

LOUISIANA PUBLIC SCHOOL RISK MANAGEMENT AGENCY  
FINANCIAL REPORT AND INDEPENDENT AUDITORS' REPORT  
YEAR ENDED OCTOBER 1, 2021

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INDEPENDENT AUDITORS' REPORT

March 20, 2022

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, 2021, 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, 2020 financial statements and in our report dated March 29, 2021 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 20, 2022, 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.

*Shagon, Cassidy: Skillery*

LOUISIANA PUBLIC SCHOOL RISK MANAGEMENT AGENCY

Statement of Financial Position

October 1, 2021

With comparative totals as of October 1, 2020

	<u>2021</u>	<u>2020</u>
<b>ASSETS</b>		
Cash and cash equivalents	\$ 8,387,155	\$ 7,237,390
Member receivables	1,317,312	1,439,488
Other receivables	<u>69,964</u>	<u>1,277,905</u>
<b>TOTAL ASSETS</b>	<b><u>\$ 9,774,431</u></b>	<b><u>\$ 9,954,783</u></b>
 <b>LIABILITIES AND NET ASSETS</b>		
<b>Liabilities</b>		
Reserves for unpaid claims and allocated adjustment expenses	\$ 5,530,204	\$ 5,256,659
Accounts payable and accrued expenses	<u>14,032</u>	<u>122,823</u>
<b>Total Liabilities</b>	<b><u>5,544,236</u></b>	<b><u>5,379,482</u></b>
<b>Net Assets</b>	<b><u>4,230,195</u></b>	<b><u>4,575,301</u></b>
<b>TOTAL LIABILITIES AND NET ASSETS</b>	<b><u>\$ 9,774,431</u></b>	<b><u>\$ 9,954,783</u></b>

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

LOUISIANA PUBLIC SCHOOL RISK MANAGEMENT AGENCY

Statement of Activities

Year ended October 1, 2021

With comparative totals for the year ended October 1, 2020

	<u>2021</u>	<u>2020</u>
Revenues:		
Premiums written and earned	\$ 4,296,321	\$ 4,575,718
Less: Reinsurance Premiums	<u>(1,599,725)</u>	<u>(1,512,853)</u>
Total revenues	<u>2,696,596</u>	<u>3,062,865</u>
Expenses:		
Claims:		
Claims paid and adjustment expenses-net	1,823,548	2,326,420
Changes in reserves for unpaid claims and allocated adjustment expenses-net	<u>273,545</u>	<u>(675,371)</u>
Claims incurred-net	2,097,093	1,651,049
Supporting Services:		
Management fees	293,435	324,658
Agent commissions	515,559	540,330
Consulting and professional fees	44,600	29,500
Contract Labor		10,000
Insurance	81,685	66,861
Safety/Training Grants		403,483
Other	<u>20,999</u>	<u>19,393</u>
Total supporting services	<u>956,278</u>	<u>1,394,225</u>
Total Expenses	<u>3,053,371</u>	<u>3,045,274</u>
	(356,775)	
Operating income (loss)		17,591
Other income:		
Interest income	<u>11,669</u>	<u>45,203</u>
Increase (decrease) in Net Assets	<u>(345,106)</u>	<u>62,794</u>
Net Assets, beginning	<u>4,575,301</u>	<u>4,512,507</u>
Net Assets, ending	<u>\$ 4,230,195</u>	<u>\$ 4,575,301</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, 2021

With comparative totals for the year ended October 1, 2020

	<u>2021</u>	<u>2020</u>
Cash Flows from Operating Activities:		
Operating income (loss)	\$ (356,775)	\$ 17,591
Adjustments to reconcile increase in net assets to net cash from operating activities:		
Changes in operating assets and liabilities:		
Receivables	1,330,117	(1,206,369)
Reserves for unpaid claims and allocated adjustment expenses	273,545	(675,371)
Accounts payable and accrued expenses	<u>(108,791)</u>	<u>93,420</u>
	1,138,096	(1,770,729)
Cash Flows From Investing Activities:		
Interest income	<u>11,669</u>	<u>45,203</u>
Net Increase (decrease) in Cash and Cash Equivalents	1,149,765	(1,725,526)
Cash and Cash Equivalents, beginning	<u>7,237,390</u>	<u>8,962,916</u>
Cash and Cash Equivalents, ending	<u>\$ 8,387,155</u>	<u>\$ 7,237,390</u>

