

**Louisiana Assessors' Insurance Fund
Baton Rouge, Louisiana
Financial Report
December 31, 2019**

Table of Contents

Independent Auditor’s Report	Page 3
Management’s Discussion and Analysis	Page 5
Financial Statements	
Balance Sheets	Page 9
Statements of Revenues, Expenses, and Change in Net Position (Deficit)	Page 10
Statements of Cash Flows	Page 11
Notes to Financial Statements	Page 12
Required Supplementary Information	
Schedule of 1-10 Year Claims Development Information	Page 18
Supplementary Information	
Schedules of Per Diem Payments	Page 20
Schedule of Compensation, Benefits, and Other Payments to Agency Head or Chief Executive Officer	Page 21
Independent Auditor’s 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>	Page 22
Schedule of Findings and Responses	Page 24
Summary Schedule of Prior Year Findings	Page 25



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Independent Auditor's Report

Ms. Kathy Bertrand, Executive Director,
and the Insurance Committee of
Louisiana Assessors' Insurance Fund
Baton Rouge, Louisiana

Report on the Financial Statements

We have audited the accompanying financial statements of Louisiana Assessors' Insurance Fund, which comprise the balance sheets as of December 31, 2019 and 2018, and the related statements of revenues, expenses, and change in net position (deficit) and cash flows 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 audits. We conducted our audits 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 position of Louisiana Assessors' Insurance Fund as of December 31, 2019 and 2018, and the changes in financial position and cash flows for the years then ended in accordance with accounting principles generally accepted in the United States of America.

Other Matters

Required Supplementary Information

Accounting principles generally accepted in the United States of America require that the management's discussion and analysis and the schedule of 1-10 year claims development information be presented to supplement the basic financial statements. Such 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 context. We have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

Other Information

Our audit was conducted for the purpose of forming an opinion on the financial statements that collectively comprise Louisiana Assessors' Insurance Fund's basic financial statements. The schedule of per diem payments and schedule of compensation, benefits, and other payments to agency head or chief executive officer are presented for purposes of additional analysis and are not a required part of the basic financial statements.

The schedule of per diem payments and schedule of compensation, benefits, and other payments to agency head or chief executive officer are the responsibility of management and were derived from and relate directly to the underlying accounting and other records used to prepare the basic financial statements. Such information has been subjected to the auditing procedures applied in the audits 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 of per diem payments and schedule of compensation, benefits, and other payments to agency head or chief executive officer are fairly stated in all material respects in 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 Louisiana Assessors' Insurance Fund's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, 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 effectiveness of Louisiana Assessors' Insurance Fund's 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 Louisiana Assessors' Insurance Fund's internal control over financial reporting and compliance.

Hawthorn, Waymouth & Carroll, L.L.P.

June 26, 2020

**Louisiana Assessors' Insurance Fund
Management's Discussion and Analysis
December 31, 2019**

The following is management's discussion and analysis of Louisiana Assessors' Insurance Fund ("the Plan") for the year ended December 31, 2019, which highlights relevant aspects of the basic financial statements and provides an analytical overview of the Plan's financial activities.

FINANCIAL HIGHLIGHTS

Assets increased by approximately \$1,604,000, or 60%, from 2018 to 2019.

The Plan's net position increased approximately \$1,904,000 in 2019, compared to an increase in net position of approximately \$1,735,000 in 2018.

The amount of net premiums earned increased approximately \$187,000 and claims expenses decreased approximately \$192,000 from the prior year amounts.

OVERVIEW OF THE FINANCIAL STATEMENTS

Management's Discussion and Analysis is intended to serve as an introduction to the Plan's basic financial statements, together with the related notes to the financial statements, required supplementary information, and the supporting schedules, all of which are described as follows.

Balance Sheets – These statements report the Plan's assets, liabilities, and net position as of December 31, 2019 and 2018.

Statements of Revenues, Expenses, and Change in Net Position (Deficit) – These statements report the Plan's revenues, expenses, and change in net position (deficit) for the years ended December 31, 2019 and 2018.

Statements of Cash Flows – These statements report the net increase or decrease in cash and cash equivalents for the years ended December 31, 2019 and 2018.

Notes to the Financial Statements – The financial statement notes provide additional information that is essential to a complete understanding of the data set forth in the financial statements. They are considered an integral part of the financial statements. A description of the information provided in the notes is as follows:

Note 1 (Plan Description) provides a general description of the Plan. Information is included regarding the insurance committee, plan membership, and a description of the basic insurance benefits.

