

LOUISIANA PUBLIC SCHOOL RISK MANAGEMENT AGENCY
FINANCIAL REPORT AND INDEPENDENT AUDITORS' REPORT
YEAR ENDED OCTOBER 1, 2025

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INDEPENDENT AUDITORS' REPORT

February 27, 2026

The Board of Trustees
Louisiana Public School Risk Management Agency

Opinions

We have audited the accompanying financial statements of the business-type activities of Louisiana Public School Risk Management Agency (LARMA) as of and for the year ended October 1, 2025, 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, 2024 financial statements and in our report dated February 28, 2025 expressed an unqualified opinion on those financial statements.

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the business-type activities of LARMA, as of October 1, 2025, and the respective changes in the financial position for the year then ended in conformity with accounting principles generally accepted in the United States of America.

Basis for Opinions

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

Management's Responsibility for the Financial Statements

Management is responsible for the preparation and fair presentation of these financial statements in accordance with accounting principles generally accepted in the United States of America; this includes the design, implementation, and maintenance of internal control relevant to the preparation and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, management is required to evaluate whether there are conditions or events, considered in the aggregate, that raise substantial doubt about LARMA's ability to continue as a going concern for twelve months beyond the financial statement date, including any currently known information that may raise substantial doubt shortly thereafter.

Auditors' Responsibilities for the Audit of the Financial Statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditors' report that includes our opinions. Reasonable assurance is a high level of assurance but is not absolute assurance and therefore is not a guarantee that an audit conducted in accordance with generally accepted auditing standards will always detect a material misstatement when it exists. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control. Misstatements are considered material if there is a substantial likelihood that, individually or in the aggregate, they would influence the judgement made by a reasonable user based on the financial statements.

In performing an audit in accordance with generally accepted auditing standards, we:

- Exercise professional judgment and maintain professional skepticism throughout the audit.
- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, and design and perform audit procedures responsive to those risks. Such procedures include examining, on a test basis, evidence regarding the amounts and disclosures in the financial statements.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of LARMA's internal control. Accordingly, no such opinion is expressed.
- Evaluate the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluate the overall presentation of the financial statements.
- Conclude whether, in our judgment, there are conditions or events, considered in the aggregate, that raise substantial doubt about LARMA's ability to continue as a going concern for a reasonable period of time.

We are required to communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit, significant audit findings, and certain internal control-related matters that we identified during the audit.

Supplemental Information

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

The Agency has not presented management's discussion and analysis that accounting principles generally accepted in the United States of America require to be presented to supplement the basic financial statements. Such missing information, although not a part of the basic financial statements, is required by the governmental Accounting Standards Board who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical content. Our opinion on the basic financial statements is not affected by this missing information.

Other Information

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

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

Other Reporting Required by Government Auditing Standards

In accordance with Government Auditing Standards, we have also issued our report dated February 27, 2026, 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.

Hagson, Cassidy: Hillary

LOUISIANA PUBLIC SCHOOL RISK MANAGEMENT AGENCY

Statement of Financial Position

October 1, 2025

With comparative totals as of October 1, 2024

	<u>2025</u>	<u>2024</u>
ASSETS		
Cash and cash equivalents	\$ 9,207,829	\$ 7,029,039
Receivables	<u>1,421,796</u>	<u>1,950,827</u>
TOTAL ASSETS	<u>\$ 10,629,625</u>	<u>\$ 8,979,866</u>
 LIABILITIES AND NET ASSETS		
Liabilities		
Reserves for unpaid claims and allocated adjustment expenses	\$ 6,505,395	\$ 5,505,200
Accounts payable and accrued expenses	<u>-</u>	<u>20,224</u>
Total Liabilities	6,505,395	5,525,424
Net Assets	<u>4,124,230</u>	<u>3,454,442</u>
TOTAL LIABILITIES AND NET ASSETS	<u>\$ 10,629,625</u>	<u>\$ 8,979,866</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, 2025

With comparative totals for the year ended October 1, 2024

	<u>2025</u>	<u>2024</u>
Revenues:		
Premiums written and earned	\$ 6,733,549	\$ 5,868,219
Less: Reinsurance Premiums	<u>(2,329,743)</u>	<u>(2,120,723)</u>
Total revenues	<u>4,403,806</u>	<u>3,747,496</u>
Expenses:		
Claims:		
Claims paid and adjustment expenses-net	1,416,666	2,542,805
Changes in reserves for unpaid claims and allocated adjustment expenses-net	<u>1,000,195</u>	<u>296,231</u>
Claims incurred-net	2,416,861	2,839,036
Supporting Services:		
Management fees	470,047	391,682
Agent commissions	805,129	707,071
Consulting and professional fees	68,140	60,150
Contract Labor	60,000	60,000
Insurance	10,911	10,911
Safety/Training Grants	-	-
Other	<u>31,739</u>	<u>31,865</u>
Total supporting services	<u>1,445,966</u>	<u>1,261,679</u>
Total Expenses	<u>3,862,827</u>	<u>4,100,715</u>
Operating income (loss)	540,979	(353,219)
Other income:		
Interest income	<u>128,809</u>	<u>145,136</u>
Increase (decrease) in Net Assets	669,788	(208,083)
Net Assets, beginning	<u>3,454,442</u>	<u>3,662,525</u>
Net Assets, ending	<u>\$ 4,124,230</u>	<u>\$ 3,454,442</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, 2025

