TRUST
SCHEDULE H, LINE 4(i) - SCHEDULE OF ASSETS (HELD AT YEAR END)
DECEMBER 31, 2019

Plan Number :001

Employer I.D. #72-6154124

(a)	(b) Identity of issuer, borrower, lessor, or similar party	(c) Description of investment including maturity date, rate of interest, collateral, par, or maturity value. Identity of issuer, borrower, lessor, or similar party	(d) Cost	(e) Current value
<u>Investments (continued)</u>				
<u>Common stocks</u>				
	Abbvie Inc.	350 shares	\$ 33,542	\$ 30,989
	Apple Inc.	308 shares	4,461	90,444
	AT&T Inc.	1,000 shares	31,815	39,080
	Centurylink Inc.	1,909 shares	53,813	25,218
	Cisco Systems Inc.	1,300 shares	24,563	62,348
	Cummins Inc.	250 shares	33,896	44,740
	CVS Health Corp.	500 shares	37,814	41,602
	Dell Technologies Inc.	621 shares	31,130	31,913
	Diageo PLC	400 shares	42,969	67,368
	Exxon Mobil Corp.	459 shares	33,241	32,029
	Intl Business Machines Corp	250 shares	36,056	33,510
	JP Morgan Chase & Co.	535 shares	22,974	74,579
	Medtronic PLC	463 shares	35,036	52,527
	Merck and Co.	621 shares	21,975	56,481
	Metlife Inc.	968 shares	38,232	49,339
	Newell Brands Inc.	1,858 shares	40,341	35,711
	Pfizer Inc.	1,280 shares	34,919	50,150
	Procter & Gamble Co.	480 shares	33,277	59,952
	Royal Dutch Shell PLC	402 shares	25,847	24,108
	Starbucks Corp.	634 shares	37,558	55,741
	TJX Cos Inc.	952 shares	33,325	58,129
	United Rentals Inc.	202 shares	25,354	33,688
	Verizon Communications Com	929 shares	44,496	57,041
	Kinder Morgan Inc.	9 shares	282	191
	<u>Total common stocks</u>		<u>756,916</u>	<u>1,106,878</u>
	Total investments		<u>\$ 2,597,916</u>	<u>\$ 2,974,190</u>
	Total assets held at year end		<u>\$ 2,814,245</u>	<u>\$ 3,190,519</u>

See independent auditors' report

LOUISIANA HORSEMEN'S PENSION TRUST
SCHEDULE OF COMPENSATION, BENEFITS, AND
OTHER PAYMENTS TO AGENCY HEAD
FOR THE YEAR ENDED DECEMBER 31, 2019

Agency Head Name: Edwin Fenasci, Executive Director

<u>Purpose</u>	<u>Amount</u>
Salary	\$ 123,830
Benefits - insurance	7,093
Meals and parking	292
Registration fees	350
Conference travel	2,850
	<u>\$ 134,415</u>

The Executive Director function is performed by an employee of LAHBPA 1993 Inc., a related entity. The Louisiana Horsemen's Pension Trust does not have any employees.

See independent auditor's report

OTHER REPORT



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

To the Trustees
Louisiana Horsemen's Pension Trust

We have audited, in accordance with the 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 Louisiana Horsemen's Pension Trust (the Trust), which comprise the statements of net assets available for benefits and accumulated plan benefits as of December 31, 2019, and the related statements of changes in net assets available for benefits and changes in accumulated plan benefits for the years then ended, and the related notes to the financial statements, and have issued our report thereon dated June 26, 2020.

Internal Control Over Financial Reporting

In planning and performing our audit of the financial statements, we considered Louisiana Horsemen's Pension Trust's internal control over financial reporting (internal control) to determine the audit procedures that are appropriate in the circumstances for the purpose of expressing an opinion on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of Louisiana Horsemen's Pension Trust's internal control. Accordingly, we do not express an opinion on the effectiveness of the Trust'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 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 Louisiana Horsemen's Pension Trust's financial statements are free of material misstatements, we performed tests of its compliance with certain provisions of laws, regulations, contracts, and grant 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 are 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 Trust'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 Trust's internal control and compliance. Accordingly, this communication is not suitable for any other purpose.

