

**Louisiana Assessors' Insurance Fund
Baton Rouge, Louisiana
December 31, 2018**

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Independent Auditor's Report

Insurance Committee
Louisiana Assessors' Insurance Fund
Baton Rouge, Louisiana

We have audited the accompanying financial statements of Louisiana Assessors' Insurance Fund, which comprise the balance sheets as of December 31, 2018 and 2017, 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, 2018 and 2017, and the changes in its net position (deficit) 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 May 31, 2019, 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, Weymouth & Carroll, L.L.P.

May 31, 2019

**Louisiana Assessors' Insurance Fund
Management's Discussion and Analysis
December 31, 2018**

The following is management's discussion and analysis of Louisiana Assessors' Insurance Fund ("Plan") for the year ended December 31, 2018, 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 \$2,165,000 or 435%, from 2017 to 2018.

The Plan's net position increased approximately \$1,735,000 in 2018, compared to an increase in net position of approximately \$176,000 in 2017.

The amount of net premiums earned increased approximately \$1,912,000 and claim expenses increased approximately \$420,000 over 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 (deficit) as of December 31, 2018 and 2017.

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, 2018 and 2017.

Statements of Cash Flows - these statements report the net increase or decrease in cash and cash equivalents for the years ended December 31, 2018 and 2017.

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 and operating revenues and expenses is included in this note.

Note 3 (Deposits and Investment Risk) describes the categories of cash and investments and includes disclosures of custodial, interest rate, credit risks, and fair value measurements in accordance with GASB 40 and GASB 72.

Note 4 (Furniture and Equipment) shows the furniture and equipment, net of accumulated depreciation.

**Louisiana Assessors' Insurance Fund
Management's Discussion and Analysis
December 31, 2018**

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, 2017 to December 31, 2018.

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 Statutes 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.

**Statements of Revenues, Expenses and Change in Net Position (Deficit)
December 31, 2018, 2017 and 2016**

Revenue includes member's premiums and investment income.

	<u>2018</u>	<u>2017</u>	<u>2016</u>	<u>2018 Percentage Change</u>
Revenues and Expenses				
Revenues	\$ 14,965,706	\$13,372,052	\$ 11,641,763	11.9%
Administrative fees	<u>193,642</u>	<u>—</u>	<u>—</u>	100.0%
Total revenues	<u>15,159,348</u>	<u>13,372,052</u>	<u>11,641,763</u>	13.4%
Claims expenses and insurance premiums	13,227,054	13,027,047	12,585,862	1.5%
Administrative expenses	<u>196,577</u>	<u>169,217</u>	<u>184,838</u>	16.2%
Total expenses	<u>13,423,631</u>	<u>13,196,264</u>	<u>12,770,700</u>	1.7%
Change in Net Position (Deficit)	<u>\$ 1,735,717</u>	<u>\$ 175,788</u>	<u>\$ (1,128,937)</u>	

**Louisiana Assessors' Insurance Fund
Management's Discussion and Analysis
December 31, 2018**

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

**Balance Sheets
December 31, 2018, 2017 and 2016**

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>2018</u>	<u>2017</u>	<u>2016</u>	2018 Percentage Change
Assets				
Total assets	\$ <u>2,662,431</u>	\$ <u>497,112</u>	\$ <u>770,579</u>	435.6%
Liabilities and Net Position (Deficit)				
Current liabilities	\$ 1,514,443	\$ 1,084,841	\$ 1,534,096	39.6%
Net position				
Unrestricted (deficit)	<u>1,147,988</u>	<u>(587,729)</u>	<u>(763,517)</u>	295.3%
Total liabilities and net position (deficit)	\$ <u>2,662,431</u>	\$ <u>497,112</u>	\$ <u>770,579</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.