With comparative totals for the year ended October 1, 2024

	<u>2025</u>	<u>2024</u>
Cash Flows from Operating Activities:		
Operating income (loss)	\$ 540,979	\$ (353,219)
Adjustments to reconcile increase in net assets to net cash from operating activities:		
Changes in operating assets and liabilities:		
Receivables	529,031	678,968
Reserves for unpaid claims and allocated adjustment expenses	1,000,195	296,230
Accounts payable and accrued expenses	<u>(20,224)</u>	<u>20,224</u>
	2,049,981	642,203
Cash Flows From Investing Activities:		
Interest income	<u>128,809</u>	<u>145,136</u>
Net Increase (decrease) in Cash and Cash Equivalents	2,178,790	787,339
Cash and Cash Equivalents, beginning	<u>7,029,039</u>	<u>6,241,700</u>
Cash and Cash Equivalents, ending	<u>\$ 9,207,829</u>	<u>\$ 7,029,039</u>

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

LOUISIANA PUBLIC SCHOOL RISK MANAGEMENT AGENCY

Notes to Financial Statements

October 1, 2025

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	\$300,000 self-insured-auto \$200,000 self-insured retention, all others \$800,000 per occurrence reinsurance, \$2,000,000 of aggregate stop loss reinsurance coverage after exhaustion of loss fund.

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

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

At October 1, 2025, twenty-seven Louisiana school districts were members in LARMA.

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

LOUISIANA PUBLIC SCHOOL RISK MANAGEMENT AGENCY

Notes to Financial Statements

October 1, 2025

NOTE B – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

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

Cash and Cash Equivalents

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

Member Receivables

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

Other Receivables

Other receivables represent receivables from reinsurance.

Estimates

The preparation of financial statements in conformity with accounting principles generally accepted in the United States of America requires management to make estimates and assumptions that affect certain reported amounts and disclosures. Accordingly, actual results could differ from those estimates.

Premiums Earned

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

Reserves for Unpaid Claims and Allocated Adjustment Expenses

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

LOUISIANA PUBLIC SCHOOL RISK MANAGEMENT AGENCY

Notes to Financial Statements

October 1, 2025

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 27, 2026, 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, 2024, from which the summarized information was derived.

NOTE C - CASH AND CASH EQUIVALENTS

The cash and cash equivalents of the Agency are subject to the following risks.

Custodial Credit Risk: Custodial credit risk for deposits is the risk that, in the event of the failure of a depository financial institution, the Agency will not be able to recover its deposits. Under state law, these deposits (or the resulting bank balances) must be secured by federal deposit insurance or the pledge of securities owned by the financial agent bank. The market value of the pledged securities plus the federal deposit insurance must at all times equal or exceed the amount on the deposit with the fiscal bank. These securities are held in the name of the pledging fiscal agent bank in a holding or custodial bank that is mutually acceptable to both parties. Louisiana Revised Statute 39:1229 imposes a statutory requirement on the custodial bank to advertise and sell the pledged securities within 10 days of being notified by the Agency that the fiscal agent bank has failed to pay deposited funds upon demand. Further, Louisiana Revised Statute 39:1224 states that securities held by a third party shall be deemed to be held in the Agency's name.

Interest Rate Risk: This is the risk that changes in market interest rates will adversely affect the fair value of an investment. Generally, the longer the maturity of an investment, the greater the sensitivity is its fair value to changes in market interest rates.

LOUISIANA PUBLIC SCHOOL RISK MANAGEMENT AGENCY

Notes to Financial Statements

October 1, 2025

The agency does not have a formal investment policy that limits investment maturities as a means of managing its exposure to fair value losses arising from increasing interest rates. However, as a means of offsetting exposure to interest rate risk, the Agency diversifies its investments by security type and institution.

Credit Risk: Generally, credit risk is the risk that the issuer of a debt type investment will not fulfill its obligation to the holder of the investment. U.S. government securities or obligations explicitly guaranteed by the U.S. government are not considered to have credit risk exposure. The Agency's investments comply with Louisiana Statutes (LSA R.S. 33:2955). Under state laws, the Agency may deposit funds with a fiscal agent organized under the laws of the United States. The Agency may invest in United States bonds, treasury notes and bills, government-backed agency securities, or certificates of time deposits of state banks organized under Louisiana law and national banks organized under Louisiana law and national banks having principal offices in Louisiana.

Deposits include amounts in demand deposits and interest-bearing demand deposits, as well as short-term investments with an original maturity date of 90 days or less. State statutes authorize the Agency to invest in obligations of the U.S. Treasury, U.S. Government Agencies, or time certificates of deposit of state bank organized under the laws of Louisiana and national banks having the principal office in the State of Louisiana, as stipulated in R.S. 39:1271, or any other federally insured investment.