Note 2 (Summary of Significant Accounting Policies) provides information about the accounting methods and policies used in determining amounts shown on the financial statements. Information relative to the basis of accounting, the determination of estimates, cash and investments, unpaid claims liability, deferred premiums, reinsurance, income taxes, deposits and operating revenues and expenses is included in this note.

Note 3 (Deposits) provides information on cash and cash equivalents and the related custodial credit risk.

Note 4 (Furniture and Equipment) details the cost of the Plan's fixed assets as well as related depreciation expense and accumulated depreciation.

**Louisiana Assessors' Insurance Fund
Management's Discussion and Analysis
December 31, 2019**

OVERVIEW OF THE FINANCIAL STATEMENTS (Continued)

Note 5 (Claims Expense and Unpaid Claims Reserve) describes changes in the aggregate unpaid claims liabilities from December 31, 2018 to December 31, 2019.

Note 6 (Reinsurance Policy Coverage) outlines the reinsurance policy guidelines and limitations.

Note 7 (Administrative Expenses) details the expenses incurred throughout the year.

Note 8 (Related Party Transactions) provides descriptions of transactions between the Plan and its related parties, Louisiana Assessors' Association and Louisiana Assessors' Retirement Fund.

Note 9 (Subsequent Events) provides the date through which subsequent events have been evaluated for disclosure in the financial statements.

LOUISIANA ASSESSORS' INSURANCE FUND'S FINANCIAL ANALYSIS

The Plan is a cost sharing, multiple-employer, qualified defined benefit insurance plan covering assessors and their employees employed by any parish of the state of Louisiana, under the provisions of Louisiana Revised Statute 47:1922, effective August 30, 1988. The Plan is a qualified plan as defined by the Internal Revenue Code, effective January 1, 1998. Insurance benefits are funded through premium income.

**Balance Sheets
December 31, 2019, 2018, and 2017**

Assets include cash and cash equivalents, reinsurance receivable, investments, accrued interest income, and other receivables. Liabilities include accounts payable, deferred premiums, and unpaid claims.

	<u>2019</u>	<u>2018</u>	<u>2017</u>	2019 Percentage Change
Assets	<u>\$ 4,266,832</u>	<u>\$ 2,662,431</u>	<u>\$ 497,112</u>	60.3%
Liabilities and Net Position (Deficit)				
Total liabilities	\$ 1,214,429	\$ 1,514,443	\$ 1,084,841	-19.8%
Net position (deficit)				
Unrestricted	<u>3,052,403</u>	<u>1,147,988</u>	<u>(587,729)</u>	165.9%
Total liabilities and net position (deficit)	<u>\$ 4,266,832</u>	<u>\$ 2,662,431</u>	<u>\$ 497,112</u>	

**Louisiana Assessors' Insurance Fund
Management's Discussion and Analysis
December 31, 2019**

LOUISIANA ASSESSORS' INSURANCE FUND'S FINANCIAL ANALYSIS (Continued)

**Statements of Revenues, Expenses, and Change in Net Position (Deficit)
Years Ended December 31, 2019, 2018, and 2017**

Revenues include members' premiums and investment income.

	<u>2019</u>	<u>2018</u>	<u>2017</u>	2019 Percentage Change
Revenues and Expenses				
Revenues	\$ 15,003,643	\$ 14,965,706	\$ 13,372,053	0.3%
Administrative fees	<u>221,119</u>	<u>193,643</u>	<u>-</u>	14.2%
Total revenues	<u>15,224,762</u>	<u>15,159,349</u>	<u>13,372,053</u>	0.4%
Claims expenses and insurance premiums	13,142,418	13,227,054	13,027,046	-0.6%
Administrative expenses	<u>177,929</u>	<u>196,578</u>	<u>169,217</u>	-9.5%
Total expenses	<u>13,320,347</u>	<u>13,423,632</u>	<u>13,196,263</u>	-0.8%
Change in Net Position (Deficit)	<u>\$ 1,904,415</u>	<u>\$ 1,735,717</u>	<u>\$ 175,790</u>	

Requests for Information

This annual financial report is designed to provide a general overview of the Plan's finances for interested parties. Questions concerning any of the information provided herein or requests for additional financial information should be addressed to Louisiana Assessors' Insurance Fund, Post Office Box 14699, Baton Rouge, Louisiana 70898.

