

**LOUISIANA HOUSING COUNCIL, INC.
GROUP SELF-INSURANCE RISK MANAGEMENT AGENCY**

**FINANCIAL STATEMENTS AND
SUPPLEMENTARY INFORMATION**

YEAR ENDED MARCH 31, 2024



CPAs | CONSULTANTS | WEALTH ADVISORS

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**LOUISIANA HOUSING COUNCIL, INC.
GROUP SELF-INSURANCE RISK MANAGEMENT AGENCY
TABLE OF CONTENTS
YEAR ENDED MARCH 31, 2024**

| | |
|---|-----------|
| INDEPENDENT AUDITORS' REPORT | 1 |
| MANAGEMENT'S DISCUSSION AND ANALYSIS | 4 |
| FINANCIAL STATEMENTS | |
| STATEMENT OF NET POSITION | 7 |
| STATEMENT OF REVENUES, EXPENSES, AND CHANGE IN NET POSITION | 8 |
| STATEMENT OF CASH FLOWS | 9 |
| NOTES TO FINANCIAL STATEMENTS | 10 |
| REQUIRED SUPPLEMENTARY INFORMATION | |
| SCHEDULE 1 – 10 YEAR CLAIM DEVELOPMENT INFORMATION | |
| GENERAL LIABILITY FUND | 21 |
| PROPERTY FUND | 22 |
| PUBLIC OFFICIALS LIABILITY FUND | 23 |
| SUPPLEMENTARY INFORMATION | |
| COMBINING STATEMENT OF NET POSITION | 24 |
| COMBINING STATEMENT OF REVENUES, EXPENSES, AND CHANGE IN NET POSITION | 25 |
| FINANCIAL INDICATOR TABLE | 26 |
| SCHEDULE OF COMPENSATION, BENEFITS, AND OTHER PAYMENTS TO AGENCY HEAD OR CHIEF EXECUTIVE OFFICER | 27 |
| INDEPENDENT AUDITORS' REPORT ON INTERNAL CONTROL OVER FINANCIAL REPORTING AND ON COMPLIANCE AND OTHER MATTERS BASED ON AN AUDIT OF FINANCIAL STATEMENT PERFORMED IN ACCORDANCE WITH <i>GOVERNMENT AUDITING STANDARDS</i> | 28 |
| SUMMARY SCHEDULE OF PRIOR AUDIT FINDINGS | 30 |



INDEPENDENT AUDITORS' REPORT

Insurance Committee
Louisiana Housing Council, Inc.
Group Self-Insurance Risk Management Agency
Baton Rouge, Louisiana

Report on the Audit of the Financial Statements

Opinion

We have audited the accompanying financial statements of Louisiana Housing Council, Inc. Group Self-Insurance Risk Management Agency, as of and for the year ended March 31, 2024, and the related notes to the financial statements, which collectively comprise the Louisiana Housing Council, Inc. Group Self-Insurance Risk Management Agency's basic financial statements as listed in the table of contents.

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of the Louisiana Housing Council, Inc. Group Self-Insurance Risk Management Agency as of March 31, 2024, and the changes in financial position and its cash flows for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Basis for Opinion

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

Responsibilities of Management for the Financial Statements

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

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

Auditors' Responsibilities for the Audit of the Financial Statements

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

In performing an audit in accordance with GAAS and *Government Auditing Standards*, we:

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

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

Required Supplementary Information

Accounting principles generally accepted in the United States of America require that the management discussion and analysis and the schedule of 1-10 year claims development information be presented to supplement the basic financial statements. Such information is the responsibility of management and, 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.

Supplementary Information

Our audit was conducted for the purpose of forming an opinion on the financial statements that collectively comprise the Louisiana Housing Council, Inc. Group Self-Insurance Risk Management Agency's basic financial statements. The combining statement of net position, the combining statement of revenues, expenses, and change in net position, the financial indicator table, and the schedule of compensation, benefits, and other payments to agency head or chief executive officer are presented for purposes of additional analysis and is not a required part of the basic financial statements. Such information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the basic 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 basic financial statements or to the basic financial statements themselves, and other additional procedures in accordance with GAAS. In our opinion, the supplementary information is 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 January 31, 2025, on our consideration of the Louisiana Housing Council, Inc. Group Self-Insurance Risk Management Agency's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is solely to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the Louisiana Housing Council, Inc. Group Self-Insurance Risk Management Agency'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 Housing Council, Inc. Group Self-Insurance Risk Management Agency's internal control over financial reporting and compliance.



CliftonLarsonAllen LLP

Phoenix, Arizona
January 31, 2025

LOUISIANA HOUSING COUNCIL, INC.
GROUP SELF-INSURANCE RISK MANAGEMENT AGENCY
MANAGEMENT'S DISCUSSION AND ANALYSIS
MARCH 31, 2024

The following is management's discussion and analysis of the financial performance of Louisiana Housing Council, Inc. Group Self-Insurance Risk Management Agency (the Agency) for the fiscal year ended March 31, 2024. It is presented as a narrative overview and analysis for the purpose of assisting the reader in interpreting the key elements of the financial statements, notes to the financial statements, and supporting schedules for the current year.

Louisiana Housing Council, Inc. is an association of City and Parish Public Housing Authorities in the state of Louisiana, whose members that choose to do so, participate in programs to purchase certain types of insurance coverage through the Louisiana Housing Council, Inc. Group Self-Insurance Risk Management Agency. The Agency was originally formed in 1994 and currently offers coverage for Fire and Extended Coverage (Property), General Liability, Auto, Public Officials Liability, and Workers' Compensation. Each line of coverage is a separate fund within the Agency and has different membership. The General Liability and Property Funds have the broadest membership with 96 and 92 authorities, respectively.

A committee of six members serves as the insurance committee. This committee makes the decisions regarding the insurance operations, and results are shown herein. The Agency and its insurance program are currently administered by Arthur J. Gallagher Risk Management Services, Inc. at the direction of the committee.

Financial Highlights

| | (in Millions) | | Percentage Increase (Decrease) |
|--|----------------------|----------------------|--------------------------------------|
| | At March 31, 2024 | At March 31, 2023 | |
| Cash and Investments | \$ 6.09 | \$ 9.64 | -36.87% |
| Unpaid Claims Liability | 1.57 | 2.03 | -22.41% |
| Unearned Premiums | 0.54 | 0.55 | -1.75% |
| Net Position | <u>\$ 3.08</u> | <u>\$ 5.75</u> | -46.38% |
| | Fiscal Year 2024 | Fiscal Year 2023 | Percentage Increase (Decrease) |
| Operating Revenues | \$ 16.26 | \$ 14.01 | 16.12% |
| Premiums Ceded and Insurance Policies Purchased | 15.05 | 11.67 | 28.89% |
| Dividend Income | 0.52 | 0.17 | 205.88% |
| Operating Revenues | <u>1.73</u> | <u>2.50</u> | -30.63% |
| Net Incurred Claims Expense | 2.28 | 1.70 | 33.69% |
| Administrative, Legal and Overhead Fees | 0.54 | 0.59 | -8.73% |
| Operating Expenses | <u>2.81</u> | <u>2.29</u> | 22.83% |
| Net Investment Income | 0.26 | 0.20 | 30.00% |
| Policyholder Dividends | -1.85 | 0.00 | -100.00% |
| Other Financing Uses | -1.59 | 0.20 | -100.00% |
| Change in Net Position | <u>\$ (2.67)</u> | <u>\$ 0.41</u> | -751.97% |

**LOUISIANA HOUSING COUNCIL, INC.
GROUP SELF-INSURANCE RISK MANAGEMENT AGENCY
MANAGEMENT'S DISCUSSION AND ANALYSIS
MARCH 31, 2024**

Financial Highlights (Continued)

As shown above, cash and investments decreased by 36.87%, mostly due to excess carrier payments received in the prior year paid to members in the current year.