These deposits are stated at cost, which approximates market. Under state law, these deposits (or the resulting bank balances) must be secured by federal deposit insurance or the pledge of securities owned by the fiscal agent bank. The market value of the pledged securities plus the federal deposit insurance must at all times equal the amount on the deposit with the fiscal agent. These securities are held in the name of the pledging fiscal agent bank in a holding or custodial bank that is mutually acceptable to both parties. At October 1, 2025, the agency has \$9,207,829 in deposits (collected bank balances). These deposits are secured from risk by \$500,000 of federal deposit insurance and \$8,707,829 of 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.

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:

LOUISIANA PUBLIC SCHOOL RISK MANAGEMENT AGENCY

Notes to Financial Statements

October 1, 2025

Case Reserves	\$ 4,727,975
Reserve for losses incurred but not reported	<u>1,777,420</u>
Total reserves for unpaid claims and claim adjustment expenses at October 1, 2025	<u>\$ 6,505,395</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, 2024	<u>\$ 5,505,200</u>
Incurred claims and claim adjustment expenses:	
Provision for insured events of the current year	2,380,059
Increase (Decrease)-net in provision for insured events of prior years	<u>36,802</u>
Total incurred claims and claim adjustment expenses	2,416,861
Less claim payments-net:	
Claims and claim adjustment expenses attributable to insured events of the current year	543,867
Claims and claim adjustment expenses attributable to insured events of prior years	<u>872,799</u>
Total payments-net	<u>1,416,666</u>
Total unpaid claims and claim adjustment expenses at October 1, 2025	<u>\$ 6,505,395</u>

SUPPLEMENTAL INFORMATION

LOUISIANA PUBLIC SCHOOL RISK MANAGEMENT AGENCY

Schedule of Ten Year Claims Development Information

October 1, 2025

Premium Revenue:	<u>2016</u>
Earned	\$ 5,059,676
Ceded	<u>(1,852,742)</u>
Net Earned	3,206,934
Investment Income	12,915
Administrative Expenses	1,495,899
Reserve for Unallocated Adjustment Expenses	-
Estimated Incurred Claims, End of Policy Year (or earliest year available)	892,974
Cumulative Paid Claims as of:	
End of Policy Year	468,773
One Year Later	633,714
Two Years Later	715,117
Three Years Later	822,561
Four Years Later	1,398,021
Five Years Later	1,754,835
Six Years Later	1,932,985
Seven Years Later	2,153,571
Eight Years Later	2,364,314
Nine Years Later	2,350,683
Cumulative Incurred Claims as of:	
End of Policy Year	892,974
One Year Later	884,753
Two Years Later	1,133,517
Three Years Later	1,478,068
Four Years Later	1,466,175
Five Years Later	1,672,541
Six Years Later	1,722,634
Seven Years Later	2,009,664
Eight Years Later	2,009,664
Nine Years Later	1,909,390
Increase(Decrease) in Cumulative Incurred Claims from End of Policy Year	1,016,416

Continued

LOUISIANA PUBLIC SCHOOL RISK MANAGEMENT AGENCY

Schedule of Ten Year Claims Development Information - Continued

October 1, 2025

Premium Revenue:	<u>2017</u>	<u>2018</u>	<u>2019</u>
Earned	\$ 5,155,279	\$ 4,848,039	\$ 4,616,515
Ceded	<u>(1,817,302)</u>	<u>(1,489,744)</u>	<u>(1,476,628)</u>
Net Earned	3,337,977	3,358,294	3,139,887
Investment Income	17,188	33,174	103,468
Administrative Expenses	1,509,660	1,567,620	1,592,407
Reserve for Unallocated Adjustment Expenses	-	-	-
Estimated Incurred Claims, End of Policy Year (or earliest year available)	928,489	974,521	918,032
Cumulative Paid Claims as of:			
End of Policy Year	555,609	344,543	683,389
One Year Later	653,460	478,254	816,983
Two Years Later	964,397	842,409	920,637
Three Years Later	1,356,625	1,103,453	1,132,639
Four Years Later	1,609,707	1,297,863	1,521,822
Five Years Later	1,652,899	1,369,071	1,679,032
Six Years Later	1,710,801	1,618,008	1,663,485
Seven Years Later	1,717,316	1,625,361	
Eight Years Later	1,726,178		
Nine Years Later			
Cumulative Incurred Claims as of:			
End of Policy Year	928,489	974,521	918,032
One Year Later	973,050	1,432,272	1,181,866
Two Years Later	1,235,954	1,315,830	1,186,517
Three Years Later	1,171,974	1,341,937	1,048,621
Four Years Later	1,269,025	1,424,186	1,110,028
Five Years Later	1,269,625	1,529,101	1,031,387
Six Years Later	1,230,416	1,479,710	1,010,396
Seven Years Later	1,258,416	1,422,807	
Eight Years Later	1,273,500		
Nine Years Later			
Increase(Decrease) in Cumulative Incurred Claims from End of Policy Year	345,011	448,286	92,364