Financial Statements

Louisiana Assessors' Insurance Fund
Balance Sheets
December 31, 2019 and 2018

	2019	2018
Assets		
Assets		
Cash and cash equivalents	\$ 4,189,737	\$ 2,566,968
Accrued interest income	-	1,944
Reinsurance receivable	30,808	83,867
Other receivables	46,287	9,652
Total assets	\$ 4,266,832	\$ 2,662,431
Liabilities and Net Position		
Liabilities		
Accounts payable	\$ 276	\$ 1,277
Unearned revenue	43,373	11,612
Unpaid claims liability	1,170,780	1,501,554
Total liabilities	1,214,429	1,514,443
Net Position		
Unrestricted	3,052,403	1,147,988
Total liabilities and net position	\$ 4,266,832	\$ 2,662,431

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

Louisiana Assessors' Insurance Fund
Statements of Revenues, Expenses, and Change in Net Position (Deficit)
Years Ended December 31, 2019 and 2018

	<u>2019</u>	<u>2018</u>
Revenues		
Premiums earned	\$ 14,964,504	\$ 14,669,764
Premiums ceded	<u>1,930,612</u>	<u>1,823,268</u>
Net premiums earned	13,033,892	12,846,496
Net depreciation of investments	-	(2,617)
Interest and dividends	39,139	13,393
Reinsurance proceeds	-	285,166
Administrative fees	<u>221,119</u>	<u>193,643</u>
Total revenues	<u>13,294,150</u>	<u>13,336,081</u>
Expenses		
Claims expenses	11,211,806	11,403,786
Administrative expenses	<u>177,929</u>	<u>196,578</u>
Total expenses	<u>11,389,735</u>	<u>11,600,364</u>
Change in Net Position (Deficit)	1,904,415	1,735,717
Net Position (Deficit)		
Beginning of year	<u>1,147,988</u>	<u>(587,729)</u>
End of year	<u>\$ 3,052,403</u>	<u>\$ 1,147,988</u>

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

Louisiana Assessors' Insurance Fund
Statements of Cash Flows
Years Ended December 31, 2019 and 2018

	2019	2018
Cash Flows from Operating Activities		
Receipts from premiums	\$ 14,927,869	\$ 14,696,269
Payments for claims	(11,542,580)	(10,727,489)
Payments for insurance premiums	(1,898,851)	(2,018,831)
Payments for administrative expenses	(178,930)	(201,237)
Receipts from reinsurance carriers	53,059	299,192
Receipts from administrative fees	221,119	193,643
Interest and dividends received	<u>41,083</u>	<u>11,450</u>
Net cash provided by operating activities	<u>1,622,769</u>	<u>2,252,997</u>
 Cash Flows from Investing Activities		
Proceeds from the sale of investments	<u>-</u>	<u>360,444</u>
Net cash provided by investing activities	<u>-</u>	<u>360,444</u>
 Net Increase in Cash and Cash Equivalents	 1,622,769	 2,613,441
 Cash and Cash Equivalents (Cash Overdraft), beginning of year	 <u>2,566,968</u>	 <u>(46,473)</u>
Cash and Cash Equivalents, end of year	<u>\$ 4,189,737</u>	<u>\$ 2,566,968</u>
 Reconciliation of Change in Net Position (Deficit) to		
Net Cash Provided by Operating Activities:		
Change in net position (deficit)	\$ 1,904,415	\$ 1,735,717
Adjustments to reconcile change in net position (deficit) to net cash provided by operating activities:		
Unrealized loss on investments	-	2,617
(Increase) Decrease in assets:		
Accrued interest income	1,944	(1,944)
Reinsurance receivable	53,059	14,027
Other receivables	(36,635)	26,505
Increase (Decrease) in liabilities:		
Accounts payable	(1,001)	(4,659)
Unearned revenue	31,761	(195,563)
Unpaid claims liability	<u>(330,774)</u>	<u>676,297</u>
Net cash provided by operating activities	<u>\$ 1,622,769</u>	<u>\$ 2,252,997</u>

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

Louisiana Assessors' Insurance Fund
Notes to Financial Statements
December 31, 2019

Note 1-Plan Description

The following description of Louisiana Assessors' Insurance Fund ("the Plan"), a public entity risk pool, provides only general information. Participants should refer to the Plan agreement for a complete description of the Plan's provisions.

The Plan provides health and other benefits covering all assessors and assessors' employees throughout the state of Louisiana. Participation is voluntary and participants may withdraw by giving proper notice. The Plan's general objective is to formulate, develop, and administer, on behalf of the participating members, a program of inter-local risk management to obtain lower cost for insurance coverage. Contributions required by the Plan are determined by the Insurance Committee of Louisiana Assessors' Association ("the Association"). The Plan and related trust were established on August 30, 1988, pursuant to Louisiana Revised Statute 47:1922.

