

LOUISIANA PUBLIC SCHOOL RISK MANAGEMENT AGENCY
FINANCIAL REPORT AND INDEPENDENT AUDITORS' REPORT
YEAR ENDED OCTOBER 1, 2020

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INDEPENDENT AUDITORS' REPORT

March 29, 2021

The Board of Trustees
Louisiana Public School Risk Management Agency

Report on the Financial Statements

We have audited the accompanying financial statements of the business-type activities of Louisiana Public School Risk Management Agency (LARMA) as of and for the year ended October 1, 2020, and the related notes to the financial statements, which collectively comprise LARMA's basic financial statements as listed in the table of contents. The prior year summarized comparative information has been derived from LARMA's October 1, 2019 financial statements and in our report dated February, 24, 2020 expressed an unqualified opinion on those financial statements.

Management's Responsibility for the Financial Statements

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

Auditors' Responsibility

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

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

effectiveness of the entity's internal control. Accordingly, we express no such opinion. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

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

Opinions

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the business-type activities of LARMA, as of October 1, 2020, and the respective changes in financial position, and cash flows thereof for the year then ended in accordance with accounting principles generally acted in the United States of America.

Other Matters

Other Information

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

Other Reporting Required by Government Auditing Standards

In accordance with Government Auditing Standards, we have also issued our report dated March 29, 2021, on our consideration of LARMA'S internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering LARMA's internal control over financial reporting and compliance.

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LOUISIANA PUBLIC SCHOOL RISK MANAGEMENT AGENCY

Statement of Financial Position

October 1, 2020

With comparative totals as of October 1, 2019

	<u>2019</u>	<u>2018</u>
ASSETS		
Cash and cash equivalents	\$ 7,237,390	\$ 8,962,916
Member receivables	1,439,488	1,511,024
Other receivables	<u>1,277,905</u>	<u>-</u>
TOTAL ASSETS	<u>\$ 9,954,783</u>	<u>\$ 10,473,940</u>
 LIABILITIES AND NET ASSETS		
Liabilities		
Reserves for unpaid claims and allocated adjustment expenses	\$ 5,256,659	\$ 5,932,030
Accounts payable and accrued expenses	<u>122,823</u>	<u>29,403</u>
Total Liabilities	<u>5,379,482</u>	<u>5,961,433</u>
Net Assets	<u>4,575,301</u>	<u>4,512,507</u>
TOTAL LIABILITIES AND NET ASSETS	<u>\$ 9,954,783</u>	<u>\$ 10,473,940</u>

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

LOUISIANA PUBLIC SCHOOL RISK MANAGEMENT AGENCY

Statement of Activities

Year ended October 1, 2020

With comparative totals for the year ended October 1, 2019

	<u>2020</u>	<u>2019</u>
Revenues:		
Premiums written and earned	\$ 4,575,718	\$ 4,616,515
Less: Reinsurance Premiums	<u>(1,512,853)</u>	<u>(1,476,628)</u>
Total revenues	<u>3,062,865</u>	<u>3,139,887</u>
Expenses:		
Claims:		
Claims paid and adjustment expenses-net	2,326,420	1,758,591
Changes in reserves for unpaid claims and allocated adjustment expenses-net	<u>(675,371)</u>	<u>1,410,189</u>
Claims incurred-net	1,651,049	3,168,780
Supporting Services:		
Management fees	324,658	325,033
Agent commissions	540,330	557,201
Consulting and professional fees	29,500	36,000
Contract Labor	10,000	30,000
Insurance	66,861	66,861
Safety/Training Grants	403,483	554,392
Other	<u>19,393</u>	<u>22,920</u>
Total supporting services	<u>1,394,225</u>	<u>1,592,407</u>
Total Expenses	<u>3,045,274</u>	<u>4,761,187</u>
Operating income (loss)	17,591	(1,621,300)
Other income:		
Interest income	<u>45,203</u>	<u>103,468</u>
Increase (decrease) in Net Assets	62,794	(1,517,832)
Net Assets, beginning	<u>4,512,507</u>	<u>6,030,339</u>
Net Assets, ending	<u>\$ 4,575,301</u>	<u>\$ 4,512,507</u>