LOUISIANA PUBLIC SCHOOL RISK MANAGEMENT AGENCY

Schedule of Ten Year Claims Development Information - Continued

October 1, 2025

Premium Revenue:	<u>2020</u>	<u>2021</u>	<u>2022</u>
Earned	\$ 4,575,718	\$ 4,296,321	\$ 4,742,092
Ceded	<u>(1,512,853)</u>	<u>(1,599,726)</u>	<u>(1,494,055)</u>
Net Earned	3,062,865	2,696,595	3,248,037
Investment Income	45,203	11,669	18,775
Administrative Expenses	1,394,225	956,278	1,192,119
Reserve for Unallocated Adjustment Expenses	-	-	-
Estimated Incurred Claims, End of Policy Year (or earliest year available)	1,053,604	1,263,766	1,181,715
Cumulative Paid Claims as of:			
End of Policy Year	396,290	420,876	695,535
One Year Later	616,025	1,030,689	796,183
Two Years Later	1,039,055	1,476,783	1,219,240
Three Years Later	1,228,986	1,935,095	1,362,298
Four Years Later	1,214,476	2,074,831	
Five Years Later	1,290,593		
Six Years Later			
Seven Years Later			
Eight Years Later			
Nine Years Later			
Cumulative Incurred Claims as of:			
End of Policy Year	1,053,604	1,263,766	1,181,715
One Year Later	1,393,323	1,881,146	1,451,586
Two Years Later	1,290,917	1,670,489	1,280,407
Three Years Later	1,244,402	1,877,605	1,211,641
Four Years Later	1,447,533	1,949,842	
Five Years Later	1,103,509		
Six Years Later			
Seven Years Later			
Eight Years Later			
Nine Years Later			
Increase(Decrease) in Cumulative Incurred Claims from End of Policy Year	49,905	686,076	29,926

Continued

LOUISIANA PUBLIC SCHOOL RISK MANAGEMENT AGENCY

Schedule of Ten Year Claims Development Information - Continued

October 1, 2025

Premium Revenue:	<u>2023</u>	<u>2024</u>	<u>2025</u>
Earned	\$5,103,049	\$5,103,049	\$6,733,549
Ceded	<u>(1,770,181)</u>	<u>(2,120,723)</u>	<u>(2,329,743)</u>
Net Earned	3,332,868	3,747,496	4,403,806
Investment Income	86,221	145,136	128,809
Administrative Expenses	1,149,069	1,261,679	1,445,966
Reserve for Unallocated Adjustment Expenses			
Estimated Incurred Claims, End of Policy Year (or earliest year available)	1,463,138	1,675,624	2,380,059
Cumulative Paid Claims as of:			
End of Policy Year	602,572	595,945	543,867
One Year Later	808,697	754,881	
Two Years Later	1,638,585		
Three Years Later			
Four Years Later			
Five Years Later			
Six Years Later			
Seven Years Later			
Eight Years Later			
Nine Years Later			
Cumulative Incurred Claims as of:			
End of Policy Year	1,463,138	1,675,624	2,380,059
One Year Later	1,892,280	1,752,015	
Two Years Later	2,150,214		
Three Years Later			
Four Years Later			
Five Years Later			
Six Years Later			
Seven Years Later			
Eight Years Later			
Nine Years Later			
Increase(Decrease) in Cumulative Incurred Claims from End of Policy Year	687,076	76,391	-

LOUISIANA PUBLIC SCHOOL RISK MANAGEMENT AGENCY

Schedule of Changes in Claim Liabilities by Line of Coverage

Year ended October 1, 2025

Unpaid Claim Liabilities, October 1, 2024	\$ 5,505,200
Incurred Claims:	
Provision for Insured Events of Current Year	2,380,059
Increase (Decrease)-net in Provision for Insured Events of Prior Years	<u>36,802</u>
Increase in Incurred Claims-net:	2,416,861
Less Claim Payments-net:	
Payment-net on Claims for Insured Events of Current Year	543,867
Payments-net on Claims for Insured Events of Prior Years	<u>872,799</u>
Total Payments-net	<u>1,416,666</u>
Unpaid Claim Liabilities, October 1, 2025	<u>\$ 6,505,395</u>

LOUISIANA PUBLIC SCHOOL RISK MANAGEMENT AGENCY

Schedule of Net Assets (Members' Surplus)

Year ended October 1, 2025

	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)	(2,733,487)	(1,944,955)	(787,293)	(1,986,482)
Claim administrative fees (included in Claims Paid in years 2006 and 2007)	(36,201)	(171,989)	-	-	(257,753)	(216,678)	(327,446)
Supporting services expenses	(359,437)	(1,035,947)	(849,075)	(984,556)	(1,042,917)	(977,531)	(1,050,378)
Operating Income	276,771	(185,625)	538,793	(797,028)	(120,416)	1,159,054	(18,466)
Other Income:							
Grant income	-	-	-	-	-	-	-
Interest income	-	48,720	119,512	170,330	103,504	25,349	17,639
	276,771	(136,905)	658,305	(626,698)	(16,912)	1,184,403	(807)
Reserves for unpaid claims/ expenses	-	-	-	-	-	-	-
Net assets (members' surplus)	\$ 276,771	\$ (136,905)	\$ 658,305	\$ (626,698)	\$ (16,912)	\$ 1,184,403	\$ (807)