Richard CPAS

Metairie, Louisiana
June 26, 2020

LOUISIANA HORSEMEN'S PENSION TRUST
NEW ORLEANS, LOUISIANA

LOUISIANA LEGISLATIVE AUDITOR – STATEWIDE
AGREED-UPON PROCEDURES REPORT

DECEMBER 31, 2019

RICHARD  CPAS

LOUISIANA HORSEMEN'S PENSION TRUST

**LOUISIANA LEGISLATIVE AUDITOR – STATEWIDE
AGREED-UPON PROCEDURES REPORT**

DECEMBER 31, 2019

TABLE OF CONTENTS

	<u>Page</u>
<u>Independent Accountants' Report on Applying Agreed-Upon Procedures</u>	1
<u>Schedule A: Agreed-Upon Procedures and Observations and Results</u>	2-4



Independent Accountant's Report
On Applying Agreed-Upon Procedures

The Trustees
Louisiana Horsemen's Pension Trust
New Orleans, Louisiana

We have performed the procedures enumerated in Schedule A, which were agreed to by the Louisiana Horsemen's Pension Trust (the Trust) and the Louisiana Legislative Auditor (LLA) on the control and compliance (C/C) areas identified in the LLA's Statewide Agreed-Upon Procedures (SAUPs) for the fiscal period January 1, 2019 through December 31, 2019. The Trust's management is responsible for those C/C areas identified in the SAUPs.

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 in the attached Schedule A either for the purpose for which this report has been requested or for any other purpose.

The procedures we performed, and the associated findings are summarized in the attached Schedule A, which is an integral part of this report.

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 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.

This report is intended solely for the use of management of the Trust and the Legislative Auditor, State of Louisiana, and should not be used by those who have not agreed to the procedures and taken responsibility for the sufficiency of the procedures for their purposes. Under Louisiana Revised Statute 24:513, this report is distributed by the Legislative Auditor as a public document.

Richard CPAS

Metairie, Louisiana
June 26, 2020

LOUISIANA HORSEMEN’S PENSION TRUST

LOUISIANA LEGISLATIVE AUDITOR – STATEWIDE
AGREED-UPON PROCEDURES REPORT
DECEMBER 31, 2019

The procedures performed and the results thereof are set forth below. The procedure is stated first, followed by the results of the procedure presented in italics and bold. If the item being subjected to the procedures is positively identified or present than the results will read “no exception noted”. If not, then a description of the exception ensues.

Written Policies and Procedures

1. 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):

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

The Louisiana Horsemen’s Pension Trust does not prepare a budget.

- 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.

We performed the procedure above and noted no exceptions.

- c) *Disbursements*, including processing, reviewing, and approving.

We performed the procedure above and noted no exceptions.

- d) *Receipts/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 confirmation with outside parties, reconciliation to utility billing after cutoff procedures, reconciliation of traffic ticket number sequences, agency fund forfeiture monies confirmation).

We performed the procedure above and noted no exceptions.

- e) *Payroll/Personnel*, including (1) payroll processing, and (2) reviewing and approving time and attendance records, including leave and overtime worked.

Not applicable – The Trust does not have any employees.

- 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.

We performed the procedure above and noted no exceptions.

LOUISIANA HORSEMEN'S PENSION TRUST

LOUISIANA LEGISLATIVE AUDITOR – STATEWIDE
AGREED-UPON PROCEDURES REPORT
DECEMBER 31, 2019

Written Policies and Procedures (continued)

- 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, required approvers of statements, and (5) monitoring card usage (e.g., determining the reasonableness of fuel card purchases).

Not applicable – The Trust does not have any credit cards.

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

We performed the procedure above and noted no exceptions.

- 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 the entity's ethics policy.

Not applicable – this procedure does not apply to the Trust.

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

Not applicable – this procedure does not apply to the Trust.

- k) *Disaster Recovery/Business Continuity*, including (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.

We performed the procedure above and noted no exceptions.

LOUISIANA HORSEMEN'S PENSION TRUST

LOUISIANA LEGISLATIVE AUDITOR – STATEWIDE
AGREED-UPON PROCEDURES REPORT
DECEMBER 31, 2019

Bank Reconciliations

3. Obtain a listing of client 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 selected each account, and observe that:

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

We performed the procedure above and noted no exceptions.

- b. 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

We performed the procedure above and noted no exceptions.

- c. 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.

We performed the procedure above and noted no exceptions.