**Louisiana Assessors' Insurance Fund
Balance Sheets
December 31, 2018 and 2017**

	Assets		2018		2017
Assets					
Cash and cash equivalents		\$	2,566,968	\$	-
Investments					
Mutual funds			-		297,216
LAMP funds			-		65,845
Accrued interest income			1,944		-
Reinsurance receivable			83,867		97,894
Other receivables			9,652		36,157
Total assets		\$	2,662,431	\$	497,112
Liabilities and Net Position (Deficit)					
Liabilities					
Cash overdraft		\$	-	\$	46,473
Accounts payable			1,277		5,936
Unearned revenue			11,612		207,175
Unpaid claims liability			1,501,554		825,257
Total liabilities			1,514,443		1,084,841
Net Position (Deficit)					
Unrestricted (deficit)			1,147,988		(587,729)
Total liabilities and net position (deficit)		\$	2,662,431	\$	497,112

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, 2018 and 2017

	2018	2017
Revenues		
Premiums earned	\$ 14,669,764	\$ 12,977,633
Premiums ceded	1,823,268	2,043,093
	12,846,496	10,934,540
Net depreciation of investments	(2,617)	(2,890)
Interest and dividends	13,393	4,062
Reinsurance proceeds	285,166	393,247
Administrative fee	193,642	-
	13,336,080	11,328,959
Expenses		
Claims expenses	11,403,786	10,983,954
Administrative expenses	196,577	169,217
	11,600,363	11,153,171
Change in Net Position (Deficit)	1,735,717	175,788
Net Position (Deficit)		
Beginning of year	(587,729)	(763,517)
	\$ 1,147,988	\$ (587,729)
End of year	\$ 1,147,988	\$ (587,729)

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

Louisiana Assessors' Insurance Fund
Statements of Cash Flows
Years Ended December 31, 2018 and 2017

	<u>2018</u>	<u>2017</u>
Cash Flows from Operating Activities		
Receipts from premiums	\$ 14,696,269	\$ 13,085,030
Payments for claims	(10,727,488)	(11,632,394)
Payments for insurance premiums	(2,018,831)	(1,894,123)
Payments for administrative expenses	(201,237)	(165,475)
Receipts from reinsurance carriers	299,193	381,506
Receipts from administrative fee	193,642	-
Interest and dividends received	11,449	4,472
	<u>2,252,997</u>	<u>(220,984)</u>
Cash Flows from Investing Activities		
Purchase of investments	-	(4,422)
Proceeds from the sale of investments	360,444	-
	<u>360,444</u>	<u>(4,422)</u>
Net Increase (Decrease) in Cash and Cash Equivalents	2,613,441	(225,406)
Cash and Cash Equivalents (Cash Overdraft), beginning of year	(46,473)	178,933
Cash and Cash Equivalents (Cash Overdraft), end of year	<u>\$ 2,566,968</u>	<u>\$ (46,473)</u>
Reconciliation of Change in Net Position (Deficit) to Net Cash Provided by (Used in) Operating Activities:		
Change in net position (deficit)	\$ 1,735,717	\$ 175,788
Adjustments to reconcile change in net position (deficit) to net cash provided by (used in) operating activities:		
Unrealized loss on investments	2,617	2,890
(Increase) Decrease in assets:		
Accrued interest income	(1,944)	410
Reinsurance receivable	14,027	(11,741)
Other receivables	26,505	107,397
Increase (Decrease) in liabilities		
Accounts payable	(4,659)	3,742
Unearned revenue	(195,563)	148,970
Unpaid claims liability	676,297	(648,440)
	<u>\$ 2,252,997</u>	<u>\$ (220,984)</u>

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

Louisiana Assessors' Insurance Fund
Notes to Financial Statements
December 31, 2018

Note 1-Plan Description

The following description of Louisiana Assessors' Insurance Fund ("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 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 Board of Trustees 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 this Plan upon written application for such allowance to the Board of Trustees 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.

Louisiana Assessors' Association (LAA) provides bookkeeping support, as well as other administrative functions, for the Plan.