There was a 16.12% increase in premiums earned for all coverages due to the increase in all premiums. Premiums ceded increased 28.89%. Net claims expense increased 33.69% in 2024.

The following table shows net claims expense by fund over the past two years:

| | Fiscal Year 2024 | Fiscal Year 2023 |
|-----------------------------|---------------------|---------------------|
| Property Fund | \$ 2,373,490 | \$ 1,310,189 |
| General Liability | (155,312) | 398,154 |
| Public Officials | 60,812 | (3,658) |
| Net Incurred Claims Expense | \$ 2,278,990 | \$ 1,704,685 |

Administrative, legal, and overhead fees decreased approximately \$51,000, or 8.73%. Investment activity for fiscal year 2024 reflects a gain of approximately \$261,000, which is consistent with the overall investment environment for the current fiscal year.

The overall change in net position excluding policyholder dividends for the 2024 fiscal year was a decrease of approximately \$813,000. This decrease is primarily attributable to the increase in premiums ceded and claims expenses.

The Agency's insurance programs have a combined net position of \$3,100,000 as of March 31, 2024.

Basic Financial Statements

The basic financial statements include information for Louisiana Housing Council, Inc. Group Self-Insurance Risk Management Agency. The statements are presented in accordance with Governmental Accounting Standards Board (GASB) accounting principles and include the Statement of Net Position; Statement of Revenues, Expenses, and Change in Net Position; and Statement of Cash Flows.

The Statement of Net Position presents the assets and liabilities of the Agency. The difference between total assets and liabilities is represented as net position and is a useful indicator of the surplus generated for all years of operation. The change in net position is a useful measure of whether the financial position is improving or deteriorating.

The Statement of Revenues, Expenses, and Change in Net Position presents the results of the insurance operations for the most recent fiscal year. This statement shows the revenues generated by the funds along with the associated expenses. The revenues in excess of expenses or expenses in excess of revenues are represented as the change in net position from one year to another.

**LOUISIANA HOUSING COUNCIL, INC.
GROUP SELF-INSURANCE RISK MANAGEMENT AGENCY
MANAGEMENT'S DISCUSSION AND ANALYSIS
MARCH 31, 2024**

Basic Financial Statements (Continued)

The Statement of Cash Flows presents information showing how cash changed throughout the fiscal year as a result of operations and investing.

Contacting the Agency's Designated Representative

This financial report is intended to provide a general overview of Louisiana Housing Council, Inc. Group Self-Insurance Risk Management Agency. Questions concerning information provided herein, or requests for additional financial information, should be addressed to the Louisiana Housing Council, Inc. Group Self-Insurance Risk Management Agency's designated representative:

Kia Fuller
LHC Insurance Committee Chairman
c/o Shreveport Housing Authority
2500 Line Avenue
Shreveport, LA 71104

**LOUISIANA HOUSING COUNCIL, INC.
GROUP SELF-INSURANCE RISK MANAGEMENT AGENCY
STATEMENT OF NET POSITION
MARCH 31, 2024**

ASSETS

| | | |
|---------------------------|----|-------------------------|
| Cash and Cash Equivalents | \$ | 3,738,287 |
| Investments | | 2,347,259 |
| Premiums Receivable, Net | | 54,091 |
| Prepaid Expenses | | 284,278 |
| Escrow Funds | | 62,931 |
| Accrued Interest | | <u>12,465</u> |
| Total Assets | \$ | <u><u>6,499,311</u></u> |

LIABILITIES AND NET POSITION

LIABILITIES

| | | |
|--|----|----------------|
| Accounts Payable | \$ | 1,361 |
| Unpaid Claims Liability | | 1,573,279 |
| Due to Related Party | | 3,361 |
| Excess Carrier Payments - Payable to Members | | 1,297,768 |
| Unearned Premiums | | <u>539,611</u> |
| Total Liabilities | | 3,415,380 |

UNRESTRICTED NET POSITION

| | | |
|------------------------------------|----|-------------------------|
| | | <u>3,083,931</u> |
| Total Liabilities and Net Position | \$ | <u><u>6,499,311</u></u> |

See accompanying Notes to Financial Statements.

**LOUISIANA HOUSING COUNCIL, INC.
GROUP SELF-INSURANCE RISK MANAGEMENT AGENCY
STATEMENT OF REVENUES, EXPENSES, AND CHANGE IN NET POSITION
YEAR ENDED MARCH 31, 2024**

REVENUES

| | |
|--------------------------|-------------------------|
| Premiums Earned | \$ 16,262,734 |
| Premiums Ceded | <u>(15,047,808)</u> |
| Net Premiums Earned | 1,214,926 |
| Dividend Income | <u>525,040</u> |
| Total Operating Revenues | <u><u>1,739,966</u></u> |

EXPENSES

| | |
|--------------------------------------|-------------------------|
| Claims Expenses | 2,278,990 |
| Claims Administrator Fees | 124,163 |
| Bad Debt | 67,214 |
| Professional Fees and Other Expenses | 333,552 |
| Actuarial Fees | <u>10,500</u> |
| Total Operating Expenses | <u><u>2,814,419</u></u> |

OPERATING LOSS

(1,074,453)

OTHER FINANCING SOURCES (USES)

| | |
|----------------------------|---------------------------|
| Net Investment Income | 260,765 |
| Dividends Declared | <u>(1,853,817)</u> |
| Total Other Financing Uses | <u><u>(1,593,052)</u></u> |

CHANGE IN NET POSITION

(2,667,505)

Net Position - Beginning of Year

5,751,436

NET POSITION - END OF YEAR

\$ 3,083,931

See accompanying Notes to Financial Statements.

**LOUISIANA HOUSING COUNCIL, INC.
GROUP SELF-INSURANCE RISK MANAGEMENT AGENCY
STATEMENT OF CASH FLOWS
YEAR ENDED MARCH 31, 2024**

CASH FLOWS FROM OPERATING ACTIVITIES

| | |
|---|--------------------|
| Premiums Received | \$ 16,253,173 |
| Premiums Paid | (15,068,492) |
| Other Receipts | 525,040 |
| Claims Paid | (2,278,990) |
| Payments for IRMA Administrative Services | (455,965) |
| Net Cash Used by Operating Activities | <u>(1,025,234)</u> |

CASH FLOWS FROM INVESTING ACTIVITIES

| | |
|--|------------------|
| Proceeds from Sale and Maturity of Investment Securities | 2,961,610 |
| Purchase of Investment Securities | (1,029,282) |
| Investment Activity | 263,429 |
| Net Cash Provided by Investing Activities | <u>2,195,757</u> |

CASH FLOWS FROM FINANCING ACTIVITIES

| | |
|--|--------------------|
| Excess Carrier Payments - Payable to Members | (938,598) |
| Policyholder Dividends Paid | (1,853,817) |
| Net Cash Used by Financing Activities | <u>(2,792,415)</u> |

CHANGE IN CASH AND CASH EQUIVALENTS

(1,621,892)

Cash and Cash Equivalents - Beginning of Year

5,360,179

CASH AND CASH EQUIVALENTS - END OF YEAR

\$ 3,738,287

**RECONCILIATION OF OPERATING LOSS TO NET CASH
USED BY OPERATING ACTIVITIES:**

| | |
|--|-----------------------|
| Operating Loss | \$ (1,074,453) |
| Adjustments to Reconcile Operating Loss to Net Cash Used by Operating Activities: | |
| (Increase) Decrease in: | |
| Premiums Receivable | 21,071 |
| Excess Insurance Receivable | 27,716 |
| Due from Related Party | 38,580 |
| Prepaid Expenses | (20,684) |
| Escrow Funds | 464,293 |
| Increase (Decrease) in: | |
| Accounts Payable | (21,139) |
| Unpaid Claims Liability | (454,350) |
| Due to Related Party | 3,361 |
| Unearned Premiums | (9,629) |
| Net Cash Used by Operating Activities | <u>\$ (1,025,234)</u> |

See accompanying Notes to Financial Statements.