Continued

LOUISIANA PUBLIC SCHOOL RISK MANAGEMENT AGENCY

Schedule of Net Assets (Members' Surplus) - Continued

Year ended October 1, 2025

	Year ended October 1, 2011	Year ended October 1, 2012	Year ended October 1, 2013	Year ended October 1, 2014	Year ended October 1, 2015	Year ended October 1, 2016
Earned premiums	\$ 5,061,154	\$ 4,647,892	\$ 4,696,762	\$ 5,102,276	\$ 4,990,616	\$ 5,059,676
Reinsurance premiums	<u>(1,814,934)</u>	<u>(1,681,510)</u>	<u>(1,730,724)</u>	<u>(1,905,023)</u>	<u>(1,844,213)</u>	<u>(1,852,742)</u>
Total Revenues	3,246,220	2,966,382	2,966,038	3,197,253	3,146,403	3,206,934
Claims paid by year of loss occurrence	(1,017,032)	(848,100)	(929,328)	(1,003,679)	(1,143,488)	(2,022,983)
Claim administrative fees (included in Claim Paid in Years 2006 and 2007)	(300,000)	(293,700)	(293,700)	(325,881)	(326,614)	(327,700)
Supporting services expenses	<u>(1,018,469)</u>	<u>(938,611)</u>	<u>(993,234)</u>	<u>(1,085,277)</u>	<u>(1,431,349)</u>	<u>(1,495,901)</u>
Operating Income	910,719	885,963	749,776	782,416	244,952	(639,650)
Other Income						
Grant income	-	-	10,000	30,000	30,000	-
Interest Income	<u>13,958</u>	<u>11,152</u>	<u>11,269</u>	<u>5,539</u>	<u>2,612</u>	<u>12,915</u>
	924,677	897,115	771,045	817,955	277,564	(626,735)
Reserve for unpaid claims/ expenses	-	<u>(95,525)</u>	-	-	-	<u>(43,881)</u>
Net assets (member's surplus)	<u>\$ 986,152</u>	<u>\$ 801,590</u>	<u>\$ 771,045</u>	<u>\$ 817,955</u>	<u>\$ 277,564</u>	<u>\$ (670,616)</u>

Continued

LOUISIANA PUBLIC SCHOOL RISK MANAGEMENT AGENCY

Schedule of Net Assets (Members' Surplus) - Continued

Year ended October 1, 2025

	Year ended October 1, 2017	Year ended October 1, 2018	Year ended October 1, 2019	Year ended October 1, 2020	Year ended October 1, 2021	Year ended October 1, 2022
Earned premiums	\$ 5,155,279	\$ 4,848,038	\$ 4,616,515	\$ 4,575,718	\$ 4,296,321	\$ 4,742,092
Reinsurance premiums	<u>(1,817,302)</u>	<u>(1,489,744)</u>	<u>(1,476,628)</u>	<u>(1,512,853)</u>	<u>(1,599,726)</u>	<u>(1,494,055)</u>
Total Revenues	3,337,977	3,358,294	3,139,887	3,062,865	2,696,595	3,248,037
Claims paid by year of loss occurrence	(1,391,518)	(1,297,672)	(1,331,578)	(958,690)	(1,758,422)	(1,039,244)
Claim administrative fees (included in Claim Paid in Years 2006 and 2007)	(334,660)	(327,688)	(331,905)	(331,905)	(316,409)	(323,052)
Supporting services expenses	<u>(1,509,660)</u>	<u>(1,567,620)</u>	<u>(1,592,407)</u>	<u>(1,394,225)</u>	<u>(956,277)</u>	<u>(1,192,119)</u>
Operating Income	102,139	165,314	(116,003)	378,045	(334,513)	693,622
Other Income						
Grant income	-	-	-	-	-	-
Interest Income	<u>17,188</u>	<u>33,174</u>	<u>103,468</u>	<u>45,203</u>	<u>11,669</u>	<u>18,775</u>
	119,327	198,488	(12,535)	423,248	(322,844)	712,397
Reserve for unpaid claims/ expenses	<u>(57,807)</u>	<u>(140,629)</u>	<u>(30,299)</u>	<u>(209,206)</u>	<u>(295,891)</u>	<u>(544,878)</u>
Net assets (member's surplus)	<u>\$ 61,520</u>	<u>\$ 57,859</u>	<u>\$ (42,834)</u>	<u>\$ 214,042</u>	<u>\$ (618,735)</u>	<u>\$ 167,519</u>

Continued

LOUISIANA PUBLIC SCHOOL RISK MANAGEMENT AGENCY

Schedule of Net Assets (Members' Surplus) - Continued

Year ended October 1, 2025

	Year ended <u>October 1, 2023</u>	Year ended <u>October 1, 2024</u>	Year ended <u>October 1, 2025</u>	Year ended <u>Total</u>
Earned premiums	\$ 5,103,049	\$ 5,868,219	6,733,549	106,991,896
Reinsurance premiums	<u>(1,770,181)</u>	<u>(2,120,723)</u>	<u>(2,329,743)</u>	<u>(38,673,467)</u>
Total Revenues	3,332,868	3,747,496	4,403,806	68,318,429
Claims paid by year of loss Occurrence	(472,680)	(254,265)	(197,062)	(27,691,520)
Claim administrative fees (included in Claim Paid in Years 2006 and 2007)	(336,017)	(341,621)	(346,803)	(5,867,722)
Supporting services expenses	<u>(1,149,069)</u>	<u>(1,261,679)</u>	<u>(1,445,966)</u>	<u>(25,331,704)</u>
Operating Income	1,375,102	1,889,931	2,413,975	9,427,483
Other Income				
Grant income	-	-	-	70,000
Interest Income	<u>86,221</u>	<u>145,136</u>	<u>128,809</u>	<u>1,132,142</u>
	1,461,323	2,035,067	2,542,784	10,629,625
Reserve for unpaid claims/ expenses	<u>(1,114,119)</u>	<u>(1,593,021)</u>	<u>(2,380,059)</u>	<u>(6,505,395)</u>
Net assets (member's surplus)	<u>\$ (482,764)</u>	<u>\$ 283,051</u>	<u>\$ 162,725</u>	<u>\$ 4,124,230</u>