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

LOUISIANA PUBLIC SCHOOL RISK MANAGEMENT AGENCY

Statement of Cash Flows

Year ended October 1, 2020

With comparative totals for the year ended October 1, 2019

	<u>2020</u>	<u>2019</u>
Cash Flows from Operating Activities:		
Operating income (loss)	\$ 17,591	\$ (1,621,300)
Adjustments to reconcile increase in net assets to net cash from operating activities:		
Changes in operating assets and liabilities:		
Receivables	(1,206,369)	251,760
Prepaid fees	-	7,500
Reserves for unpaid claims and allocated adjustment expenses	(675,371)	1,410,189
Accounts payable and accrued expenses	<u>93,420</u>	<u>2,153</u>
	(1,770,729)	50,302
Cash Flows From Investing Activities:		
Interest income	<u>45,203</u>	<u>103,468</u>
Net Increase (decrease) in Cash and Cash Equivalents	(1,725,526)	153,770
Cash and Cash Equivalents, beginning	<u>8,962,916</u>	<u>8,809,146</u>
Cash and Cash Equivalents, ending	<u>\$ 7,237,390</u>	<u>\$ 8,962,916</u>

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

LOUISIANA PUBLIC SCHOOL RISK MANAGEMENT AGENCY

Notes to Financial Statements

October 1, 2020

NOTE A – ORGANIZATION

The Louisiana Public School Risk Management Agency (LARMA), a public entity risk pool, was created effective September 17, 2003 under the provisions of the Louisiana Inter-Local Risk Management Agency Statutes (LRS 33:1341 et al). The purpose of LARMA is to provide member school districts insurance coverage. The by-laws of LARMA, as supplemented by the Interlocal Agreement, set forth the various procedures, which are to be followed in the organization, administration and operation of LARMA.

LARMA provides coverage for general liability, automobile liability and physical damage, and errors and omissions. Members' deductibles are set for each line of coverage based on a case by case determination. LARMA uses reinsurance agreements to reduce its exposure to large losses on these types of coverages.

A summary of the risk amounts retained by LARMA, by line of coverage, is as follows:

<u>Line of Coverage</u>	<u>Retention</u>
General liability, automobile liability, auto physical damage and errors and omission	\$150,000 self-insured retention, \$850,000 per occurrence reinsurance, \$1,000,000 of aggregate stop loss reinsurance coverage after exhaustion of loss fund.

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

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

At October 1, 2020, twenty-seven Louisiana school districts were members in LARMA.

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

LOUISIANA PUBLIC SCHOOL RISK MANAGEMENT AGENCY

Notes to Financial Statements

October 1, 2020

NOTE B – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

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

Cash and Cash Equivalents

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

Member Receivables

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

Other Receivables

Other receivables represent receivables from reinsurance.

Estimates

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

Premiums Earned

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

Reserves for Unpaid Claims and Allocated Adjustment Expenses

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

LOUISIANA PUBLIC SCHOOL RISK MANAGEMENT AGENCY

Notes to Financial Statements

October 1, 2020

NOTE B – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES-CONTINUED

Excess Insurance

LARMA uses reinsurance agreements to reduce its exposure to large losses on all types of insured events. This is commonly referred to as reinsurance ceded. Reinsurance permits recovery of a portion of losses from reinsurers, although it does not discharge the primary liability of LARMA as direct insurer of the risk reinsured. LARMA does not report reinsured risk as liabilities unless it is probable that those risks will not be covered by reinsurers.

Income Taxes

Income of LARMA is excludible from gross income under Section 115 of the Internal Revenue Code and is therefore not subjected to either federal or state income taxes.

Subsequent Events

Management has evaluated subsequent events through March 29, 2021, the date the financial statements were available to be issued.

As a result of the spread of the COVID-19 coronavirus, economic uncertainties have arisen which may impact the Agency's ongoing operations. In addition, Hurricanes Laura and Delta impacted the state of Louisiana in August and September 2020, respectively. However, the extent and severity of the potential impact is unknown at this time.

Prior year Comparative Information

The financial statements include certain prior-year summarized comparative information in total. Such information does not include sufficient detail to constitute a presentation in conformity with accounting principles generally accepted in the United States of America. Accordingly, such information should be read in conjunction with the LARMA's financial statements for the period ended October 1, 2019, from which the summarized information was derived.