**LOUISIANA HOUSING COUNCIL, INC.
GROUP SELF-INSURANCE RISK MANAGEMENT AGENCY
NOTES TO FINANCIAL STATEMENTS
MARCH 31, 2024**

NOTE 1 PUBLIC ENTITY RISK POOLS

In April 1984, the Governmental Accounting Standards Board (GASB) was established as an arm of the Financial Accounting Foundation to promulgate standards of financial accounting and reporting with respect to activities and transactions of state and local entities.

In November 1989, GASB issued Statement No. 10 *Accounting and Financial Reporting for Risk Financing and Related Insurance Issues* (GASB 10) to establish accounting and financial reporting standards for risk financing and insurance-related activities of state and local governmental entities, including public entity risk pools.

In February 1996, GASB issued Statement No. 30 *Risk Financing Omnibus, An Amendment of GASB Statement No. 10*.

A “public entity risk pool” is defined in GASB 10 as a “cooperative group of governmental entities joining together to finance an exposure, liability, or risk.” There are four basic types of public entity risk pools which can serve one or several of the following functions:

Risk-Sharing Pool: An arrangement by which governments pool risks and funds and share in the cost of losses.

Insurance-Purchasing Pool: An arrangement by which governments pool funds or resources to purchase commercial insurance products.

Banking Pool: An arrangement by which monies are made available for pool members in the event of loss on a loan basis.

Claims-Servicing or Account Pool: An arrangement by which a pool manages separate accounts for each pool member from which the losses of that member are paid.

Louisiana Housing Council, Inc. Group Self-Insurance Risk Management Agency offers coverages through the following funds:

| Risk Sharing Pools | Insurance Purchasing Programs |
|--|---|
| Property Fund General Liability Fund Public Officials Liability Fund | Workers' Compensation Fund Auto Fund |

In 1981, the Louisiana Legislature enacted Louisiana Revised Statutes (LRS) 33:1351 through 33:1360, the “Local Housing Authority Self-Insurance Act of 1981.” LRS 33:1354 authorizes the Louisiana Housing Council, Inc. (LHC) to administer an inter-local risk management agency, with the insurance committee of the LHC constituting the board of trustees for such agency. LHC is an association for the housing authorities of Louisiana and is incorporated as a nonprofit corporation under the laws of the state of Louisiana.

LOUISIANA HOUSING COUNCIL, INC.
GROUP SELF-INSURANCE RISK MANAGEMENT AGENCY
NOTES TO FINANCIAL STATEMENTS
MARCH 31, 2024

NOTE 1 PUBLIC ENTITY RISK POOLS (CONTINUED)

Participation in Louisiana Housing Council, Inc. Group Self-Insurance Risk Management Agency (the Agency) is open to all housing authorities which are members of Louisiana Housing Council, Inc. These housing authorities join together to acquire commercial insurance coverage at lower costs. Participation is voluntary and participants may withdraw by giving proper notice. The Agency's general objectives are to formulate, develop and administer, on behalf of the member housing authorities, a program of inter-local risk management to obtain lower costs for that coverage.

Risk-Sharing Pools

Participating housing authorities transfer risk of loss to the funds in the risk-sharing pool. If the assets of the Agency are exhausted, participants will be responsible for their respective outstanding claims.

The Property Fund had 92 housing authorities participating as of March 31, 2024. Sedgwick Claims Management Services, Inc. performs claims processing for the Property Fund and maintains a "Loss Fund" account for payment of claims.

The General Liability Fund had 96 housing authorities participating as of March 31, 2023. Sedgwick Claims Management Services, Inc. performs claims processing for the General Liability Fund and maintains a "Loss Fund" account for payment of claims.

The Public Officials Liability Fund had 85 housing authorities participating as of March 31, 2024. Sedgwick Claims Management Services, Inc. performs claims processing for the Public Officials Liability Fund and maintains a "Loss Fund" account for payment of claims.

Fund underwriting and rate-setting policies have been established by the LHC Insurance Committee, which is the governing body of the Agency.

Insurance-Purchasing Programs

The insurance-purchasing programs include the Workers' Compensation Fund and Auto Fund, which are comprised of members of Louisiana Housing Council, Inc. The Funds receive premiums from the housing authorities and pool the funds to purchase commercial insurance products.

LOUISIANA HOUSING COUNCIL, INC.
GROUP SELF-INSURANCE RISK MANAGEMENT AGENCY
NOTES TO FINANCIAL STATEMENTS
MARCH 31, 2024

NOTE 2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Basis of Accounting

The Agency is considered an enterprise fund and, accordingly, uses the accrual method of accounting and the economic resources measurement focus. Accordingly, all assets, deferred outflows of resources, liabilities (whether current or noncurrent), and deferred inflows of resources are included on the statements of net position. The statements of revenues, expenses, and change in net position present increases (revenues) and decreases (expenses) in total net position. Under the accrual basis of accounting, revenues are recognized in the accounting period in which they are earned, and expenses are recognized in the period incurred.

Since the business of the Agency is essentially that of an insurance company having a business cycle greater than one year, the statement of net position is not presented in a classified format.

The statement of revenues, expenses, and changes in net position provide information about the Agency's financial activities during the year. Revenues and expenses are classified as either operating or nonoperating, and all changes in net position are reported. Generally, charges for services and premiums are considered to be operating revenues. Other revenues such as investment income are not generated from operations and are considered to be nonoperating revenues. The cost of services, and administrative expenses are considered to be operating expenses.

Cash and Cash Equivalents

For purposes of the statement of cash flows, cash and cash equivalents are defined as cash on hand, financial institution deposits, and highly liquid debt instruments purchased with an original maturity of three months or less that are not included in an investment portfolio.

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. Realized and unrealized gains and losses on investments recorded at estimated fair value are included in net investment income. See Note 5 for further discussion regarding fair value measurements.

Premium Income and Receivables

Premiums are recognized as income over the term of the policies as they become earned on a pro-rata basis. Any adjustments to annual premiums are considered to be a change in estimate and are recognized in the year they become known. The costs associated with new and renewal contracts as acquisition costs are immaterial to the financial statements and are expensed when incurred.

Accounts receivable are stated at the amount management expects to collect from balances outstanding at year-end. Management evaluates accounts receivable on a periodic basis and determines the necessity of an allowance for doubtful accounts based on history of past write-offs, collections, and current conditions. Receivables are written off when it is determined that all collection efforts have been exhausted. At March 31, 2024, management established an allowance for doubtful premiums receivable and excess insurance receivables of \$67,214.

LOUISIANA HOUSING COUNCIL, INC.
GROUP SELF-INSURANCE RISK MANAGEMENT AGENCY
NOTES TO FINANCIAL STATEMENTS
MARCH 31, 2024

NOTE 2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Unpaid Claims Liability

Property Fund, General Liability Fund, and Public Officials Liability Fund

These funds establish 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 length of time for which such costs must be estimated varies depending on the coverage involved. Estimated amounts of excess insurance recoverable on unpaid claims are deducted from the liability for unpaid claims. 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 liability does not necessarily result in an exact amount. 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. A provision for inflation in the calculation of estimated future costs is implicit in the calculation. The carrying amount of liabilities for claims losses and claims expense is presented at actual amounts expected to be spent and are not discounted to present value. Investment earnings are not taken into account in determining claims liability.

All Other Insurance Funds

These funds purchase insurance from various commercial insurance companies to pay claims on a first-dollar basis; therefore, no reserve for unpaid claims liability has been established.