The Plan provides health benefits (medical, hospital, surgical, major medical, and dental), life insurance coverage, long-term disability benefits, vision, and death benefits to participants and to their beneficiaries and covered dependents. All members of the Plan hired on or before September 30, 2013, shall be eligible for participation in the benefits of the Plan upon written application for such allowance to the Insurance Committee if (1) the member has twelve years or more of creditable service and has attained the age of fifty-five, or (2) the member has thirty or more years of creditable service, regardless of age. All members of the Plan hired on or after October 1, 2013, shall be eligible for participation in the benefits of the Plan upon written application for such allowance to the Insurance Committee if (1) the member has twelve or more years of creditable service and has attained the age of sixty, or (2) the member has thirty or more years of creditable service and has attained the age of fifty-five.

Health and dental claims of active and retired participants, dependents, and beneficiaries are processed by The HealthPlan, the third-party administrator, but the responsibility for payments to participants and providers is retained by the Plan. Group life insurance and accidental death and dismemberment insurance are provided by Guardian Life Insurance Company. Disability coverage and supplemental life insurance are provided by Metropolitan Life Insurance Company. Vision coverage is provided by National Vision Administrators, LLC, and claims are processed by National Vision Administrators, Inc.

The Association provides bookkeeping support, as well as other administrative functions, for the Plan.

The Plan is affiliated through common membership and management control with the Association and Louisiana Assessors' Retirement Fund ("the Retirement Fund"). Although these entities are related parties, their various net positions are available only to the individual entity for its operations. For this reason, each entity is presented as a separate "stand alone" entity in accordance with Governmental Accounting Standards Board (GASB) *Codification of Governmental Accounting and Financial Reporting Standards*.

The Plan's Insurance Committee, as Administrator, has the right under the Plan to modify the benefits provided to active and retired employees. The Plan may be terminated at any time.

Louisiana Assessors' Insurance Fund
Notes to Financial Statements
December 31, 2019

Note 1-Plan Description (Continued)

Total membership in the Plan at December 31 is as follows:

	2019	2018
Retirees and beneficiaries receiving health care benefits	391	358
Active plan members	645	654
Total	1,036	1,012

Note 2-Summary of Significant Accounting Policies

A. Basis of Accounting

The financial statements of the Plan have been prepared in conformity with accounting principles generally accepted in the United States of America (GAAP) as applied to governmental units and promulgated by the GASB *Codification of Governmental Accounting and Financial Reporting Standards*.

The Plan is a proprietary fund type and is presented as a business type activity. Proprietary fund types are used to account for governmental activities that are similar to those found in the private sector where the determination of operating income and changes in net position are necessary or useful for sound financial administration. GAAP used for proprietary funds are generally those applicable to similar businesses in the private sector (accrual basis of accounting). Premiums are recognized on a monthly prorated basis over the respective terms of the policies. Premiums applicable to the unexpired terms of the policies in force are reported as unearned revenue at the balance sheet date.

B. Use of Estimates

The preparation of financial statements in conformity with GAAP requires the Plan Administrator to make estimates and assumptions that affect certain assets and liabilities and the disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenue and expenses during the reporting period. Accordingly, actual results may differ from those estimates. Significant estimates made by management which might affect these financial statements include, but are not limited to, unpaid claims.

Unpaid claims liability is established by management based on a review of claims payment history and anticipated future claims. The evaluation is inherently subjective as it requires estimates that are susceptible to significant revision as more information becomes available, and it is reasonably possible that a change in this estimate will occur in the near term.

C. Cash and Cash Equivalents

Cash and cash equivalents include cash and short-term investments with original maturities of three months or less which are not under investment management for long-term purposes.

Louisiana Assessors' Insurance Fund
Notes to Financial Statements
December 31, 2019

Note 2-Summary of Significant Accounting Policies (Continued)

D. Reinsurance and Other Receivables

Reinsurance and other receivables are comprised of amounts due from members' reinsurance companies and other sources, stated at the amount the Plan expects to collect. The Plan provides for probable uncollectible amounts through a charge to the allowance for doubtful accounts based on its assessment of the current status of individual accounts. Balances are written off through a charge to the allowance for doubtful accounts and a credit to accounts receivable once amounts are determined to be uncollectible. As of December 31, 2019 and 2018, no allowance for doubtful accounts had been recorded.