OTHER INFORMATION

LOUISIANA PUBLIC SCHOOL RISK MANAGEMENT AGENCY

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

Year ended October 1, 2025

Chief Executive Officer: Jared Gibbs, Chairman

<u>Purpose</u>	<u>Amount</u>
Salary	\$ -
Benefits-insurance	-
Benefits-retirement	-
Benefits-cell phone	-
Car allowance	-
Vehicle provided by government	-
Per diem	-
Reimbursement	-
Travel	-
Conference/travel reimbursements	8,714
Continuing professional education fees	-
Housing	-
Unvouchered expenses	-
Special meals	-

INDEPENDENT AUDITORS' REPORT ON INTERNAL CONTROL OVER FINANCIAL REPORTING AND
ON COMPLIANCE AND OTHER MATTERS
BASED ON AN AUDIT OF FINANCIAL STATEMENTS PERFORMED IN ACCORDANCE WITH
GOVERNMENT AUDITING STANDARDS

February 27, 2026

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, 2025, and the related notes to the financial statements, which collectively comprise LARMA's basic financial statements and have issued our report thereon dated February 27, 2026.

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.

Louisiana Public School Risk Management Agency

February 27, 2026

Page Two

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.

Shagson, Cassidy: Hillery

LOUISIANA PUBLIC SCHOOL RISK MANAGEMENT AGENCY

Schedule of Findings and Responses

Year Ended October 1, 2025

I - Summary of Auditors' Results

Financial Statements

Type of auditors' report issued: unmodified

Internal control over financial reporting:

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

Noncompliance material to financial
statements noted? yes no

II – Financial Statement Findings

- None

III – Federal Award Findings and Questioned Costs

- N/A

IV – Prior Year Audit Findings

- None

INDEPENDENT ACCOUNTANTS' REPORT
ON APPLYING AGREED-UPON PROCEDURES

March 13, 2026

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

We have performed the procedures enumerated below on the control and compliance (C/C) areas identified in the Louisiana Legislative Auditor's (LLA's) Statewide Agreed-Upon Procedures (SAUPs) for the fiscal year October 2, 2024 through October 1, 2025. The District's management is responsible for those C/C areas identified in the SAUPs.

LARMA has agreed to and acknowledged that the procedures performed are appropriate to meet the intended purpose of the engagement, which is to perform specified procedures on the C/C areas identified in LLA's SAUPs for the fiscal year October 2, 2024 through October 1, 2025. Additionally, LLA has agreed to and acknowledged that the procedures performed are appropriate for its purposes. This report may not be suitable for any other purpose. The procedures performed may not address all the items of interest to a user of this report and may not meet the needs of all users of this report and, as such, users are responsible for determining whether the procedures performed are appropriate for their purposes.

The procedures and associated findings are as follows:

1) Written Policies and Procedures

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

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

No exceptions in prior fiscal year, no further testing required.

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

No exceptions in prior fiscal year, no further testing required.

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

No exceptions in prior fiscal year, no further testing required.

- iv. *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 confirmations with outside parties,

reconciliation to utility billing after cutoff procedures, reconciliation of traffic ticket number sequences, agency fund forfeiture monies confirmation).

No exceptions in prior fiscal year, no further testing required.

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

No exceptions in prior fiscal year, no further testing required.

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

No exceptions in prior fiscal year, no further testing required.

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

No exceptions in prior fiscal year, no further testing required.

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

No exceptions in prior fiscal year, no further testing required.

- ix. *Ethics*, including (1) the prohibitions as defined in Louisiana Revised Statute (R.S.) 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 documentation is maintained to demonstrate that all employees and officials were notified of any changes to the entity's ethics policy.

No exceptions in prior fiscal year, no further testing required.

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

No exceptions in prior fiscal year, no further testing required.

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

patches/updates, and (6) identification of personnel, processes, and tools needed to recover operations after a critical event.

No exceptions in prior fiscal year, no further testing required.

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

No exceptions in prior fiscal year, no further testing required.

2) Board or Finance Committee

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

No exceptions in prior fiscal year, no further testing required.

- ii. For those entities reporting on the governmental accounting model, review the minutes from all regularly scheduled board/finance committee meetings held during the fiscal year and observe whether the minutes referenced or included monthly budget-to-actual comparisons on the general fund, quarterly budget-to-actual, at a minimum, on proprietary funds, and semi-annual budget-to-actual, at a minimum, on special revenue funds. *Alternatively, for those entities reporting on the not-for-profit accounting model, observe that the minutes referenced or included financial activity relating to public funds if those public funds comprised more than 10% of the entity's collections during the fiscal period.*

No exceptions in prior fiscal year, no further testing required.