The Plan is affiliated through common membership and management control with LAA and Louisiana Assessors' 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.

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

	<u>2018</u>	<u>2017</u>
Retirees and beneficiaries receiving health care benefits	358	397
Active plan members	<u>654</u>	<u>622</u>
Total	<u>1,012</u>	<u>1,019</u>

Louisiana Assessors' Insurance Fund
Notes to Financial Statements
December 31, 2018

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 Governmental Accounting Standards Board (GASB) *Codification of Governmental Accounting and Financial Reporting Standards*. The financial statements follow the guidance included in GASB Statement No. 62 - *Codification of Accounting and Financial Reporting Guidance Contained in Pre-November 30, 1989 FASB and AICPA Pronouncements*.

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 review of claim 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.

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. At December 31, 2018 and 2017, no allowance for doubtful accounts had been recorded.

Louisiana Assessors' Insurance Fund
Notes to Financial Statements
December 31, 2018

Note 2-Summary of Significant Accounting Policies (Continued)

E. Investments

Investments are reported at fair value. Fair value is based on the last reported sales price if available; if not available, fair value is estimated using various valuation techniques and unobservable inputs. Realized and unrealized gains and losses on investments recorded at fair value are included in net appreciation (depreciation) of investments.

F. 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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G. Unpaid Claims Liability

The Plan establishes claims liabilities based on estimates of the ultimate cost of claims (including future claim 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 claim 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 claim settlements at higher than estimated amounts. Accordingly, the Plan may be required to increase or decrease its reserve levels.

H. Reinsurance

The Plan uses reinsurance to reduce its exposure to large losses on insured events. Further description of the reinsurance coverage is described 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.

I. Income Taxes

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

J. Reclassifications

Certain reclassifications have been made to the 2017 financial statements and notes to conform with the 2018 presentation. These classifications had no effect on total net position or the change in net position (deficit) of the prior year.

Louisiana Assessors' Insurance Fund
Notes to Financial Statements
December 31, 2018

Note 3-Deposits and Investment Risk

The information presented on the following pages includes disclosures of custodial, interest rate, and credit risks in accordance with GASB 40 and is designed to inform financial statement users about investment risks that could affect the Plan's ability to meet its obligations. The tables presented classify investments by risk type, while the financial statements present investments by asset class; thus, the totals shown on the tables may not be comparable to the amounts shown for the individual asset classes on the financial statements.

A. Deposits

At December 31, 2018, the carrying amount of the Plan's demand deposit accounts classified was \$1,362,384 and the bank balance was \$1,362,384, of which \$250,000 was protected from custodial credit risk by Federal Depository insurance. The remainder of the demand deposit balance was collateralized by securities held by the Plan's agent, Regions Bank, in a custodial account in the Plan's name.

B. Investments

The Plan had no investments at December 31, 2018. In 2017, the Plan had no investments of any single organization (other than those issued or guaranteed by the U.S. government) that represented 5% or more of the Plan's net position, nor did the Plan hold more than 5% of any corporation's stock.

Statutes authorize the Plan to invest under the Prudent-Man Rule. The Prudent-Man Rule requires each fiduciary of an insurance fund and each board of trustees acting collectively on behalf of the Plan to act with care, skill, prudence, and diligence under the circumstances prevailing that a prudent institutional investor acting in a like capacity and familiar with such matters would use in the conduct of an enterprise of a like character and with like aims.

The Plan's policy regarding investments is established and amended by the Plan's Board. The Plan shall be managed at all times in accordance with Louisiana statutes and any other applicable law. The policy states that the investment of the Plan's assets shall be for the exclusive purpose of providing benefits for the participants and their beneficiaries, and paying the Plan's administrative expenses. The Plan's investments shall be prudently selected and properly diversified so as to minimize the risk of large losses.