NOTE C - CASH AND CASH EQUIVALENTS

The bank balances of \$7,109,583 have been deposited in public depositories, which are insured up to \$250,000 by the Federal Deposit Insurance Corporation (FDIC) and the excess is secured by pledged securities held by the custodial bank in the name of the fiscal agent bank.

\$270,547 of cash balances at October 1, 2020 represents fund advanced to Willis Pooling to pay future claims and expenses.

LOUISIANA PUBLIC SCHOOL RISK MANAGEMENT AGENCY

Notes to Financial Statements

October 1, 2020

NOTE D – RESERVES FOR UNPAID CLAIMS AND ADJUSTMENT EXPENSES

As discussed in Note B, LARMA established a liability for both reported and unreported insured events, which includes estimates of both future payments of losses and related claim adjustment expenses and is net of any probable reinsurance coverage.

Management believes that the reserves for unpaid losses are adequate to cover the ultimate cost of reported and unreported claims. However, the ultimate cost may be more or less than the estimated liability. The reserves, which have been estimated by LARMA's independent actuary and LARMA claims organization, are as follows:

Case Reserves	\$ 3,893,031
Reserve for losses incurred but not reported	<u>1,363,628</u>
Total reserves for unpaid claims and claim adjustment expenses at October 1, 2020	<u>\$ 5,256,659</u>

The following represents changes in the reserves for unpaid claims and claim adjustment expenses for LARMA during the period:

Unpaid claims and claim adjustment expenses at October 1, 2019	<u>\$ 5,932,030</u>
Incurred claims and claim adjustment expenses:	
Provision for insured events of the current year	1,053,604
Increase (Decrease)-net in provision for insured events of prior years	<u>597,445</u>
Total incurred claims and claim adjustment expenses	1,651,049
Less claim payments-net:	
Claims and claim adjustment expenses attributable to insured events of the current year	35,963
Claims and claim adjustment expenses attributable to insured events of prior years	<u>2,290,457</u>
Total payments-net	<u>2,326,420</u>
Total unpaid claims and claim adjustment expenses at October 1, 2020	<u>\$ 5,256,659</u>

LOUISIANA PUBLIC SCHOOL RISK MANAGEMENT AGENCY

Notes to Financial Statements

October 1, 2020

NOTE E – MEMBER DISTRIBUTIONS

The board of trustees approved at its July 15, 2019 meeting a 7.5 percent distribution based upon member surplus. As of October 1, 2020, the member distribution amounted to \$403,483 through safety grants.

SUPPLEMENTAL INFORMATION

LOUISIANA PUBLIC SCHOOL RISK MANAGEMENT AGENCY

Schedule of Ten Year Claims Development Information

October 1, 2020

Premium Revenue:			
Earned	<u>2011</u>	<u>2012</u>	<u>2013</u>
Ceded	\$ 5,061,154	\$ 4,647,892	\$ 4,696,762
Net Earned	<u>(1,814,934)</u>	<u>(1,681,510)</u>	<u>1,730,721</u>
	3,246,220	2,966,382	2,966,038
Investment Income	13,958	11,152	1,246,098
Administrative Expenses	1,018,469	938,610	344,947
Reserve for Unallocated Adjustment Expenses	-	-	-
Estimated Incurred Claims, End of Policy Year (or earliest year available)	1,531,422	1,416,899	1,246,098
Cumulative Paid Claims as of:			
End of Policy Year	392,688	380,064	344,947
One Year Later	609,889	644,500	557,357
Two Years Later	642,776	663,261	679,649
Three Years Later	906,202	939,839	894,857
Four Years Later	1,017,217	956,693	1,123,813
Five Years Later	1,045,802	978,718	1,191,022
Six Years Later	1,215,704	980,570	1,224,069
Seven Years Later	1,264,809	1,002,664	1,224,969
Eight Years Later	1,242,129	1,007,276	
Nine Years Later	1,242,129		
Cumulative Incurred Claims as of:			
End of Policy Year	1,531,422	1,416,899	1,246,098
One Year Later	1,463,465	1,266,039	958,545
Two Years Later	1,374,910	1,287,885	950,687
Three Years Later	1,306,423	1,443,235	1,069,300
Four Years Later	1,341,588	1,403,860	1,132,313
Five Years Later	1,324,084	1,262,011	1,206,553
Six Years Later	1,308,645	1,233,602	908,606
Seven Years Later	1,286,394	1,212,452	910,660
Eight Years Later	1,276,427	1,200,935	
Nine Years Later	1,258,406		
Increase(Decrease) in Cumulative Incurred Claims from End of Policy Year	(273,016)	(215,964)	(335,438)