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

LOUISIANA PUBLIC SCHOOL RISK MANAGEMENT AGENCY

Notes to Financial Statements

October 1, 2021

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, 2021, twenty-six 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, 2021

### 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, 2021

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 20, 2022, the date the financial statements were available to be issued.

Prior year Comparative Information

The financial statements include certain prior-year summarized comparative information in total. Such information does not include sufficient detail to constitute a presentation in conformity with accounting principles generally accepted in the United States of America. Accordingly, such information should be read in conjunction with the LARMA's financial statements for the period ended October 1, 2020, from which the summarized information was derived.

NOTE C - CASH AND CASH EQUIVALENTS

The bank balances of \$8,360,361 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.

LOUISIANA PUBLIC SCHOOL RISK MANAGEMENT AGENCY

Notes to Financial Statements

October 1, 2021

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	\$ 3,967,408
Reserve for losses incurred but not reported	<u>1,562,796</u>
Total reserves for unpaid claims and claim adjustment expenses at October 1, 2021	<u>\$ 5,530,204</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, 2020	<u>\$ 5,256,659</u>
Incurred claims and claim adjustment expenses:	
Provision for insured events of the current year	1,263,766
Increase (Decrease)-net in provision for insured events of prior years	<u>833,327</u>
Total incurred claims and claim adjustment expenses	2,097,093
Less claim payments-net:	
Claims and claim adjustment expenses attributable to insured events of the current year	85,142
Claims and claim adjustment expenses attributable to insured events of prior years	<u>1,738,406</u>
Total payments-net	<u>1,823,548</u>
Total unpaid claims and claim adjustment expenses at October 1, 2021	<u>\$ 5,530,204</u>

LOUISIANA PUBLIC SCHOOL RISK MANAGEMENT AGENCY

Notes to Financial Statements

October 1, 2021

NOTE E – MEMBER DISTRIBUTIONS

The board of trustees did not approve a member distribution for the year.

## SUPPLEMENTAL INFORMATION

LOUISIANA PUBLIC SCHOOL RISK MANAGEMENT AGENCY

Schedule of Ten Year Claims Development Information

October 1, 2021

Premium Revenue:	<u>2012</u>	<u>2013</u>	<u>2014</u>
Earned	\$ 4,647,892	\$ 4,696,762	\$ 5,102,276
Ceded	<u>(1,681,510)</u>	<u>1,730,721</u>	<u>(1,905,023)</u>
Net Earned	2,966,382	2,966,038	3,197,253
Investment Income	11,152	1,246,098	5539
Administrative Expenses	938,610	344,947	1,085,277
Reserve for Unallocated Adjustment Expenses	-	-	-
Estimated Incurred Claims, End of Policy Year (or earliest year available)	1,416,899	1,246,098	1,060,281
Cumulative Paid Claims as of:			
End of Policy Year	380,064	344,947	423,226
One Year Later	644,500	557,357	546,098
Two Years Later	663,261	679,649	559,121
Three Years Later	939,839	894,857	603,094
Four Years Later	956,693	1,123,813	742,273
Five Years Later	978,718	1,191,022	910,489
Six Years Later	980,570	1,224,069	960,689
Seven Years Later	1,002,664	1,224,969	1,062,129
Eight Years Later	1,007,276	1,224,969	
Nine Years Later	1,011,964		
Cumulative Incurred Claims as of:			
End of Policy Year	1,416,899	1,246,098	1,060,281
One Year Later	1,266,039	958,545	834,005
Two Years Later	1,287,885	950,687	706,415
Three Years Later	1,443,235	1,069,300	712,098
Four Years Later	1,403,860	1,132,313	718,500
Five Years Later	1,262,011	1,206,553	1,006,909
Six Years Later	1,233,602	908,606	1,117,516
Seven Years Later	1,212,452	910,660	1,006,835
Eight Years Later	1,200,935	883,660	
Nine Years Later	1,292,699		
Increase(Decrease) in Cumulative Incurred Claims from End of Policy Year	(124,200)	(362,438)	(53,446)