In 2017, the Plan held investments in the Louisiana Asset Management Pool, Inc. (LAMP, Inc.), a nonprofit corporation formed by an initiative of the state treasurer and organized under the laws of the State of Louisiana, which operates a local government investment pool. Investments in LAMP are stated at amortized cost, and are equal to the value of the pool shares. The Louisiana Asset Management Pool (LAMP) is an investment pool established as a cooperative endeavor to enable entities of the State of Louisiana to aggregate funds for investments.

LAMP is administered by LAMP, Inc., a non-profit corporation organized under the laws of the State of Louisiana. Only local government entities having contracted to participate in LAMP have an investment interest in its pool of assets. The primary objective of LAMP is to provide a safe environment for the placement of public funds in short-term, high quality investments. LAMP's permissible investments are set forth in R.S. 33:2955 and are further limited in accordance with investment guidelines promulgated by its board of directors. LAMP's Statement of Investment Guidelines authorizes investments in various investments and products, including United States Treasury bills or notes, Federal Home Loan Bank notes, Federal National Mortgage Association notes, Federal Farm Credit Bank notes, Student Loan Marketing Association notes, and other investments as approved by the board of directors. LAMP, Inc. is subject to the regulatory oversight of the Louisiana state treasurer and the board of directors. LAMP is not registered with the SEC as an investment company.

Louisiana Assessors' Insurance Fund
Notes to Financial Statements
December 31, 2018

Note 3-Deposits and Investment Risk (Continued)

B. Investments (Continued)

In accordance with GASB Codification Section I50.126, the investment in LAMP at December 31, 2017 is not categorized in the three risk categories provided by GASB Codification Section I50.125 because the investments are in a pool of funds and, therefore, not evidenced by securities that exist in physical or book entry form.

The Plan's investments at cost and fair value as determined by quoted market prices at December 31, 2017 are as follows. The Plan did not have any fair value assets at December 31, 2018.

	2017	
	Amortized Cost	Fair Value
LAMP funds	\$ 65,845	\$ 65,845
U.S. government fixed income mutual fund	309,682	297,216
	\$ 375,527	\$ 363,061

C. Custodial Credit Risk

Custodial credit risk for investments is the risk that, in the event of the failure of the counterparty to a transaction, the Plan will not be able to recover the value of investment or collateral securities that are in the possession of an outside party. Exposure to custodial credit risk arises when securities are uninsured, or are not registered in the name of the Plan, and are held by either the counterparty or the counterparty's trust department or agent, but not in the Plan's name.

The investments of Louisiana Assessors' Insurance Fund were held by its custodian separately from the custodian's assets in the name of the Plan, and would not have been adversely affected if the custodian were placed in receivership. Investments in external investment pools, mutual funds, and other pooled investments are not exposed to custodial credit risk because their existence is not evidenced by securities that exist in physical or book-entry form required by the Securities and Exchange Commission. The Plan had no custodial credit risk as of December 31, 2018 and 2017.

D. Interest Rate Risk

Interest rate risk is the risk that changes in interest rates will adversely affect the fair value of an investment. The risk is applicable to debt investments with fair values that are sensitive to changes in interest rates. One indicator of the measure of interest rate risk is the dispersion of maturity dates for debt instruments. The Plan has no formal policy regarding interest rate risk.

As of December 31, 2018 and 2017, the Plan did not have any investments with interest rate risk.

Louisiana Assessors' Insurance Fund
Notes to Financial Statements
December 31, 2018

Note 3-Deposits and Investment Risk (Continued)

E. Credit Risk

Concentration of credit risk is defined as the risk of loss attributed to the magnitude of the Plan's investment in a single issuer. The Plan's investment policy states that no more than 5% of the assets assigned to an investment manager may be invested in the securities of one issuer with the exception of Treasury and Agency securities. The Plan was not exposed to any credit risk at December 31, 2018 and 2017.