<u>2014</u>	<u>2015</u>	<u>2016</u>	<u>2017</u>	<u>2018</u>	<u>2019</u>	<u>2020</u>
\$ 5,102,276	\$ 4,990,616	\$ 5,059,676	\$ 5,155,279	\$ 4,848,039	\$ 4,616,515	\$ 4,575,718
<u>(1,905,023)</u>	<u>(1,844,213)</u>	<u>(1,852,742)</u>	<u>(1,817,302)</u>	<u>(1,489,744)</u>	<u>(1,476,628)</u>	<u>(1,512,853)</u>
3,197,253	3,146,403	3,206,934	3,337,977	3,358,294	3,139,887	3,062,865
5,539	2,612	12,915	17,188	33,174	103,468	45,203
1,085,277	1,431,349	1,495,899	1,509,660	1,567,620	1,592,407	1,394,225
-	-	-	-	-	-	-
1,060,281	990,745	892,974	928,489	974,521	918,032	1,053,604
423,226	421,343	468,773	555,609	344,543	683,389	396,290
546,098	488,435	633,714	653,460	478,254	816,983	
559,121	696,798	715,117	964,397	842,409		
603,094	871,226	822,561	1,356,625			
742,273	951,599	1,398,021				
910,489	1,241,740					
960,689						
1,060,281	990,745	892,974	928,489	974,521	918,032	1,053,604
834,005	832,450	884,753	973,050	1,432,272	1,181,866	
706,415	1,124,610	1,133,517	1,235,954	1,315,830		
712,098	1,024,667	1,478,068	1,171,974			
718,500	1,111,546	1,466,175				
1,006,909	1,254,500					
1,117,516						
(57,235)	263,755	573,201	243,485	341,309	263,834	-

LOUISIANA PUBLIC SCHOOL RISK MANAGEMENT AGENCY

Schedule of Changes in Claim Liabilities by Line of Coverage

Year ended October 1, 2020

Unpaid Claim Liabilities, October 1, 2019	<u>\$ 5,932,030</u>
Incurred Claims:	
Provision for Insured Events of Current Year	1,053,604
Increase (Decrease)-net in Provision for Insured Events of Prior Years	<u>597,445</u>
Increase in Incurred Claims-net:	1,651,049
Less Claim Payments-net:	
Payment-net on Claims for Insured Events of Current Year	35,963
Payments-net on Claims for Insured Events of Prior Years	<u>2,290,457</u>
Total Payments-net	<u>2,326,420</u>
Unpaid Claim Liabilities, October 1, 2020	<u>\$ 5,256,659</u>

LOUISIANA PUBLIC SCHOOL RISK MANAGEMENT AGENCY

Schedule of Net Assets (Members' Surplus)

Year ended October 1, 2020

	Year ended October 1, 2004	Year ended October 1, 2005	Year ended October 1, 2006	Year ended October 1, 2007	Year ended October 1, 2008	Year ended October 1, 2009	Year ended October 1, 2010
Earned premiums	\$ 1,792,387	\$ 5,251,727	\$ 4,213,572	\$ 4,921,613	\$ 5,177,726	\$ 4,853,537	\$ 5,284,178
Reinsurance premiums	<u>(663,789)</u>	<u>(2,119,816)</u>	<u>(1,745,347)</u>	<u>(2,000,598)</u>	<u>(2,052,517)</u>	<u>(1,712,981)</u>	<u>(1,938,318)</u>
Total Revenues	1,128,598	3,131,911	2,468,225	2,921,015	3,125,209	3,140,556	3,345,860
Claims paid by year of loss occurrence	(456,189)	(2,109,600)	(1,080,357)	(2,676,138)	(1,961,498)	(788,993)	(1,973,701)
Claim administrative fees (included in Claims Paid in years 2006 and 2007)	(36,201)	(171,989)	-	-	(257,753)	(216,678)	(327,446)
Supporting services expenses	<u>(359,437)</u>	<u>(1,035,947)</u>	<u>(849,075)</u>	<u>(984,556)</u>	<u>(1,042,917)</u>	<u>(977,531)</u>	<u>(1,050,378)</u>
Operating Income	276,771	(185,625)	538,793	(739,679)	(136,959)	1,157,354	(5,665)
Other Income:							
Grant income	-	-	-	-	-	-	-
Interest income	<u>-</u>	<u>48,720</u>	<u>119,512</u>	<u>170,330</u>	<u>103,504</u>	<u>25,349</u>	<u>17,639</u>
	276,771	(136,905)	658,305	(569,349)	(33,455)	1,182,703	11,974
Reserves for unpaid claims/ expenses	<u>-</u>	<u>(7,151)</u>	<u>(10,542)</u>	<u>(5,614)</u>	<u>(76,716)</u>	<u>(6,650)</u>	<u>(65,526)</u>
Net assets (members' surplus)	<u>\$ 276,771</u>	<u>\$ (144,056)</u>	<u>\$ 647,763</u>	<u>\$ (574,963)</u>	<u>\$ (110,171)</u>	<u>\$ 1,176,053</u>	<u>\$ (53,552)</u>