E. Furniture and Equipment

Furniture and equipment as shown in Note 4 are stated at cost and depreciated over the estimated useful lives of the assets utilizing the straight-line method. It is the Plan's policy to capitalize expenditures for those items in excess of \$500. Lesser amounts are expensed. The estimated useful lives of the assets are as follows:

Furniture and Equipment	7-10 years
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F. Unpaid Claims Liability

The Plan 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.

The methodology for developing self-insurance reserves is based on management estimates. The estimation process considers, among other matters, the cost of known claims over time, inflation, and incurred but not reported claims. These estimates may change based on, among other things, changes in claims history or receipt of additional information relevant to assessing the claims. Further, these estimates may prove to be inaccurate due to factors such as adverse judicial determinations or other claims settlements at higher than estimated amounts. Accordingly, the Plan may be required to increase or decrease its reserve levels.

G. Reinsurance

The Plan uses reinsurance to reduce its exposure to large losses on insured events. Further description of the reinsurance coverage is provided in Note 6. Reinsurance permits recovery of a portion of losses from reinsurers, although it does not discharge the primary liability of the Plan as direct insurer of the risk reinsured. The Plan does not report reinsured risks as liabilities unless it is probable that those risks will not be covered by reinsurers. Claims expenses consist of claims incurred during the current year, adjustments to the accounting estimate of prior years' claims expense, and a reduction for claims covered by the reinsurer in accordance with the reinsurance policy.

H. Income Taxes

The Plan is exempt from federal income taxes under Section 501(c)(9) of the Internal Revenue Code.

Louisiana Assessors' Insurance Fund
Notes to Financial Statements
December 31, 2019

Note 3-Deposits

As of December 31, 2019, the carrying amount of the Plan's deposit accounts classified as cash and cash equivalents was \$4,189,737 and the bank balance was \$4,194,772, of which \$3,575,728 was protected from custodial credit risk by federal depository insurance. The remainder of the deposit balance was collateralized by a letter of credit issued by the Federal Home Loan Bank.

Note 4-Furniture and Equipment

Furniture and equipment as of December 31, 2019 and 2018, is as follows:

	2019	2018
Furniture and equipment	\$ 13,342	\$ 13,342
Accumulated depreciation	(13,342)	(13,342)
	\$ -	\$ -

Note 5-Claims Expense and Unpaid Claims Reserve

The following represents changes in the aggregate unpaid claims liabilities for the Plan for the years ended December 31, 2019 and 2018:

	2019	2018
Unpaid claims and loss adjustment expenses at beginning of fiscal year	\$ 1,501,554	\$ 825,257
Incurred losses and loss adjustment expenses		
Provision for insured events of current fiscal year	11,263,012	11,312,305
Increases (decreases) in provision for insured events of prior fiscal years	(51,206)	91,481
Total incurred losses and loss adjustment expenses	11,211,806	11,403,786
Payments		
Losses and loss adjustment expenses attributable to insured events of current fiscal year	10,092,232	9,810,750
Losses and loss adjustment expenses attributable to insured events of prior fiscal years	1,450,348	916,739
Total payments	11,542,580	10,727,489
Unpaid claims and loss adjustment expenses at end of fiscal year	\$ 1,170,780	\$ 1,501,554

Louisiana Assessors' Insurance Fund
Notes to Financial Statements
December 31, 2019

Note 6-Reinsurance Policy Coverage

The Plan and its reinsurers represent a cooperative program for group funding and risk management of accident and health claims of participating Louisiana assessors. Although premiums billed to the participants are determined on an actuarial basis, ultimate liability for claims remains with the participants, and the Plan has authority to assess the participants to fund any deficits incurred.

The Plan obtained reinsurance from a commercial insurer for specific stop loss coverage that will pay after \$300,000 per individual claim.

Note 7-Administrative Expenses

The following administrative expenses were incurred during the years ended December 31, 2019 and 2018:

	2019	2018
Administrative allocation	\$ 132,000	\$ 132,000
Other operating expenses	4,087	3,946
Office supplies	-	1,188
Per diem	3,750	4,725
Professional fees	34,351	50,430
Travel	2,209	1,664
Copier reimbursement	1,532	2,625
	\$ 177,929	\$ 196,578

Note 8-Related Party Transactions

The Plan is related to the Association and the Retirement Fund through common membership and management. The Plan reimburses the Association for office space, utilities and other shared costs. For the years ended December 31, 2019 and 2018, these reimbursements which were included in administrative expenses were comprised of the following:

	2019	2018
Administrative allocation	\$ 132,000	\$ 132,000
Copier reimbursement	1,532	2,625
	\$ 133,532	\$ 134,625

Note 9-Subsequent Events

Management of the Plan evaluated all subsequent events through June 26, 2020, the date the financial statements were available to be issued. As a result of the spread of a novel coronavirus (COVID-19), economic uncertainties have arisen that could negatively impact the Plan's financial condition. The potential financial impact is unknown at this time.