Excess Insurance

The funds in the risk-sharing pools are used to also purchase excess insurance policies to reduce exposure to large losses on insured events. Concerning the General Liability and Public Officials excess insurance policies: once the IRMA per occurrence claim retention has been met, the liability transfers to the excess insurer(s). Once the aggregate stop loss limit is pierced, the liability transfers to the excess insurer on a first dollar basis. Under the Excess Property policies, with the exception of Named Windstorm losses, once the per occurrence IRMA deductible is met, the liability transfers to the excess insurer for payment. Following piercing of the aggregate stop loss, a trailing deductible of \$25,000 must be met by the IRMA, at which point the excess liability transfers to the excess insurer(s). These excess contracts of insurance do not relieve the Agency from its obligations to its participating members. Failure of excess carriers to honor their contractual obligations to the Agency could create unintended financial consequences. With the assistance of its Insurance Broker, the Agency evaluates the financial condition of its excess carriers and monitors their financial stability. To minimize the Agency's potential exposure to losses from excess carrier insolvencies, a carrier must be rated by the most recent edition of A.M. Best Rating Guide at A-VII (or better) in order to be eligible to provide a coverage proposal to the Agency for consideration.

Income Taxes

The Agency is exempt from federal income taxes under Sections 7701 and 115 (1) of the Internal Revenue Code.

LOUISIANA HOUSING COUNCIL, INC.
GROUP SELF-INSURANCE RISK MANAGEMENT AGENCY
NOTES TO FINANCIAL STATEMENTS
MARCH 31, 2024

NOTE 2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Use of Estimates

The preparation of financial statements in conformity with generally accepted accounting principles requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosures of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenues and expenses during the reporting periods. Actual results could differ from those estimates.

Net Position

The financial statements utilize a net position presentation. Net position is categorized as follows:

- Net Investment in Capital Assets – This component of net position consists of capital assets, net of accumulated depreciation and reduced by any debt outstanding against the acquisition, construction, or improvement of those assets. The Authority does not report any amounts in this category of net position.
- Restricted Net Position – This component of net position consists of constraints placed on net position use through external constraints imposed by creditors, grantors, contributors, or laws or regulations of other governments or constraints imposed by law through constitutional provisions or enabling legislation. The Authority does not report any amounts in this category of net position.
- Unrestricted Net Position – This component of net position consists of net position that does not meet the definition of restricted or net investment in capital assets.

NOTE 3 DEPOSITS AND INVESTMENTS

The Agency must comply with Rule Number 4 of the Commissioner of Insurance, State of Louisiana. According to Rule Number 4, all deposits in financial institutions made by this Agency shall be limited to institutions in Louisiana unless a higher rate can be obtained in an out-of-state institution. Deposits in financial institutions may exceed the federally insured amount in any one financial institution, as long as the amount is not in excess of the greater of \$500,000 or 5% of the combination of surplus, undivided profits and reserves as currently reported by the financial institution. In regard to deposits and investments, the Agency was in compliance with these provisions during the year ended March 31, 2024.

Under Rule Number 4 of the Commissioner of Insurance, State of Louisiana, the Agency may invest any surplus monies in obligations of the U.S. Government and its agencies, as well as financial institutions. The Agency may also make investments in bonds or debentures provided certain conditions are met regarding credit quality.

LOUISIANA HOUSING COUNCIL, INC.
GROUP SELF-INSURANCE RISK MANAGEMENT AGENCY
NOTES TO FINANCIAL STATEMENTS
MARCH 31, 2024

NOTE 3 DEPOSITS AND INVESTMENTS (CONTINUED)

GASB Statement No. 40, *Deposits and Investment Risk Disclosures*, established and modified disclosure requirements related to investment risk. This section describes the various types of investment risk and the Agency's exposure to each type.

The following table presents the estimated fair value and amortized cost of investments permissible under the rules, objectives, and guidelines of the Agency as of March 31, 2024:

| <u>Investment Type</u> | <u>Fair Value</u> | <u>Amortized Cost</u> |
|--|---------------------|-----------------------|
| U.S. Treasury Notes | \$ 787,614 | \$ 793,477 |
| U.S. Government Agency Debt Obligations | 358,337 | 355,047 |
| U.S. Government Mortgage Backed Securities | 1,075,586 | 1,118,512 |
| Corporate Bonds | 65,515 | 66,593 |
| Money Market Funds | 60,207 | 60,208 |
| Total | <u>\$ 2,347,259</u> | <u>\$ 2,393,837</u> |

Custodial Credit Risk

Custodial credit risk for cash and cash equivalents is the risk that in the event of financial institution failure, the Agency's deposits may not be returned to them. The Agency has no custodial risk with respect to demand deposits accounts at March 31, 2024. The Agency's investments in money market funds are not exposed to custodial credit risk because their existence is not evidenced by securities that exist in physical or book entry form.

For an investment, custodial credit risk is the risk that in the event of the failure of the counterparty, the Agency will not be able to recover the value of its investments that is in the possession of an outside party. At March 31, 2024, the Agency's investments in government debt obligations are exposed to custodial credit risk because they are held by a counterparty.

Credit Risk

Credit risk is the risk that an insurer or other counterparty to an investment will not fulfill its obligations. Nationally recognized standardized rating systems are a tool with which to assess credit risk on debt obligations. U.S. government debt securities and money market accounts are not required to be rated.

All of the Agency's investments with the exception of money market and corporate bond investments are issued or backed by the U.S. government. Concentration of credit risk relates to the risk of loss attributed to the magnitude of the Agency's investment in a single issuer. The Agency had no investments in any one issuer that represented 5% or more of total investments, other than the U.S. government. The investment in corporate bonds is rated Aaa by Moody's Investor Service. All other investments do not require credit quality rating.

LOUISIANA HOUSING COUNCIL, INC.
GROUP SELF-INSURANCE RISK MANAGEMENT AGENCY
NOTES TO FINANCIAL STATEMENTS
MARCH 31, 2024

NOTE 3 DEPOSITS AND INVESTMENTS (CONTINUED)

Interest Rate Risk

Interest rate risk is defined as the risk that changes in overall market interest rates will adversely affect the fair value of an investment. This 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. In some instances, actual maturities may differ from contractual maturities because borrowers have the right to call or prepay obligations with or without call or prepayment penalties. The following table shows the Agency's fixed income investments and maturities in actively-managed accounts at March 31, 2024:

| Investment Type | Fair Value | Investment Maturity in Years | | | |
|--|---------------------|------------------------------|---------------------|-------------------|-------------------|
| | | Less Than 1 | 1 to 5 | 6 to 10 | 10+ |
| U.S. Treasury Notes | \$ 787,614 | \$ 292,378 | \$ 495,236 | \$ - | \$ - |
| U.S. Government Agency Debt Obligations | 358,337 | 86,559 | 271,778 | - | - |
| U.S. Government Mortgage Backed Securities | 1,075,586 | 29,675 | \$237,005 | \$505,801 | \$303,105 |
| Corporate Bonds | 65,515 | 65,515 | - | - | - |
| Money Market Funds | 60,207 | 60,207 | - | - | - |
| Total Investments | \$ 2,347,259 | \$ 534,334 | \$ 1,004,019 | \$ 505,801 | \$ 303,105 |