Continued

LOUISIANA PUBLIC SCHOOL RISK MANAGEMENT AGENCY

Schedule of Net Assets (Members' Surplus) - Continued

Year ended October 1, 2020

	Year ended October 1, 2011	Year ended October 1, 2012	Year ended October 1, 2013	Year ended October 1, 2014	Year ended October 1, 2015	Year ended October 1, 2016
Earned premiums	\$ 5,061,154	\$ 4,647,892	\$ 4,696,762	\$ 5,102,276	\$ 4,990,616	\$ 5,059,676
Reinsurance premiums	<u>(1,814,934)</u>	<u>(1,681,510)</u>	<u>(1,730,724)</u>	<u>(1,905,023)</u>	<u>(1,844,213)</u>	<u>(1,852,742)</u>
Total Revenues	3,246,220	2,966,382	2,966,038	3,197,253	3,146,403	3,206,934
Claims paid by year of loss occurrence	(941,692)	(714,025)	(931,270)	(634,809)	(915,127)	(1,070,280)
Claim administrative fees (included in Claim Paid in Years 2006 and 2007)	(300,000)	(293,700)	(293,700)	(325,881)	(326,614)	(327,700)
Supporting services expenses	<u>(1,018,469)</u>	<u>(938,611)</u>	<u>(993,234)</u>	<u>(1,085,277)</u>	<u>(1,431,349)</u>	<u>(1,495,901)</u>
Operating Income	986,059	1,020,046	747,834	1,151,286	473,313	313,053
Other Income						
Grant income	-	-	10,000	30,000	30,000	-
Interest Income	<u>13,958</u>	<u>11,152</u>	<u>11,269</u>	<u>5,539</u>	<u>2,612</u>	<u>12,915</u>
	1,000,017	1,031,198	769,103	1,186,825	505,925	325,968
Reserve for unpaid claims/ expenses	<u>(16,278)</u>	<u>(193,647)</u>	<u>(32,666)</u>	<u>(580,053)</u>	<u>(463,093)</u>	<u>(553,369)</u>
Net assets (member's surplus)	<u>\$ 983,739</u>	<u>\$ 837,551</u>	<u>\$ 736,437</u>	<u>\$ 606,772</u>	<u>\$ 42,832</u>	<u>\$ (227,401)</u>