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

No exceptions in prior fiscal year, no further testing required.

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

No exceptions in prior fiscal year, no further testing required.

3) *Bank Reconciliations*

A. Obtain a listing of entity bank accounts for the fiscal period from management and management's representation that the listing is complete. Ask management to identify the entity's main operating account. Select the entity's main operating account and randomly select 4 additional accounts (or all accounts if less than 5). Randomly select one month from the fiscal period, obtain and inspect the corresponding bank statement and reconciliation for each selected account, and observe that:

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

No exceptions in prior fiscal year, no further testing required.

- ii. Bank reconciliations include evidence that a member of management or a board member who does not handle cash, post ledgers, or issue checks has reviewed each bank reconciliation within 1 month of the date the reconciliation was prepared. (e.g., initialed and dated, electronically logged); and

No exceptions in prior fiscal year, no further testing required.

- iii. Management has documentation reflecting that it has researched reconciling items that have been outstanding for more than 12 months from the statement closing date, if applicable.

No exceptions in prior fiscal year, no further testing required.

4) *Collections*

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

No exceptions in prior fiscal year, no further testing required.

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

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

No exceptions in prior fiscal year, no further testing required.

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

No exceptions in prior fiscal year, no further testing required.

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

No exceptions in prior fiscal year, no further testing required.

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

No exceptions in prior fiscal year, no further testing required.

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

No exceptions in prior fiscal year, no further testing required.

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

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

No exceptions in prior fiscal year, no further testing required.

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

No exceptions in prior fiscal year, no further testing required.

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

No exceptions in prior fiscal year, no further testing required.

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

No exceptions in prior fiscal year, no further testing required.

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

No exceptions in prior fiscal year, no further testing required.

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

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

No exceptions in prior fiscal year, no further testing required.

- B. For each location selected under #5A above, obtain a listing of those employees involved with non-payroll purchasing and payment functions. Obtain written policies and procedures relating to employee job duties (if the agency has no written policies and procedures, then inquire of employees about their job duties), and observe that job duties are properly segregated such that

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

No exceptions in prior fiscal year, no further testing required.

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

No exceptions in prior fiscal year, no further testing required.

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

No exceptions in prior fiscal year, no further testing required.

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

No exceptions in prior fiscal year, no further testing required.

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

No exceptions in prior fiscal year, no further testing required.

- C. For each location selected under procedure #5A above, obtain the entity's non-payroll disbursement transaction population (excluding cards and travel reimbursements) and obtain management's representation that the population is complete. Randomly select 5 disbursements for each location, obtain supporting documentation for each transaction, and
 - i. Observe whether the disbursement, whether by paper or electronic means, matched the related original itemized invoice and supporting documentation indicates that deliverables included on the invoice were received by the entity, and

No exceptions in prior fiscal year, no further testing required.

- ii. Observe whether the disbursement documentation included evidence (e.g. initial/date, electronic logging) of segregation of duties tested under procedure #5B above, as applicable.

No exceptions in prior fiscal year, no further testing required.

- D. Using the entity's main operating account and the month selected in Bank Reconciliations procedure #3A, randomly select 5 non-payroll-related electronic disbursements (or all electronic disbursements if less than 5) observe that each electronic disbursement was (a) approved by only those persons authorized to disburse funds (e.g., sign checks) per the entity's policy, and (b) approved by the required number of authorized signers per the entity's policy.

No exceptions in prior fiscal year, no further testing required.

6) Credit Cards/Debit Cards/Fuel Cards/Purchase Cards (Cards)

- A. Obtain from management a listing of all active credit cards, bank debit cards, fuel cards, and purchase cards (cards) for the fiscal period, 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.

No exceptions in prior fiscal year, no further testing required.

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

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

No exceptions in prior fiscal year, no further testing required.

- ii. Observe that finance charges and late fees were not assessed on the selected statements.

No exceptions in prior fiscal year, no further testing required.

- C. Using the monthly statements or combined statements selected under procedure #6B above, excluding fuel cards, randomly select 10 transactions (or all transactions if less than 10) from each statement, and obtain supporting documentation for the transactions (e.g. each card should have 10 transactions subject to inspection). For each transaction, observed that it is supported by (1) an original itemized receipt that identifies precisely what was purchased, (2) written documentation of the business/public purpose, and (3) documentation of the individuals participating in meals (for meal charges only).

No exceptions in prior fiscal year, no further testing required.

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

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

- i. If reimbursed using a per diem, observe that the approved reimbursement rate is no more than those rates established either by the State of Louisiana or the U.S. General Services Administration (www.gsa.gov);

No exceptions in prior fiscal year, no further testing required.

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

No exceptions in prior fiscal year, no further testing required.

- iii. Observe that each reimbursement is supported by documentation of the business/public purpose (for meal charges, observe that the documentation includes the names of those individuals participating) and other documentation required by Written Policies and Procedures procedure #1A(vii); and

No exceptions in prior fiscal year, no further testing required.

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

No exceptions in prior fiscal year, no further testing required.

8) *Contracts*

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

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

No exceptions in prior fiscal year, no further testing required.

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

No exceptions in prior fiscal year, no further testing required.