<u>2015</u>	<u>2016</u>	<u>2017</u>	<u>2018</u>	<u>2019</u>	<u>2020</u>	<u>2021</u>
\$ 4,990,616	\$ 5,059,676	\$ 5,155,279	\$ 4,848,039	\$ 4,616,515	\$ 4,575,718	\$ 4,296,321
<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>	<u>(1,599,726)</u>
3,146,403	3,206,934	3,337,977	3,358,294	3,139,887	3,062,865	2,696,595
2,612	12,915	17,188	33,174	103,468	45,203	11,669
1,431,349	1,495,899	1,509,660	1,567,620	1,592,407	1,394,225	956,277
-	-	-	-	-	-	-
990,745	892,974	928,489	974,521	918,032	1,053,604	1,263,766
421,343	468,773	555,609	344,543	683,389	396,290	420,876
488,435	633,714	653,460	478,254	816,983	616,025	
696,798	715,117	964,397	842,409	920,637		
871,226	822,561	1,356,625	1,103,453			
951,599	1,398,021	1,609,707				
1,241,740	1,754,835					
1,343,954						
990,745	892,974	928,489	974,521	918,032	1,053,604	1,263,706
832,450	884,753	973,050	1,432,272	1,181,866	1,393,323	
1,124,610	1,133,517	1,235,954	1,315,830	1,186,517		
1,024,667	1,478,068	1,171,974	1,341,937			
1,111,546	1,466,175	1,269,025				
1,254,500	1,672,541					
1,227,450						
236,705	779,567	340,536	367,416	268,485	339,719	-

LOUISIANA PUBLIC SCHOOL RISK MANAGEMENT AGENCY

Schedule of Changes in Claim Liabilities by Line of Coverage

Year ended October 1, 2021

Unpaid Claim Liabilities, October 1, 2020	\$ 5,256,659
Incurred Claims:	
Provision for Insured Events of Current Year	1,263,766
Increase (Decrease)-net in Provision for Insured Events of Prior Years	<u>833,327</u>
Increase in Incurred Claims-net:	2,097,093
Less Claim Payments-net:	
Payment-net on Claims for Insured Events of Current Year	85,142
Payments-net on Claims for Insured Events of Prior Years	<u>1,738,406</u>
Total Payments-net	<u>1,823,548</u>
Unpaid Claim Liabilities, October 1, 2021	<u><u>\$ 5,530,204</u></u>



LOUISIANA PUBLIC SCHOOL RISK MANAGEMENT AGENCY

Schedule of Net Assets (Members' Surplus)

Year ended October 1, 2021

	Year ended October 1, 2004	Year ended October 1, 2005	Year ended October 1, 2006	Year ended October 1, 2007	Year ended October 1, 2008	Year ended October 1, 2009	Year ended October 1, 2010
Earned premiums	\$ 1,792,387	\$ 5,251,727	\$ 4,213,572	\$ 4,921,613	\$ 5,177,726	\$ 4,853,537	\$ 5,284,178
Reinsurance premiums	(663,789)	(2,119,816)	(1,745,347)	(2,000,598)	(2,052,517)	(1,712,981)	(1,938,318)
Total Revenues	1,128,598	3,131,911	2,468,225	2,921,015	3,125,209	3,140,556	3,345,860
Claims paid by year of loss occurrence	(456,189)	(2,109,600)	(1,080,357)	(2,676,138)	(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	(359,437)	(1,035,947)	(849,075)	(984,556)	(1,042,917)	(977,531)	(1,050,378)
Operating Income	276,771	(185,625)	538,793	(739,679)	(136,959)	1,157,354	(5,665)
Other Income:							
Grant income	-	-	-	-	-	-	-
Interest income	-	48,720	119,512	170,330	103,504	25,349	17,639
	276,771	(136,905)	658,305	(569,349)	(33,455)	1,182,703	11,974
Reserves for unpaid claims/ expenses	-	-	-	-	-	-	-
Net assets (members' surplus)	\$ 276,771	\$ (136,905)	\$ 658,305	\$ (569,349)	\$ (33,455)	\$ 1,182,703	\$ 11,974