F. Fair Value Measurements

The Plan categorizes fair value measurements within the fair value hierarchy established by GASB Statement No. 72, *Fair Value Measurements and Application*. The valuation technique uses a three level hierarchy of inputs to measure the fair value of the asset and gives the highest priority to unadjusted quoted prices in active markets (level 1 measurements) and the lowest priority to unobservable inputs (level 3 measurements). These qualifications are summarized as follows:

Level 1 Inputs: Quoted prices (unadjusted) for identical assets or liabilities in active markets that a reporting entity can access at the measurement date.

Level 2 Inputs: Inputs other than quoted prices included within Level 1 that are observable for an asset or liability, either directly or indirectly.

Level 3 Inputs: Unobservable inputs for an asset or liability.

In the event that inputs used to measure the fair value of an asset or liability fall into different levels in the fair value hierarchy, the overall level of the fair value hierarchy in its entirety is determined based on the lowest level of input that is significant to the entire valuation. These levels are not necessarily an indication of risk, but are based upon the pricing transparency of the investment. In determining the appropriate levels, the Plan performed a detailed analysis of the assets and liabilities that are subject to GASB Statement No. 72.

Fair value of certain investments that do not have a readily determinable fair value is established using net asset value (or its equivalent) as a practical expedient. These investments are not categorized according to the fair value hierarchy.

The following table sets forth by level, the investments reported at fair value as of December 31, 2017:

Investments by Fair Value Level	Total	Fair Value Measurements		
		Level 1	Level 2	Level 3
Debt Securities				
U.S. government securities	\$ 297,216	\$ -	\$ 297,216	\$ -
Total debt securities	297,216	-	297,216	-
LAMP	65,845	-	65,845	-
Total investments at Fair Value Level	\$ 363,061	\$ -	\$ 363,061	\$ -

Louisiana Assessors' Insurance Fund
Notes to Financial Statements
December 31, 2018

Note 3-Deposits and Investment Risk (Continued)

F. Fair Value Measurements (Continued)

Valuation Techniques

Debt securities classified in Level 1 of the fair value hierarchy are valued using prices quoted in active markets for those securities. Debt securities classified in Level 2 of the fair value hierarchy are valued using a matrix and market-corroborate pricing and inputs such as yield curves and indices. Matrix pricing is used to value securities based on the securities' relationship to benchmark quoted prices.

Investments classified in Level 3 of the fair value hierarchy are valued using unobservable inputs and are not directly corroborated with market data.

Note 4-Furniture and Equipment

Furniture and equipment as of December 31, 2018 and 2017, is as follows:

	<u>2018</u>	<u>2017</u>
Furniture and equipment	\$ 13,342	\$ 13,342
Less: accumulated depreciation	<u>(13,342)</u>	<u>(13,342)</u>
	<u>\$ --</u>	<u>\$ --</u>

There was no depreciation expense recognized for the years ended December 31, 2018 and 2017.

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, 2018 and 2017:

	<u>2018</u>	<u>2017</u>
Unpaid claims and loss adjustment expenses at beginning of fiscal year	<u>\$ 825,257</u>	<u>\$ 1,473,697</u>
Incurring losses and loss adjustment expenses		
Provision for insured events of current year	11,312,305	11,123,174
Increases (decreases) in provision for insured events of prior fiscal years	<u>91,481</u>	<u>(139,220)</u>
Total incurred losses and loss adjustment expenses	<u>11,403,786</u>	<u>10,983,954</u>

Louisiana Assessors' Insurance Fund
Notes to Financial Statements
December 31, 2018

Note 5-Claims Expense and Unpaid Claims Reserve (Continued)

	<u>2018</u>	<u>2017</u>
Payments		
Losses and loss adjustment expenses attributable to insured events of current fiscal year	\$ 9,810,750	\$ 10,297,917
Losses and loss adjustment expenses attributable to insured events of prior fiscal years	<u>916,739</u>	<u>1,334,477</u>
Total payments	<u>10,727,489</u>	<u>11,632,394</u>
Unpaid claims and loss adjustment expense at end of fiscal year	<u>\$ 1,501,554</u>	<u>\$ 825,257</u>