Required Supplementary Information

Louisiana Assessors' Insurance Fund
Schedule of 1-10 Year Claims Development Information
Years Ended December 31, 2010 – 2019

	<u>2019</u>	<u>2018</u>	<u>2017</u>	<u>2016</u>	<u>2015</u>
Required contribution and investment revenue					
Earned	\$ 15,224,762	\$ 15,159,348	\$ 13,372,052	\$ 11,641,765	\$ 11,596,792
Ceded	<u>(1,930,612)</u>	<u>(1,823,268)</u>	<u>(2,043,093)</u>	<u>(1,714,579)</u>	<u>(1,595,315)</u>
Net earned	13,294,150	13,336,080	11,328,959	9,927,186	10,001,477
Unallocated expenses	177,929	196,577	169,217	184,838	144,062
Estimated claims and expenses end of policy year					
Incurred	11,263,012	11,597,471	11,432,935	11,004,189	9,578,437
Ceded	<u>-</u>	<u>(285,166)</u>	<u>(309,761)</u>	<u>(113,609)</u>	<u>(350,203)</u>
Net incurred	11,263,012	11,312,305	11,123,174	10,890,580	9,228,234
Net paid, cumulative as of					
End of policy year	10,092,232	9,810,750	10,297,917	9,416,883	8,239,994
One year later		11,261,099	11,214,655	10,751,360	9,172,434
Two years later			11,214,655	10,751,360	9,172,434
Three years later				10,751,360	9,172,434
Four years later					9,172,434
Five years later					
Six years later					
Seven years later					
Eight years later					
Nine years later					
Ten years later					
Re-estimated net incurred claims and expenses					
End of policy year	11,263,012	11,312,305	11,123,174	10,890,580	9,228,234
One year later		11,261,099	11,214,655	10,751,360	9,172,434
Two years later			11,214,655	10,751,360	9,172,434
Three years later				10,751,360	9,172,434
Four years later					9,172,434
Five years later					
Six years later					
Seven years later					
Eight years later					
Nine years later					
Ten years later					
Increase (Decrease) in estimated net incurred claims and expenses from end of policy year	-	(51,206)	91,481	(139,220)	(55,800)

2014	2013	2012	2011	2010
\$ 11,155,010	\$ 11,138,908	\$ 11,516,976	\$ 9,759,241	\$ 9,242,619
<u>(1,594,023)</u>	<u>(1,751,929)</u>	<u>(1,522,965)</u>	<u>(1,345,719)</u>	<u>(1,350,184)</u>
9,560,987	9,386,979	9,994,011	8,413,522	7,892,435
141,416	140,959	142,565	129,491	124,829
10,876,492	9,601,183	11,106,590	8,751,503	7,951,819
<u>(968,097)</u>	<u>(362,160)</u>	<u>(905,156)</u>	<u>(170,280)</u>	<u>-</u>
9,908,395	9,239,023	10,201,434	8,581,223	7,951,819
8,706,596	7,637,797	8,807,974	7,708,473	7,302,868
9,928,053	9,214,548	10,127,680	8,498,102	8,157,125
9,928,053	9,214,548	10,127,680	8,498,102	8,157,125
9,928,053	9,214,548	10,127,680	8,498,102	8,157,125
9,928,053	9,214,548	10,127,680	8,498,102	8,157,125
9,928,053	9,214,548	10,127,680	8,498,102	8,157,125
9,928,053	9,214,548	10,127,680	8,498,102	8,157,125
	9,214,548	10,127,680	8,498,102	8,157,125
		10,127,680	8,498,102	8,157,125
			8,498,102	8,157,125
				8,157,125
9,908,395	9,239,023	10,201,434	8,581,223	7,935,205
9,928,053	9,214,548	10,127,680	8,498,102	8,157,125
9,928,053	9,214,548	10,127,680	8,498,102	8,157,125
9,928,053	9,214,548	10,127,680	8,498,102	8,157,125
9,928,053	9,214,548	10,127,680	8,498,102	8,157,125
9,928,053	9,214,548	10,127,680	8,498,102	8,157,125
	9,214,548	10,127,680	8,498,102	8,157,125
		10,127,680	8,498,102	8,157,125
			8,498,102	8,157,125
				8,157,125
19,658	(24,475)	(73,754)	(83,121)	221,920

The preceding table is Supplementary Information required by Governmental Accounting Standards Board Statement Number 30 (GASB 30). The Schedule illustrates how the Plan's earned revenue (net of reinsurance) plus investment income compare to related costs of loss (net of assumed reinsurance) plus other costs at the end of each year.