NOTE 4 UNPAID CLAIMS LIABILITY

The following represents activity in the Agency's liability for losses and loss adjustment expense for the year ended March 31, 2024:

| | Property Fund | General Liability Fund | Public Officials Liability Fund | Total |
|---|---------------|------------------------|---------------------------------|--------------|
| Unpaid claims at March 31, 2023 | \$ 756,598 | \$ 1,077,837 | \$ 193,194 | \$ 2,027,629 |
| Incurring claims and claims adjustment expenses of the current period | 1,536,184 | 66,248 | 59,133 | 1,661,565 |
| Changes in provision for insured events of prior years | 837,306 | (221,560) | 1,679 | 617,425 |
| Total incurred claims and claims adjustment expense | 2,373,490 | (155,312) | 60,812 | 2,278,990 |
| Payments for claims and claims adjustment expenses attributable to: | | | | |
| Insured events of current year | (1,022,286) | (1,250) | - | (1,023,536) |
| Insured events of prior years | (1,370,117) | (311,629) | (28,058) | (1,709,804) |
| Total payments and claims adjustment expenses | (2,392,403) | (312,879) | (28,058) | (2,733,340) |
| Total unpaid claims at March 31, 2024 | \$ 737,685 | \$ 609,646 | \$ 225,948 | \$ 1,573,279 |

**LOUISIANA HOUSING COUNCIL, INC.
GROUP SELF-INSURANCE RISK MANAGEMENT AGENCY
NOTES TO FINANCIAL STATEMENTS
MARCH 31, 2024**

NOTE 4 UNPAID CLAIMS LIABILITY (CONTINUED)

| | Property Fund | General Liability Fund | Public Officials Liability Fund | Total |
|--|-------------------|------------------------------|--|---------------------|
| Claims Reserves | \$ 174,917 | \$ 6,827 | \$ 22,473 | \$ 204,217 |
| Claims IBNR | 525,643 | 571,974 | 189,175 | 1,286,792 |
| Subtotal | 700,560 | 578,801 | 211,648 | 1,491,009 |
| Administrative Runoff (ULAE) | 37,125 | 30,845 | 14,300 | 82,270 |
| Total Unpaid Claims at March 31, 2024 | <u>\$ 737,685</u> | <u>\$ 609,646</u> | <u>\$ 225,948</u> | <u>\$ 1,573,279</u> |

NOTE 5 FAIR VALUE MEASUREMENTS

The Agency follows GASB No. 72, *Fair Value Measurements*, which defines fair value as the price that would be received to sell an asset or paid to transfer a liability (i.e., the “exit price”) in an orderly transaction between market participants at the measurement date. This standard establishes a hierarchical framework which prioritizes and ranks the level of market price observability used in measuring investments at fair value. Market price observability is impacted by a number of factors, including the type of investment and the characteristics specific to the investment.

LOUISIANA HOUSING COUNCIL, INC.
GROUP SELF-INSURANCE RISK MANAGEMENT AGENCY
NOTES TO FINANCIAL STATEMENTS
MARCH 31, 2024

NOTE 5 FAIR VALUE MEASUREMENTS (CONTINUED)

The Agency utilizes valuation techniques that maximize the use of observable inputs and minimize the use of unobservable inputs to the extent possible. The Agency determines fair value based on assumptions that market participants would use in pricing an asset or liability in the principal or most advantageous market. When considering market participant assumptions in fair value measurements, the following fair value hierarchy distinguishes between observable and unobservable inputs, which are categorized in one of the following levels:

Level 1 – Quoted prices (unadjusted) in active markets which are accessible at the measurement date.

Level 2 – Prices based on observable inputs corroborated by market data but no quoted active markets.

Level 3 – Prices based on unobservable inputs, including situations where there is little, if any, market activity for the assets or liabilities. The inputs used in the determination of fair value require significant management judgment or estimation.

In certain cases, the inputs used to measure fair value may fall into different levels of the fair value hierarchy. In such cases, an investment's level within the fair value hierarchy is based on the lowest level of input that is significant to the fair value measurement. The assessment of the significance of a particular input to the fair value measurement in its entirety requires judgment and considers factors specific to the investments.

Following is a description of the valuation methodologies used for assets at fair value. There has been no change in the methodologies used at March 31, 2024:

Government Securities: Valued based on quoted market prices when available or is based on yields currently available on comparable securities or on an industry valuation model, which maximizes observable inputs.

Corporate Bonds: Valued based on yields currently available on comparable securities of issuers with similar credit ratings. When quoted prices are not available for identical or similar bonds, the bond is valued under a discounted cash flows approach that maximizes observable inputs, such as current yields of similar instruments, but includes adjustment for certain risks that may not be observable, such as credit and liquidity risks.

Money Market Funds: Valued at cost which approximates market value.

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

**LOUISIANA HOUSING COUNCIL, INC.
GROUP SELF-INSURANCE RISK MANAGEMENT AGENCY
NOTES TO FINANCIAL STATEMENTS
MARCH 31, 2024**

NOTE 5 FAIR VALUE MEASUREMENTS (CONTINUED)

Assets measured at fair value on a recurring basis for the year ended March 31, 2024 are as follows:

| | Level 1 | Level 2 | Level 3 | Total |
|--|-------------------|---------------------|-------------|---------------------|
| Government Securities: | | | | |
| U.S. Treasury Notes | \$ 787,614 | \$ - | \$ - | \$ 787,614 |
| U.S. Government Agency Debt Obligations | - | 358,337 | - | 358,337 |
| U.S. Government Mortgage Backed Securities | - | 1,075,586 | - | 1,075,586 |
| Corporate Bonds | - | 65,515 | - | 65,515 |
| Money Market Funds | 60,207 | - | - | 60,207 |
| Total investments at Fair Value | <u>\$ 847,821</u> | <u>\$ 1,499,438</u> | <u>\$ -</u> | <u>\$ 2,347,259</u> |

NOTE 6 EXCESS INSURANCE POLICY COVERAGE FOR RISK-SHARING POOLS

Property Fund

At March 31, 2024, the Fund had excess insurance with a self-insured retention of \$150,000 for each specific occurrence and aggregate stop loss for the year of \$1,500,000 for the policy periods with the exception of named windstorms in tiers 1 & 2, which had a deductible of 5% of the building values at the time of loss subject to a \$250,000 minimum deductible. Premiums ceded to excess insurers during the year ended March 31, 2024 was \$13,210,909. The policy period runs from April 1st to March 31st of each year. Excess insurance activity was with multiple excess carriers. There were no anticipated recoverable amounts at March 31, 2024.

General Liability Fund

At March 31, 2024, the General Liability Fund had excess insurance with a self-insured retention of \$50,000 for each specific occurrence and an aggregate stop loss for the year of \$450,000 for the policy periods. Premiums ceded to excess insurers during the year ended March 31, 2024 was \$473,479. The policy period runs from April 1st to March 31st of each year. Excess insurance activity was with a single reinsurer. There were no anticipated recoverable amounts at March 31, 2024.

Public Officials Liability Fund

At March 31, 2024, the Public Officials Liability Fund had excess insurance with a self-insured retention of \$75,000 for each specific claim made and an aggregate stop loss for the year of \$245,000. Premiums ceded to excess insurers during the year ended March 31, 2024 was \$214,553. There were no anticipated recoverable amounts at March 31, 2024.

LOUISIANA HOUSING COUNCIL, INC.
GROUP SELF-INSURANCE RISK MANAGEMENT AGENCY
NOTES TO FINANCIAL STATEMENTS
MARCH 31, 2024

NOTE 7 EXCESS CARRIER PAYMENTS – PAYABLE TO MEMBERS

The Agency received payments during the fiscal year ended March 31, 2024 from various excess carriers. These funds are payable to members for claims incurred in excess of the per occurrence deductible and annual aggregate stop loss in the amount of \$1,297,768.

NOTE 8 RELATED PARTY TRANSACTIONS

Louisiana Housing Council, Inc., (LHC) provides benefits and services to the housing authorities, as well as access to lower cost insurance, through administration of the Agency. The risk sharing pools pay a fee to LHC based on housing authorities' participation in the pool. These fees are recognized when the policies are billed. Total fees for the year ended March 31, 2024 were \$3,500. The Agency also has a balance due from an entity with common membership and management control in the amount of \$139 as of March 31, 2024.