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, 2018 and 2017:

	<u>2018</u>	<u>2017</u>
Administrative allocation	\$ 132,000	\$ 132,000
Other operating expenses	3,945	3,668
Office supplies	1,187	463
Per diem	4,725	3,900
Professional fees	50,430	24,304
Travel	1,664	2,256
Copier reimbursement	<u>2,626</u>	<u>2,626</u>
	<u>\$ 196,577</u>	<u>\$ 169,217</u>

Louisiana Assessors' Insurance Fund
Notes to Financial Statements
December 31, 2018

Note 8-Related Party Transactions

The Plan is related to Louisiana Assessors' Association and Louisiana Assessors' 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, 2018 and 2017, these reimbursements were comprised of the following:

	<u>2018</u>	<u>2017</u>
Administrative allocation	\$ 132,000	\$ 132,000
Copier reimbursement	<u>2,626</u>	<u>2,626</u>
	<u>\$ 134,626</u>	<u>\$ 134,626</u>

The Plan receives premiums from Louisiana Assessors' Association for benefit coverages for its employees. These premiums totaled \$96,647 and \$96,801 for the years ended December 31, 2018 and 2017, respectively.

The Plan receives premiums from Louisiana Assessors' Retirement Fund for health coverage withheld for retirees' benefits. These premiums totaled \$385,098 and \$395,920 for the years ended December 31, 2018 and 2017, respectively.

Note 9-Subsequent Events

The Plan evaluated all subsequent events through May 31, 2019, the date the financial statements were available to be issued. As a result, the committee noted no subsequent events that required adjustment to, or disclosure in, these financial statements.

Required Supplementary Information

Louisiana Assessors' Insurance Fund
Schedule of 1-10 Year Claims Development Information
Years Ended December 31, 2018 - 2009

	2018	2017	2016	2015	2014
Required contribution and investment revenue					
Earned	\$ 15,159,348	\$ 13,372,052	\$ 11,641,765	\$ 11,596,792	\$ 11,155,010
Ceded	(1,823,268)	(2,043,093)	(1,714,579)	(1,595,315)	(1,594,023)
Net earned	13,336,080	11,328,959	9,927,186	10,001,477	9,560,987
Unallocated expenses	196,577	169,217	184,838	144,062	141,416
Estimated claims and expenses end of policy year					
Incurred	11,597,471	11,516,421	11,004,189	9,578,437	10,876,492
Ceded	(285,166)	(393,247)	(113,609)	(350,203)	(968,097)
Net incurred	11,312,305	11,123,174	10,890,580	9,228,234	9,908,395
Net paid, cumulative as of					
End of policy year	9,810,750	10,297,917	9,416,883	8,239,994	8,706,596
One year later		11,214,655	10,751,360	9,172,434	9,928,053
Two years later			10,751,360	9,172,434	9,928,053
Three years later				9,172,434	9,928,053
Four years later					9,928,053
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	11,312,305	11,123,174	10,890,580	9,228,234	9,908,395
One year later		11,214,655	10,751,360	9,172,434	9,928,053
Two years later			10,751,360	9,172,434	9,928,053
Three years later				9,172,434	9,928,053
Four years later					9,928,053
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	-	91,481	(139,220)	(55,800)	19,658

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.

Louisiana Assessors' Insurance Fund
Schedule of 1-10 Year Claims Development Information
Years Ended December 31, 2018 - 2009