Supplementary Information

**Louisiana Assessors' Insurance Fund
Schedules of Per Diem Payments
Years Ended December 31, 2019 and 2018**

	<u>December 31, 2019</u>		<u>December 31, 2018</u>	
	<u>Number of Days</u>	<u>Amount Paid</u>	<u>Number of Days</u>	<u>Amount Paid</u>
Wendy Aguiard	1	\$ 75	1	\$ 75
Michael Bealer	5	375	6	450
Katherine P. Broadway	4	300	3	225
Thomas Capella	3	225	2	150
Bobby Edmiston	-	-	4	300
Rickey Huval	5	375	6	450
Daniel Maxwell	4	300	3	225
Lawrence Patin	5	375	5	375
James Petitjean	5	375	6	450
Justin Phillips	5	375	5	375
Bob Robinson	5	375	6	450
Randy Sexton	4	300	5	375
Jeffrey Taylor	2	150	5	375
Shelia Walker	<u>2</u>	<u>150</u>	<u>6</u>	<u>450</u>
	<u>50</u>	<u>\$ 3,750</u>	<u>63</u>	<u>\$ 4,725</u>

**Louisiana Assessors' Insurance Fund
Schedule of Compensation, Benefits, and Other Payments to
Agency Head or Chief Executive Officer
Year Ended December 31, 2019**

Jeffrey Taylor, President

<u>Purpose</u>	<u>Amount</u>
Salary	\$ -
Benefits - insurance	-
Benefits - retirement	-
Car allowance	-
Vehicle provided by fund	-
Per diem	150
Reimbursements	-
Travel	-
Registration fees	-
Conference travel	-
Continuing professional education fees	-
Housing	-
Unvouchered expenses	-
Special meals	-



**HAWTHORN
WAYMOUTH
& CARROLL, L.L.P.**
Certified Public Accountants

Louis C. McKnight, III, CPA
Charles R. Pevey, Jr., CPA
David J. Broussard, CPA
Brittany B. Thames, CPA
Kevin M. Rodriguez, CPA
Blaine M. Crochet, CPA

**Independent Auditor's 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***

Ms. Kathy Bertrand, Executive Director,
and the Insurance Committee of
Louisiana Assessors' Insurance Fund
Baton Rouge, Louisiana

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 Assessors' Insurance Fund, as of and for the years ended December 31, 2019 and 2018, and the related notes to the financial statements, which collectively comprise Louisiana Assessors' Insurance Fund's basic 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 Assessors' Insurance Fund'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 Louisiana Assessors' Insurance Fund's internal control. Accordingly, we do not express an opinion on the effectiveness of Louisiana Assessors' Insurance Fund'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 Assessors' Insurance Fund's financial statements are free from material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, and contracts, 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 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.

Hawthorn, Waymouth & Carroll, LLP.

June 26, 2020

**Louisiana Assessors' Insurance Fund
Schedule of Findings and Responses
Year Ended December 31, 2019**

Part I. Summary of Audit Results

- 1) An unmodified opinion has been expressed on the financial statements of Louisiana Assessors' Insurance Fund as of and for the year ended December 31, 2019, and the related notes to the financial statements.
- 2) No deficiencies in internal control over financial reporting that we consider to be material weaknesses were identified.
- 3) No instances of noncompliance or other matters that are required to be reported under Government Auditing Standards were identified.
- 4) A single audit in accordance with Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards was not required.
- 5) A management letter was not issued.

Part II. Findings Related to an Audit of Financial Statements Performed in Accordance with *Government Auditing Standards*

No findings were noted.

Louisiana Assessors' Insurance Fund
Summary Schedule of Prior Year Findings
Year Ended December 31, 2019

Part I. Findings Related to an Audit of Financial Statements Performed in Accordance with *Government Auditing Standards*

No findings were noted.

Part II. Management Letter

A management letter was not issued for the year ended December 31, 2018.