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

No exceptions in prior fiscal year, no further testing required.

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

No exceptions in prior fiscal year, no further testing required.

9) *Payroll and Personnel*

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

No exceptions in prior fiscal year, no further testing required.

B. Randomly select one pay period during the fiscal period. For the 5 employees or officials selected under procedure #9A above, obtain attendance records and leave documentation for the pay period, and

- i. Observe that all selected employees or officials documented their daily attendance and leave (e.g., vacation sick, compensatory);

No exceptions in prior fiscal year, no further testing required.

- ii. Observe whether supervisors approved the attendance and leave of the selected employees or officials.

No exceptions in prior fiscal year, no further testing required.

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

No exceptions in prior fiscal year, no further testing required.

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

No exceptions in prior fiscal year, no further testing required.

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

No exceptions in prior fiscal year, no further testing required.

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

No exceptions in prior fiscal year, no further testing required.

A. Using the 5 randomly selected employees/officials from Payroll and Personnel procedure #9A obtain ethics documentation from management, and

- i. Observe whether the documentation demonstrates each employee/official completed one hour of ethics training during the calendar year as required by R.S. 42:1170; and

No exceptions in prior fiscal year, no further testing required.

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

No exceptions in prior fiscal year, no further testing required.

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

No exceptions in prior fiscal year, no further testing required.

11) Debt Service

A. Obtain a listing of bonds/notes and other debt instruments issued during the fiscal period and management's representation that the listing is complete. Select all debt instruments on the listing, obtain supporting documentation, and observe that the State Bond Commission approval was obtained for each debt instrument issued as required by Article VII, Section 8 of the Louisiana Constitution.

No exceptions in prior fiscal year, no further testing required.

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

No exceptions in prior fiscal year, no further testing required.

12) Fraud Notice

- A. Obtain a listing of misappropriations of public funds and assets during the fiscal period and management's representation that the listing is complete. Select all misappropriations on the listing, obtain supporting documentation, and observe that the entity reported the misappropriation(s) to the legislative auditor and the district attorney of the parish in which the entity is domiciled as required by R.S. 24:523.

No exceptions in prior fiscal year, no further testing required.

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

No exceptions in prior fiscal year, no further testing required.

13) Information Technology Disaster Recovery/Business Continuity

Perform the following procedures, verbally discuss the results with management, and report "We performed the procedure and discussed the results with management":

- A. Obtain and inspect the entity's most recent documentation that it has backed up its critical data (if no written documentation, then inquire of personnel responsible for backing up critical data) and observe evidence that such backup (a) occurred within the past week, (b) was not stored on the government's local server or network, and (c) was encrypted.

No exceptions in prior fiscal year, no further testing required.

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

No exceptions in prior fiscal year, no further testing required.

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

No exceptions in prior fiscal year, no further testing required.

- D. Randomly select 5 terminated employees (or all terminated employees if less than 5) using the list of terminated employees obtained in procedure #9C. Observe evidence that the selected terminated employees have been removed or disabled from the network.

No exceptions in prior fiscal year, no further testing required.

- E. Using the 5 randomly selected employees/officials from Payroll and Personnel procedure #9A, obtain cybersecurity training documentation from management, and observe that the documentation demonstrates that the following employees/officials with access to the agency's information technology assets have completed cybersecurity training as required by R.S. 42:1267. The requirements are as follows:
- Hired before June 9, 2020 - completed the training; and
 - Hired on or after June 9, 2020 - completed the training within 30 days of initial service or employment.

No exceptions in prior fiscal year, no further testing required.

14) Prevention of Sexual Harassment

- A. Using the 5 randomly selected employees/officials from Payroll and Personnel procedure #9A, obtain sexual harassment training documentation from management, and observe the documentation demonstrates each employee/official completed at least one hour of sexual harassment training during the calendar year as required by R.S. 42:343.

No exceptions in prior fiscal year, no further testing required.

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

No exceptions in prior fiscal year, no further testing required.

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

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

No exceptions in prior fiscal year, no further testing required.

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

No exceptions in prior fiscal year, no further testing required.

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

No exceptions in prior fiscal year, no further testing required.

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

No exceptions in prior fiscal year, no further testing required.

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

No exceptions in prior fiscal year, no further testing required.

We were engaged by Louisiana Public School Risk Management Agency (LARMA) to perform this agreed-upon procedures engagement and conducted our engagement in accordance with attestation standards established by the American Institute of Certified Public Accountants and applicable standards of *Government Auditing Standards*. We were not engaged to and did not conduct an examination or review engagement, the objective of which would be the expression of an opinion or conclusion, respectively, on those C/C areas identified in the SAUPs. Accordingly, we do not express such an opinion or conclusion. Had we performed additional procedures, other matters might have come to our attention that would have been reported to you.

We are required to be independent of Louisiana Public School Risk Management Agency (LARMA) and to meet our other ethical responsibilities, in accordance with the relevant ethical requirements related to our agreed-upon procedures engagement.

This report is intended solely to describe the scope of testing performed on those C/C areas identified in the SAUPs, and the result of that testing, and not to provide an opinion on control or compliance. Accordingly, this report is not suitable for any other purpose. Under Louisiana Revised Statute 24:513, this report is distributed by the LLA as a public document.

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