	2013	2012	2011	2010	2009
Required contribution and investment revenue					
Earned	\$ 11,138,908	\$ 11,516,976	\$ 9,759,241	\$ 9,242,619	\$ 8,568,660
Ceded	(1,751,929)	(1,522,965)	(1,345,719)	(1,350,184)	(1,291,133)
Net earned	9,386,979	9,994,011	8,413,522	7,892,435	7,277,527
Unallocated expenses	140,595	142,565	129,491	124,829	119,655
Estimated claims and expenses end of policy year					
Incurred	9,601,183	11,106,590	8,751,503	7,951,819	7,839,399
Ceded	(362,160)	(905,156)	(170,280)	(16,614)	(22,645)
Net incurred	9,239,023	10,201,434	8,581,223	7,935,205	7,816,754
Net paid, cumulative as of					
End of policy year	7,637,797	8,807,974	7,708,473	7,302,868	7,155,417
One year later	9,214,548	10,127,680	8,498,102	8,157,125	7,700,382
Two years later	9,214,548	10,127,680	8,498,102	8,157,125	7,700,382
Three years later	9,214,548	10,127,680	8,498,102	8,157,125	7,700,382
Four years later	9,214,548	10,127,680	8,498,102	8,157,125	7,700,382
Five years later	9,214,548	10,127,680	8,498,102	8,157,125	7,700,382
Six years later		10,127,680	8,498,102	8,157,125	7,700,382
Seven years later			8,498,102	8,157,125	7,700,382
Eight years later				8,157,125	7,700,382
Nine years later					7,700,382
Ten years later					
Re-estimated net incurred claims and expenses					
End of policy year	9,239,023	10,201,434	8,581,223	7,935,205	7,816,754
One year later	9,214,548	10,127,680	8,498,102	8,157,125	7,700,382
Two years later	9,214,548	10,127,680	8,498,102	8,157,125	7,700,382
Three years later	9,214,548	10,127,680	8,498,102	8,157,125	7,700,382
Four years later	9,214,548	10,127,680	8,498,102	8,157,125	7,700,382
Five years later	9,214,548	10,127,680	8,498,102	8,157,125	7,700,382
Six years later		10,127,680	8,498,102	8,157,125	7,700,382
Seven years later			8,498,102	8,157,125	7,700,382
Eight years later				8,157,125	7,700,382
Nine years later					7,700,382
Ten years later					
Increase (Decrease) in estimated net incurred claims and expenses from end of policy year	(24,475)	(73,754)	(83,121)	221,920	(116,372)

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, 2018 and 2017**

December 31, 2018

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

December 31, 2017

	Number of Days	Amount Paid
Paid Board Member		
Thomas Capella	4	\$ 300
Katherina P. Broadway	4	300
Jerry L. Clark	5	375
Randell A. Fletcher	3	225
Jeffrey Taylor	2	150
Daniel Maxwell	3	225
James Petitjean	3	225
Bob Robinson	5	375
Randy Sexton	5	375
Rickey Huval	5	375
Bobby Edmiston	1	75
Justin Phillips	4	300
Shelia Walker	5	375
Glenn Waguespack	2	150
Wendy Aguillard	1	75
	<u>52</u>	<u>\$ 3,900</u>

**Louisiana Assessors' Insurance Fund
Schedule of Compensation, Benefits, and Other
Payments to Agency Head or Chief Executive Officer
Year Ended December 31, 2018**

Bobby Edmiston, President

Purpose	Amount
Salary	\$ -
Benefits- insurance	-
Benefits- retirement	-
Car allowance	-
Vehicle provided by fund	-
Per diem	300
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***

Insurance Committee
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, 2018 and 2017, 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 May 31, 2019.

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 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, Waymorth & Carroll, L.L.P.

May 31, 2019

Louisiana Assessors' Insurance Fund
Schedule of Audit Findings
Year Ended December 31, 2018

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, 2018, 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 Audit Findings
Year Ended December 31, 2018**

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

Not Applicable

Louisiana Assessors' Insurance Fund

Agreed-Upon Procedures Report

December 31, 2018



**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, 2018 through December 31, 2018. 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 each of the following categories and subcategories (if applicable to public funds and the entity's operations):

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

No exceptions noted.

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

No exceptions noted.