Louisiana Assessors' Insurance Fund

Agreed-Upon Procedures Report

December 31, 2019



**Independent Accountant's Report
on Applying Agreed-upon Procedures**

To the Insurance Committee of Louisiana Assessors' Insurance Fund and the Louisiana Legislative Auditor:

We have performed the procedures enumerated below, which were agreed to by Louisiana Assessors' Insurance Fund (Entity) and the Louisiana Legislative Auditor (LLA) on the control and compliance areas identified in the LLA's Statewide Agreed-Upon Procedures (SAUPs) for the fiscal period January 1, 2019 through December 31, 2019. The Entity's management is responsible for those control and compliance 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 below either for the purpose for which this report has been requested or for any other purpose.

The procedures performed and the results thereof are set forth below. The procedures are stated first, followed by the results of the procedures presented in italics.

Written Policies and Procedures

1. Obtained and inspected the entity's written policies and procedures and observed that they address the following category and subcategories (if applicable to public funds and the entity's operations):
 - a) ***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.

The Entity does not have written policies and procedures that address disaster recovery/business continuity.

Collections

2. Obtained a listing of deposit sites for the fiscal period where deposits for cash/checks/money orders (cash) are prepared and management's representation that the listing is complete. The entity's only deposit site was used for the procedures in this section.

No exceptions were found as a result of this procedure.

3. For the entity's only deposit site, obtained a listing of collection locations and management's representation that the listing is complete. The entity's only collection location for its only deposit site

was used for the procedures in this section. We obtained and inspected written policies and procedures relating to individual job duties at the entity's only collection location and observed that job duties are properly segregated at the entity's only collection location such that:

- a) Individuals that are responsible for cash collections do not share cash drawers/registers.

No exceptions were found as a result of this procedure.

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

No exceptions were found as a result of this procedure.

- c) Each individual responsible for collecting cash is not responsible for posting collection entries to the general ledger or subsidiary ledgers, unless another individual is responsible for reconciling ledger postings to each other and to the deposit.

No exceptions were found as a result of this procedure.

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

No exceptions were found as a result of this procedure.

4. Inquired of management that all individuals who have access to cash are covered by a bond or insurance policy for theft.

Management indicated that individuals who have access to cash are not covered by a bond or insurance policy for theft.

5. Obtained a listing of client bank accounts for the fiscal period from management and management's representation that the listing is complete. Asked management to identify the entity's main operating account. Randomly selected two deposit dates for the entity's main operating account (selected the next deposit date chronologically if no deposits were made on the dates randomly selected and randomly selected a deposit if multiple deposits were made on the same day). Obtained supporting documentation for each of the two deposits and:

- a) Observed that receipts are sequentially pre-numbered.

No exceptions were found as a result of this procedure.

- b) Traced sequentially pre-numbered receipts, system reports, and other related collection documentation to the deposit slip.

No exceptions were found as a result of this procedure.

- c) Traced the deposit slip total to the actual deposit per the bank statement.

No exceptions were found as a result of this procedure.

- d) Observed that the deposit was made within one business day of receipt at the collection location.

No exceptions were found as a result of this procedure.

- e) Traced the actual deposit per the bank statement to the general ledger.

No exceptions were found as a result of this procedure.

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 control and compliance 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.

The purpose of this report is solely to describe the scope of testing performed on those control and compliance 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.

Hawthorn, Waymouth & Carroll, L.L.P.

June 26, 2020

Louisiana Assessors' Insurance Committee

INSURANCE COMMITTEE

Wendy Curphy Aguiard, President
Tab Troxler, Vice President
Lance Futch, Treasurer

Michael Bealer, Member
Katherine P. Broadway, Member
Thomas J. Capella, Member
Rickey Huval, Sr., Member

Keith Maxwell, Member
Lawrence Patin, Member
James "Jimbo" Petitjean, Member
Blake Phillips, Member

Randolph G. Ritchie, Member
Bob Robinson, Member
John "Randy" Sexton, Member
Shelia R. Walker, Member

June 23, 2020

Hawthorn, Waymouth, & Carroll, L.L.P.
8545 United Plaza Boulevard, Suite 200
Baton Rouge, LA 70809

RE: Louisiana Assessors' Insurance Fund Statewide Agreed-Upon Procedures
Exceptions noted for the year ended December 31, 2019

In response to the exceptions noted in your report regarding Written Policies and Procedures and Collections, Management acknowledges that we do not have written policies and procedures that address disaster recovery/ business continuity and we do not have a bond or insurance policy for theft on those individuals who have access to cash. The Louisiana Assessors' Insurance Fund is in the process of updating its written policies and procedures to address disaster recovery/ business continuity and collecting quotes and addressing the purchase of such insurance.

Sincerely



Katherine F. Bertrand
Executive Director