NOTE 9 CONTINGENCIES

During the normal course of business, the Agency becomes involved in various insurance related claims and legal actions. Management of the Agency establishes estimated liabilities for reported and unreported contingencies. Management believes that the outcome of claims and any related legal proceedings will be provided for by the estimated insurance liabilities and will not have a material adverse effect on the Agency's financial position or results of operations.

NOTE 10 DIVIDENDS

The Agency received dividend income from Louisiana Workers' Compensation Corporation in the amount of \$525,040 during the fiscal year ended March 31, 2024. The Agency also disbursed \$1,853,817 in dividends to its members.

LOUISIANA HOUSING COUNCIL, INC.
GROUP SELF-INSURANCE RISK MANAGEMENT AGENCY
SCHEDULE 1 – 10 YEAR CLAIM DEVELOPMENT INFORMATION
GENERAL LIABILITY FUND
YEAR ENDED MARCH 31
(UNAUDITED) – IN THOUSANDS
(SEE AUDIT REPORT)

| | 2024 | 2023 | 2022 | 2021 | 2020 | 2019 | 2018 | 2017 | 2016 | 2015 |
|--|--------|--------|--------|--------|--------|--------|--------|--------|--------|--------|
| Net premiums earned, investment income, and other revenue | \$ 139 | \$ 529 | \$ 394 | \$ 576 | \$ 646 | \$ 518 | \$ 623 | \$ 643 | \$ 667 | \$ 671 |
| Operating costs, unallocated | 207 | 225 | 162 | 193 | 205 | 198 | 219 | 228 | 904 | 163 |
| Estimated claims and expenses, end of policy year | | | | | | | | | | |
| Incurred | (155) | 503 | 475 | 139 | 343 | 197 | 172 | 234 | 342 | 545 |
| Ceded | - | - | - | - | - | - | - | - | - | - |
| Net incurred | (155) | 503 | 475 | 139 | 343 | 197 | 172 | 234 | 342 | 545 |
| Paid (cumulative) as of: | | | | | | | | | | |
| End of policy year | 1 | 32 | 13 | 5 | 9 | 5 | 1 | 15 | 20 | 6 |
| One year later | | 102 | 65 | 35 | 122 | 46 | 21 | 85 | 59 | 55 |
| Two years later | | | 154 | 100 | 243 | 139 | 60 | 136 | 102 | 63 |
| Three years later | | | | 126 | 411 | 179 | 83 | 201 | 172 | 83 |
| Four years later | | | | | 450 | 193 | 107 | 209 | 208 | 119 |
| Five years later | | | | | | 196 | 150 | 219 | 209 | 169 |
| Six years later | | | | | | | 154 | 222 | 210 | 170 |
| Seven years later | | | | | | | | 227 | 219 | 199 |
| Eight years later | | | | | | | | | 220 | 204 |
| Nine years later | | | | | | | | | | 204 |
| Re-estimated ceded claims and expenses | - | - | - | - | - | - | - | - | - | - |
| Re-estimated net incurred claims and expenses | | | | | | | | | | |
| End of policy year | (155) | 503 | 475 | 139 | 343 | 197 | 172 | 234 | 342 | 545 |
| One year later | | 385 | 352 | 218 | 459 | 170 | 165 | 266 | 207 | 284 |
| Two years later | | | 329 | 214 | 462 | 217 | 183 | 271 | 297 | 190 |
| Three years later | | | | 126 | 457 | 216 | 185 | 271 | 279 | 170 |
| Four years later | | | | | 453 | 216 | 168 | 259 | 249 | 188 |
| Five years later | | | | | | 216 | 150 | 278 | 229 | 196 |
| Six years later | | | | | | | 154 | 275 | 228 | 198 |
| Seven years later | | | | | | | | 273 | 238 | 205 |
| Eight years later | | | | | | | | | 220 | 204 |
| Nine years later | | | | | | | | | | 204 |
| Increase (Decrease) in estimated net incurred claims and expenses from end of policy year | - | (118) | (146) | (13) | 110 | 19 | (18) | 39 | (122) | (341) |

The preceding table is supplementary information required by Governmental Accounting Standards Board Statement No. 30 (GASB 30). The Schedule illustrates how the Fund's earned revenue (net of reinsurance) plus investment income and other revenue compare to related costs of loss (net of assumed reinsurance) plus other costs at the end of each year.

LOUISIANA HOUSING COUNCIL, INC.
GROUP SELF-INSURANCE RISK MANAGEMENT AGENCY
SCHEDULE 1 – 10 YEAR CLAIM DEVELOPMENT INFORMATION
PROPERTY FUND
YEAR ENDED MARCH 31
(UNAUDITED) – IN THOUSANDS
(SEE AUDIT REPORT)

| | 2024 | 2023 | 2022 | 2021 | 2020 | 2019 | 2018 | 2017 | 2016 | 2015 |
|---|--------|----------|----------|----------|----------|----------|----------|--------|--------|---------|
| Net premiums earned, investment income, and other revenue | \$ 901 | \$ 1,794 | \$ 1,931 | \$ 1,961 | \$ 1,864 | \$ 1,391 | \$ 1,170 | \$ 813 | \$ 741 | \$ (10) |
| Operating costs, unallocated | 182 | 328 | 222 | 125 | 138 | 151 | 161 | 197 | 114 | 126 |
| Estimated claims and expenses, end of policy year | | | | | | | | | | |
| Incurred | 2,373 | 1,526 | 1,297 | 1,873 | 1,005 | 1,429 | 1,358 | 1,249 | 1,285 | 1,354 |
| Ceded | - | - | - | - | - | - | - | - | - | - |
| Net incurred | 2,373 | 1,526 | 1,297 | 1,873 | 1,005 | 1,429 | 1,358 | 1,249 | 1,285 | 1,354 |
| Paid (cumulative) as of: | | | | | | | | | | |
| End of policy year | 1,022 | 880 | 367 | 670 | 191 | 1,065 | 934 | 740 | 800 | 478 |
| One year later | | 1,377 | 1,230 | 1,341 | 818 | 1,257 | 1,379 | 979 | 1,022 | 927 |
| Two years later | | | 1,230 | 1,397 | 1,006 | 1,306 | 1,315 | 1,119 | 1,023 | 942 |
| Three years later | | | | 1,458 | 1,166 | 1,306 | 1,315 | 1,116 | 1,038 | 942 |
| Four years later | | | | | 1,024 | 1,306 | 1,315 | 1,116 | 1,038 | 942 |
| Five years later | | | | | | 1,312 | 1,315 | 1,116 | 1,038 | 942 |
| Six years later | | | | | | | 1,315 | 1,116 | 1,038 | 942 |
| Seven years later | | | | | | | | 1,116 | 1,038 | 942 |
| Eight years later | | | | | | | | | 1,038 | 942 |
| Nine years later | | | | | | | | | | 942 |
| Re-estimated ceded claims and expenses | - | - | - | - | - | - | - | - | - | - |
| Re-estimated net incurred claims and expenses | | | | | | | | | | |
| End of policy year | 2,373 | 1,526 | 1,297 | 1,873 | 1,005 | 1,429 | 1,358 | 1,249 | 1,285 | 1,354 |
| One year later | | 1,421 | 1,263 | 1,492 | 1,266 | 1,334 | 1,389 | 1,077 | 1,075 | 975 |
| Two years later | | | 1,232 | 1,454 | 1,200 | 1,310 | 1,317 | 1,119 | 1,023 | 960 |
| Three years later | | | | 1,460 | 1,186 | 1,314 | 1,316 | 1,116 | 1,038 | 942 |
| Four years later | | | | | 1,024 | 1,314 | 1,315 | 1,116 | 1,038 | 942 |
| Five years later | | | | | | 1,312 | 1,315 | 1,116 | 1,038 | 942 |
| Six years later | | | | | | | 1,315 | 1,116 | 1,038 | 942 |
| Seven years later | | | | | | | | 1,116 | 1,038 | 942 |
| Eight years later | | | | | | | | | 1,038 | 942 |
| Nine years later | | | | | | | | | | 942 |
| Increase (Decrease) in estimated net incurred claims and expenses from end of policy year | - | (105) | (65) | (413) | 19 | (117) | (43) | (133) | (247) | (412) |

The preceding table is supplementary information required by Governmental Accounting Standards Board Statement No. 30 (GASB 30). The Schedule illustrates how the Fund's earned revenue (net of reinsurance) plus investment income and other revenue compare to related costs of loss (net of assumed reinsurance) plus other costs at the end of each year.