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

No exceptions noted.

d) ***Receipts/Collections***, including receiving, recording, and preparing deposits. Also, policies and procedures should include management's actions to determine the completeness of all collections for each type of revenue or agency fund additions (e.g. periodic confirmation with outside parties,

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

No exceptions noted.

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

Management asserted that the Entity had no employees during the year ended December 31, 2018; therefore, these policies and procedures are not applicable.

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

No exceptions noted.

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

Management asserted that the Entity had no credit cards, debit cards, fuel cards, or P-cards during the year ended December 31, 2018; therefore, these policies and procedures are not applicable.

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

No exceptions noted.

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

Management asserted that the Entity had no employees during the year ended December 31, 2018; therefore, these policies and procedures are not applicable.

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

Management asserted that the Entity had no debt issuances during the year ended December 31, 2018; therefore, these policies and procedures are not applicable.

Bank Reconciliations

2. 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. The entity's main operating account and its only other account were used for the procedures in this section. Randomly selected one month from the fiscal period, obtained and inspected the corresponding bank statement and reconciliation for each account, and observed that:

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

No exceptions noted.

- b) 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 (e.g., initialed and dated, electronically logged).

No exceptions noted.

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

No exceptions noted.

Collections

3. 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 noted.

4. 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 collection location and observed that job duties are properly segregated at the collection location such that:

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

No exceptions noted.

- 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 noted.

- 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 noted.

- 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 noted.

5. 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.

6. Randomly selected two deposit dates for each of the two bank accounts selected for procedure # 2 under "Bank Reconciliations" above (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 four deposits and:

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

No exceptions noted.

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

No exceptions noted.

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

No exceptions noted.

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

No exceptions noted.

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

No exceptions noted.

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

7. Obtained a listing of locations that process payments for the fiscal period and management's representation that the listing is complete. The entity's only location that processes payments was used for the procedures in this section.

No exceptions noted.

8. For the location that processes payments, obtained a listing of those individuals involved with non-payroll purchasing and payment functions. Obtained written policies and procedures relating to individual job duties and observed that job duties are properly segregated such that:

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

No exceptions noted.

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

No exceptions noted.

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

No exceptions noted.

- d) Either the individual responsible for signing checks mails the payments or gives the signed checks to an individual to mail who is not responsible for processing payments.

No exceptions noted.

- 9. For the location that processes payments, obtained the entity's non-payroll disbursement transaction population (excluding cards and travel reimbursements) and obtained management's representation that the population is complete. Randomly selected 5 disbursements for the location that processes payments, obtained supporting documentation for each transaction, and:

- a) Observed that the disbursement matched the related original invoice/billing statement.

No exceptions noted.

- b) Observed that the disbursement documentation included evidence (e.g., initial/date, electronic logging) of segregation of duties tested under # 8, as applicable.

No exceptions noted.

Travel and Travel-related Expense Reimbursements (excluding card transactions)

- 10. Obtained 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 selected 5 reimbursements, obtained the related expense reimbursement forms/prepaid expense documentation for each selected reimbursement, as well as the supporting documentation. For each of the 5 reimbursements selected:

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

No exceptions noted.

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

No exceptions noted.

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

No exceptions noted.

- d) Observed that each reimbursement was reviewed and approved, in writing, by someone other than the person receiving reimbursement.

No exceptions noted.

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, LLP.

March 27, 2019

Louisiana Assessors' Insurance Committee

INSURANCE COMMITTEE

Jeffrey G. Taylor, President
Wendy Curphy Aguillard, Vice President
Tab Troxler, 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

March 27, 2019

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
Summary of Exceptions Noted for the Year ended December 31, 2018.

In response to the exceptions noted below, regarding Collections, Management acknowledges that we do not have a bond or insurance Policy for theft on those individuals who have access to cash. The Insurance Committee is in the process of collecting quotes and addressing the purchase of such Insurance.

Exceptions Noted:
Collections

- Individuals who have access to cash are not covered by a bond or insurance policy for theft.

Sincerely,



Katherine F. Bertrand
Executive Director