Continued

LOUISIANA PUBLIC SCHOOL RISK MANAGEMENT AGENCY

Schedule of Net Assets (Members' Surplus) - Continued

Year ended October 1, 2020

	Year ended October 1, 2017	Year ended October 1, 2018	Year ended October 1, 2019	Year ended October 1, 2020	Year ended Total
Earned premiums	\$ 5,155,279	\$ 4,848,038	\$ 4,616,515	\$ 4,575,718	\$ 80,248,666
Reinsurance premiums	<u>(1,817,302)</u>	<u>(1,489,744)</u>	<u>(1,476,628)</u>	<u>(1,512,853)</u>	<u>(29,359,039)</u>
Total Revenues	\$ 3,337,977	3,358,294	3,139,887	3,062,865	50,889,627
Claims paid by year of loss occurrence	(1,022,284)	(513,362)	(485,078)	(64,382)	(18,338,785)
Claim administrative fees (included in Claim Paid in Years 2006 and 2007)	(334,660)	(327,688)	(331,905)	(331,905)	(4,203,820)
Supporting services expenses	<u>(1,509,660)</u>	<u>(1,567,620)</u>	<u>(1,592,407)</u>	<u>(1,394,225)</u>	<u>(19,326,594)</u>
Operating Income	471,373	949,624	730,497	1,272,353	9,020,428
Other Income					
Grant income	-	-	-	-	70,000
Interest Income	<u>17,188</u>	<u>33,174</u>	<u>103,468</u>	<u>45,203</u>	<u>741,532</u>
	488,561	982,798	833,965	1,317,556	9,831,960
Reserve for unpaid claims/ expenses	<u>(325,515)</u>	<u>(817,963)</u>	<u>(1,048,272)</u>	<u>(1,053,604)</u>	<u>(5,256,659)</u>
Net assets (member's surplus)	<u>\$ 163,046</u>	<u>\$ 164,835</u>	<u>\$ (214,307)</u>	<u>\$ 263,952</u>	<u>\$ 4,575,301</u>

OTHER INFORMATION

LOUISIANA PUBLIC SCHOOL RISK MANAGEMENT AGENCY

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

Year ended October 1, 2020

Chief Executive Officer: Richard Wilkinson, Chairman

<u>Purpose</u>	<u>Amount</u>
Salary	\$ -
Benefits-insurance	-
Benefits-retirement	-
Benefits-cell phone	-
Car allowance	-
Vehicle provided by government	-
Per diem	-
Reimbursement	-
Travel	-
Conference travel	5,863
Continuing professional education fees	-
Housing	-
Unvouchered expenses	-
Special meals	-

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

March 29, 2021

The Board of Trustees
Louisiana Public School Risk Management Agency

We have audited, in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States, the financial statements of the business type activities of Louisiana Public School Risk Management Agency (LARMA) as of and for the year ended October 1, 2020, and the related notes to the financial statements, which collectively comprise LARMA's basic financial statements and have issued our report thereon dated March 29, 2021.

Internal Control Over Financial Reporting

In planning and performing our audit of the financial statements, we considered Louisiana Public School Risk Management Agency's internal control over financial reporting (internal control) to determine the audit procedures that are appropriate in the circumstances for the purpose of expressing our opinions on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of the Louisiana Public School Risk Management Agency's internal control. Accordingly, we do not express an opinion on the effectiveness of the Louisiana Public School Risk Management Agency's internal control.

A deficiency in internal control exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct misstatements on a timely basis. *A material weakness* is a deficiency, or a combination of deficiencies, in internal control such that there is a reasonable possibility that a material misstatement of the entity's financial statements will not be prevented, or detected and corrected on a timely basis. *A significant deficiency* is a deficiency, or a combination of deficiencies, in internal control that is less severe than a material weakness, yet important enough to merit attention by those charged with governance.

Our consideration of internal control was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control over financial reporting that might be material weaknesses or significant deficiencies. Given these limitations, during our audit we did not identify any deficiencies in internal control that we consider to be material weaknesses. However, material weaknesses may exist that have not been identified.

Compliance and Other Matters

As part of obtaining reasonable assurance about whether the Louisiana Public School Risk Management Agency's financial statements are free of material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts and grants agreements, noncompliance with which could have a direct and material effect on the determination of financial statement amounts. However, providing an opinion on compliance with those provisions was not an objective of our audit and, accordingly, we do not express such an opinion. The results of our tests disclosed no instances of noncompliance or other matters that is required to be reported under *Government Auditing Standards*.

Purpose of this Report

The purpose of this report is solely to describe the scope of our testing of internal control and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the entity's internal control or on compliance. This report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the entity's internal control and compliance. Accordingly, this communication is not suitable for any other purpose. Under Louisiana Revised Statute 24:513, this report is distributed by the Louisiana Legislative Auditor as a public document.

Shagon, Cassidy: Shillery

LOUISIANA PUBLIC SCHOOL RISK MANAGEMENT AGENCY

Schedule of Findings and Responses

Year Ended October 1, 2020

I - Summary of Auditors' Results

Financial Statements

Type of auditors' report issued: unmodified

Internal control over financial reporting:

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

Noncompliance material to financial
statements noted? ___ yes X no

II – Financial Statement Findings

- None

III – Federal Award Findings and Questioned Costs

- N/A

IV – Prior Year Audit Findings

- None