LOUISIANA HOUSING COUNCIL, INC.
GROUP SELF-INSURANCE RISK MANAGEMENT AGENCY
SCHEDULE 1 – 10 YEAR CLAIM DEVELOPMENT INFORMATION
***PUBLIC OFFICIALS LIABILITY FUND**
YEAR ENDED MARCH 31
(UNAUDITED) – IN THOUSANDS
(SEE AUDIT REPORT)

| | 2024 | 2023 | 2022 | 2021 | 2020 | 2019 | 2018 | 2017 | 2016 |
|--|--------|--------|--------|--------|--------|--------|-------|-------|-------|
| Net premiums earned, investment income, and other revenue | \$ 304 | \$ 287 | \$ 268 | \$ 252 | \$ 184 | \$ 187 | \$ 94 | \$ 55 | \$ 92 |
| Operating costs, unallocated | 55 | 11 | 12 | 16 | 23 | 21 | 16 | 17 | 12 |
| Estimated claims and expenses, end of policy year | | | | | | | | | |
| Incurred | 61 | 75 | 83 | 54 | 40 | 51 | 68 | 56 | - |
| Ceded | - | - | - | - | - | - | - | - | - |
| Net incurred | 61 | 75 | 83 | 54 | 40 | 51 | 68 | 56 | - |
| Paid (cumulative) as of: | | | | | | | | | |
| End of policy year | - | 3 | 7 | - | - | - | 7 | 17 | - |
| One year later | | 6 | 29 | 8 | 8 | 40 | 72 | 38 | - |
| Two years later | | | 38 | 9 | 18 | 44 | 100 | 38 | 17 |
| Three years later | | | | 9 | 18 | 77 | 100 | 38 | 17 |
| Four years later | | | | | 18 | 77 | 100 | 38 | 17 |
| Five years later | | | | | | 91 | 100 | 39 | 17 |
| Six years later | | | | | | | 100 | 39 | 17 |
| Seven years later | | | | | | | | 39 | 17 |
| Eight years later | | | | | | | | | 17 |
| Nine years later | | | | | | | | | 17 |
| Re-estimated ceded claims and expenses | - | - | - | - | - | - | - | - | - |
| Re-estimated net incurred claims and expenses | | | | | | | | | |
| End of policy year | 61 | 75 | 83 | 54 | 40 | 51 | 68 | 56 | - |
| One year later | | 55 | 106 | 97 | 22 | 51 | 110 | 57 | - |
| Two years later | | | 112 | 9 | 24 | 44 | 100 | 38 | 21 |
| Three years later | | | | 9 | 18 | 127 | 100 | 38 | 17 |
| Four years later | | | | | 18 | 120 | 100 | 38 | 17 |
| Five years later | | | | | | 114 | 100 | 39 | 17 |
| Six years later | | | | | | | 100 | 39 | 17 |
| Seven years later | | | | | | | | 39 | 17 |
| Eight years later | | | | | | | | | 17 |
| Nine years later | | | | | | | | | 17 |
| Increase (Decrease) in estimated net incurred claims and expenses from end of policy year | - | (20) | 29 | (45) | (22) | 63 | 32 | (17) | 17 |

The preceding table is supplementary information required by Governmental Accounting Standards Board Statement No. 30 (GASB 30). The Schedule illustrates how the Fund's earned revenue (net of reinsurance) plus investment income and other revenue compare to related costs of loss (net of assumed reinsurance) plus other costs at the end of each year.

* The Agency created the Public Officials Liability Fund effective September 1, 2015. The Schedule is intended to show information for 10 years. Additional years will be displayed as they become available.

**LOUISIANA HOUSING COUNCIL, INC.
GROUP SELF-INSURANCE RISK MANAGEMENT AGENCY
COMBINING STATEMENT OF NET POSITION
MARCH 31, 2024**

| | Workers' Compensation Fund | Auto Fund | Property Fund | General Liability Fund | Public Officials Liability Fund | Total |
|---|----------------------------------|-------------------|---------------------|------------------------------|--|---------------------|
| ASSETS | | | | | | |
| Cash and Cash Equivalents | \$ 239,024 | \$ 197,317 | \$ 1,321,732 | \$ 655,572 | \$ 1,324,642 | \$ 3,738,287 |
| Investments | 195,192 | - | 57,530 | 2,094,537 | - | 2,347,259 |
| Due from Other Funds | 37,872 | - | - | 68,418 | - | 106,290 |
| Due from Related Party | - | - | - | 139 | - | 139 |
| Premiums Receivable | 30,544 | - | - | - | 23,547 | 54,091 |
| Prepaid Expenses | 170,729 | - | - | 21,668 | 91,881 | 284,278 |
| Escrow Funds | - | - | 41,190 | 11,675 | 10,066 | 62,931 |
| Accrued Interest | 952 | - | 304 | 11,209 | - | 12,465 |
| | <u>\$ 674,313</u> | <u>\$ 197,317</u> | <u>\$ 1,420,756</u> | <u>\$ 2,863,218</u> | <u>\$ 1,450,136</u> | <u>\$ 6,605,740</u> |
| LIABILITIES AND NET POSITION | | | | | | |
| Accounts Payable | \$ - | \$ - | \$ 1,361 | \$ - | \$ - | \$ 1,361 |
| Unpaid Claims Liability | - | - | 737,685 | 609,646 | 225,948 | 1,573,279 |
| Due to Other Funds | 37,924 | - | 66,858 | - | 1,508 | 106,290 |
| Due to Related Party | 3,500 | - | - | - | - | 3,500 |
| Excess Carrier Payments - Payable to Members | 339 | - | 1,297,429 | - | - | 1,297,768 |
| Unearned Premiums | 341,472 | - | - | - | 198,139 | 539,611 |
| Total Liabilities | <u>383,235</u> | <u>-</u> | <u>2,103,333</u> | <u>609,646</u> | <u>425,595</u> | <u>3,521,809</u> |
| NET POSITION | <u>291,078</u> | <u>197,317</u> | <u>(682,577)</u> | <u>2,253,572</u> | <u>1,024,541</u> | <u>3,083,931</u> |
| Total Liabilities and Net Position | <u>\$ 674,313</u> | <u>\$ 197,317</u> | <u>\$ 1,420,756</u> | <u>\$ 2,863,218</u> | <u>\$ 1,450,136</u> | <u>\$ 6,605,740</u> |