Continued

LOUISIANA PUBLIC SCHOOL RISK MANAGEMENT AGENCY

Schedule of Net Assets (Members' Surplus) - Continued

Year ended October 1, 2021

	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)	(718,713)	(931,270)	(736,249)	(1,017,341)	(1,427,094)
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	1,015,358	747,834	1,049,846	371,099	(43,761)
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	1,026,510	769,103	1,085,385	403,711	(30,846)
Reserve for unpaid claims/ expenses	-	<u>(280,723)</u>	<u>(5,666)</u>	<u>(367,932)</u>	<u>(333,829)</u>	<u>(402,921)</u>
Net assets (member's surplus)	<u>\$ 1,000,017</u>	<u>\$ 745,787</u>	<u>\$ 763,437</u>	<u>\$ 717,453</u>	<u>\$ 69,882</u>	<u>\$ (433,767)</u>

Continued

LOUISIANA PUBLIC SCHOOL RISK MANAGEMENT AGENCY

Schedule of Net Assets (Members' Surplus) - Continued

Year ended October 1, 2021

	<u>Year ended October 1, 2017</u>	<u>Year ended October 1, 2018</u>	<u>Year ended October 1, 2019</u>	<u>Year ended October 1, 2020</u>	<u>Year ended October 1, 2021</u>	<u>Year ended Total</u>
Earned premiums	\$ 5,155,279	\$ 4,848,038	\$ 4,616,515	\$ 4,575,718	\$ 4,296,321	\$ 84,544,987
Reinsurance premiums	<u>(1,817,302)</u>	<u>(1,489,744)</u>	<u>(1,476,628)</u>	<u>(1,512,853)</u>	<u>(1,599,726)</u>	<u>(30,958,765)</u>
Total Revenues	\$ 3,337,977	3,358,294	3,139,887	3,062,865	2,696,595	53,586,222
Claims paid by year of loss occurrence	(1,275,367)	(774,406)	(588,732)	(284,120)	(104,464)	(19,845,924)
Claim administrative fees (included in Claim Paid in Years 2006 and 2007)	(334,660)	(327,688)	(331,905)	(331,905)	(316,409)	(4,520,229)
Supporting services expenses	<u>(1,509,660)</u>	<u>(1,567,620)</u>	<u>(1,592,407)</u>	<u>(1,394,225)</u>	<u>(956,277)</u>	<u>(20,282,871)</u>
Operating Income	218,290	688,580	626,843	1,052,615	1,319,445	8,937,198
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>11,669</u>	<u>753,201</u>
	235,478	721,754	730,311	1,097,818	1,331,114	9,760,399
Reserve for unpaid claims/ expenses	<u>(169,484)</u>	<u>(583,026)</u>	<u>(949,269)</u>	<u>(1,173,588)</u>	<u>(1,263,766)</u>	<u>(5,530,204)</u>
Net assets (member's surplus)	<u>\$ 65,994</u>	<u>\$ 138,728</u>	<u>\$ (218,958)</u>	<u>\$ (757,707)</u>	<u>\$ 67,348</u>	<u>\$ 4,230,195</u>

## OTHER INFORMATION

LOUISIANA PUBLIC SCHOOL RISK MANAGEMENT AGENCY

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

Year ended October 1, 2021

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	105
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 20, 2022

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, 2021, and the related notes to the financial statements, which collectively comprise LARMA's basic financial statements and have issued our report thereon dated March 20, 2022.

**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.

*Sharon, Cassidy: Hillery*

LOUISIANA PUBLIC SCHOOL RISK MANAGEMENT AGENCY

Schedule of Findings and Responses

Year Ended October 1, 2021

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