LOUISIANA HOUSING COUNCIL, INC.
GROUP SELF-INSURANCE RISK MANAGEMENT AGENCY
COMBINING STATEMENT OF REVENUES, EXPENSES, AND CHANGE IN NET POSITION
YEAR ENDED MARCH 31, 2024

| | Workers' Compensation Fund | Auto Fund | Property Fund | General Liability Fund | Public Officials Liability Fund | Total |
|---|----------------------------------|-------------------|---------------------|------------------------------|--|---------------------|
| REVENUES | | | | | | |
| Premiums Earned | \$ 790,968 | \$ 471,626 | \$ 14,011,154 | \$ 516,810 | \$ 472,176 | \$ 16,262,734 |
| Premiums Ceded | (685,949) | (462,918) | (13,210,909) | (473,479) | (214,553) | (15,047,808) |
| Net Premiums Earned | 105,019 | 8,708 | 800,245 | 43,331 | 257,623 | 1,214,926 |
| Dividend Income | 525,040 | - | - | - | - | 525,040 |
| Net Revenues | 630,059 | 8,708 | 800,245 | 43,331 | 257,623 | 1,739,966 |
| EXPENSES | | | | | | |
| Claims Expenses | - | - | 2,373,490 | (155,312) | 60,812 | 2,278,990 |
| Claims Administrator Fees | - | - | 38,852 | 73,062 | 12,249 | 124,163 |
| Bad debt | 3,717 | - | 49,622 | 1,196 | 12,679 | 67,214 |
| Professional Fees and Other Expenses | 85,626 | 1,507 | 88,886 | 128,970 | 28,563 | 333,552 |
| Actuarial Fees | 750 | - | 4,250 | 4,000 | 1,500 | 10,500 |
| Total Expenses | 90,093 | 1,507 | 2,555,100 | 51,916 | 115,803 | 2,814,419 |
| OPERATING INCOME (LOSS) | 539,966 | 7,201 | (1,754,855) | (8,585) | 141,820 | (1,074,453) |
| OTHER FINANCING SOURCES (USES) | | | | | | |
| Net Investment Income | 12,972 | 5,205 | 100,626 | 95,852 | 46,110 | 260,765 |
| Dividends Declared | (1,853,817) | - | - | - | - | (1,853,817) |
| Total Other Financing Sources (Uses) | (1,840,845) | 5,205 | 100,626 | 95,852 | 46,110 | (1,593,052) |
| CHANGE IN NET POSITION | (1,300,879) | 12,406 | (1,654,229) | 87,267 | 187,930 | (2,667,505) |
| Net Position - Beginning of Year | 1,591,957 | 184,911 | 971,652 | 2,166,305 | 836,611 | 5,751,436 |
| NET POSITION - END OF YEAR | <u>\$ 291,078</u> | <u>\$ 197,317</u> | <u>\$ (682,577)</u> | <u>\$ 2,253,572</u> | <u>\$ 1,024,541</u> | <u>\$ 3,083,931</u> |

**LOUISIANA HOUSING COUNCIL, INC.
GROUP SELF-INSURANCE RISK MANAGEMENT AGENCY
FINANCIAL INDICATOR TABLE
YEAR ENDED MARCH 31, 2024**

| | | | | |
|---|--|-----------------------|---|--------------|
| Loss Ratio | <u>Incurring Losses and Loss Adjustment Expense</u> | <u>\$ 2,278,990</u> | Loss Ratio | <u>1.88</u> |
| | Net Premiums Earned | \$ 1,214,926 | | |
| Expense Ratio | <u>Expenses (Excluding Expenses Related to Losses)</u> | <u>\$ 535,429</u> | Expense Ratio | <u>0.44</u> |
| | Net Premiums Earned | \$ 1,214,926 | | |
| Combined Ratio | <u>Loss Ratio + Expense Ratio</u> | <u>1.88 + 0.44</u> | Combined Ratio | <u>2.32</u> |
| Net Investment Income Ratio | <u>Net Investment Income</u> | <u>\$ 260,765</u> | Net Investment Income Ratio | <u>0.21</u> |
| | Net Premiums Earned | \$ 1,214,926 | | |
| Operating Ratio | <u>Combined Ratio - Net Investment Income Ratio</u> | <u>2.32 - 0.21</u> | Operating Ratio | <u>2.10</u> |
| Yield on Invested Assets | <u>Net Investment Income</u> | <u>\$ 260,765</u> | Yield on Invested Assets | <u>0.11</u> |
| | Investments | \$ 2,347,259 | | |
| Return on Net Position | <u>Change in Net Position</u> | <u>\$ (2,667,505)</u> | Return on Net Position | <u>-0.46</u> |
| | Previous Year's Net Position | \$ 5,751,436 | | |
| Net Premiums Written to Net Position | <u>Net Premiums Written</u> | <u>\$ 1,214,926</u> | Net Premiums Written to Net Position | <u>0.39</u> |
| | Net Position | \$ 3,083,931 | | |
| Current Liability | <u>Cash and Cash Equivalents + Investments</u> | <u>\$ 6,085,546</u> | Current Liability | <u>2.88</u> |
| | Unearned Premiums + Unpaid Claims Liability | \$ 2,112,890 | | |

**LOUISIANA HOUSING COUNCIL, INC.
GROUP SELF-INSURANCE RISK MANAGEMENT AGENCY
SCHEDULE OF COMPENSATION, BENEFITS, AND OTHER PAYMENTS TO
AGENCY HEAD OR CHIEF EXECUTIVE OFFICER
YEAR ENDED MARCH 31, 2024**

Agency Head Name: Kia Fuller, Board Chairman

| <u>Purpose</u> | <u>Amount</u> |
|--|---------------|
| Salary | \$ - |
| Benefits - Insurance | - |
| Benefits - Retirement | - |
| Car Allowance | - |
| Vehicle Provided by Agency | - |
| Per Diem | - |
| Reimbursements | - |
| Travel | - |
| Registration Fees | - |
| Conference Travel | - |
| 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 STATEMENT PERFORMED IN
ACCORDANCE WITH *GOVERNMENT AUDITING STANDARDS***

Insurance Committee
Louisiana Housing Council, Inc.
Group Self-Insurance Risk Management Agency
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 the Louisiana Housing Council, Inc. Group Self-Insurance Risk Management Agency, as of and for the year ended March 31, 2024, and the related notes to the financial statements which collectively comprise the Louisiana Housing Council, Inc. Group Self-Insurance Risk Management Agency's basic financial statements, and have issued our report thereon dated January 31, 2025.

Report on Internal Control Over Financial Reporting

In planning and performing our audit of the financial statements, we considered Louisiana Housing Council, Inc. Group Self-Insurance Risk Management Agency's internal control over financial reporting (internal control) as a basis for designing audit procedures that are appropriate in the circumstances for the purpose of expressing our opinion on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of Louisiana Housing Council, Inc. Group Self-Insurance Risk Management Agency's internal control. Accordingly, we do not express an opinion on the effectiveness of Louisiana Housing Council, Inc. Group Self-Insurance 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 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 or significant deficiencies may exist that were not identified.

Insurance Committee
Louisiana Housing Council, Inc.
Group Self-Insurance Risk Management Agency

Report on Compliance and Other Matters

As part of obtaining reasonable assurance about whether Louisiana Housing Council Self-Insurance Risk Management Agency’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 financial statements. 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 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.



CliftonLarsonAllen LLP

Phoenix, Arizona
January 31, 2025

**LOUISIANA HOUSING COUNCIL, INC.
GROUP SELF-INSURANCE RISK MANAGEMENT AGENCY
SUMMARY SCHEDULE OF PRIOR AUDIT FINDINGS
YEAR ENDED MARCH 31, 2024**

Section I – Financial Statement Findings

Noncompliance with State Laws and Regulations

2023-001: Filing of Report with Louisiana Legislative Auditor

Summary of Prior Year Finding: The March 31, 2023 audited financial statements were not filed within six months of the close of the fiscal year.

2024 Status Update: This is not a repeat finding. The Trusts received an extension from the Louisiana Legislative Auditor through January 31, 2025.

Material Weakness

2023-002: Material Audit Adjustment for Claims Expenses

Summary of Prior Year Finding: Claims payment activity handled by a third-party administrator as well as funds received from the excess carriers for which the Agency was acting as an intermediary were not properly recorded on the general ledger, which resulted in a material adjustment to claims expense on the Agency's financial statements.

2024 Status Update: This is not a repeat finding.

Section II – Management Letter

A management letter was not issued.



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