

**LOUISIANA HOUSING COUNCIL, INC. BENEFITS PLAN**

**FINANCIAL STATEMENTS AND  
SUPPLEMENTARY INFORMATION**

**YEAR ENDED MARCH 31, 2024**



CPAs | CONSULTANTS | WEALTH ADVISORS

[CLAconnect.com](https://CLAconnect.com)

**LOUISIANA HOUSING COUNCIL, INC. BENEFITS PLAN  
TABLE OF CONTENTS  
YEAR ENDED MARCH 31, 2024**

<b>INDEPENDENT AUDITORS' REPORT</b>	<b>1</b>
<b>MANAGEMENT'S DISCUSSION AND ANALYSIS</b>	<b>4</b>
<b>BASIC FINANCIAL STATEMENTS</b>	
<b>STATEMENT OF NET POSITION</b>	<b>6</b>
<b>STATEMENT OF REVENUES, EXPENSES, AND CHANGES IN NET POSITION</b>	<b>7</b>
<b>STATEMENT OF CASH FLOWS</b>	<b>8</b>
<b>NOTES TO FINANCIAL STATEMENTS</b>	<b>9</b>
<b>REQUIRED SUPPLEMENTARY INFORMATION</b>	
<b>SCHEDULE 1 – 10 YEAR CLAIMS DEVELOPMENT INFORMATION</b>	<b>17</b>
<b>SUPPLEMENTARY INFORMATION</b>	
<b>SCHEDULE OF COMPENSATION, BENEFITS, AND OTHER PAYMENTS TO     AGENCY HEAD OR CHIEF EXECUTIVE OFFICER</b>	<b>18</b>
<b>INDEPENDENT AUDITOR'S REPORT ON INTERNAL CONTROL OVER FINANCIAL REPORTING AND ON COMPLIANCE AND OTHER MATTERS BASED ON AN AUDIT OF FINANCIAL STATEMENTS PERFORMED IN ACCORDANCE WITH <i>GOVERNMENT AUDITING STANDARDS</i></b>	<b>19</b>



## INDEPENDENT AUDITORS' REPORT

LHC Insurance Committee  
Louisiana Housing Council, Inc. Benefits Plan  
Baton Rouge, Louisiana

### Report on the Financial Statements

#### ***Opinion***

We have audited the accompanying financial statements of Louisiana Housing Council, Inc. Benefits Plan, 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. Benefits Plan's basic financial statements as listed in the table of contents.

In our opinion, the financial statements present fairly, in all material respects, the financial position of Louisiana Housing Council, Inc. Benefits Plan as of March 31, 2024, and the changes in net 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 Auditor's Responsibilities for the Audit of the Financial Statements section of our report. We are required to be independent of Louisiana Housing Council, Inc. Benefits Plan 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. Benefits Plan'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.

### ***Auditor's 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 auditor's 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. Benefits Plan'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. Benefits Plan'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's discussion and analysis on pages 4 through 5 and the schedule 1 - 10 year claims development information on page 17 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 basic financial statements as a whole. The accompanying schedule of compensation, benefits, and other payments to agency head or chief executive officer is presented for purposes of additional analysis and is not a required part of the 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 financial statements or to the basic financial statements themselves, and other additional procedures in accordance with GAAS. In our opinion, the 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 Louisiana Housing Council, Inc. Benefits Plan's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and other matters. The purpose of that report is solely to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the effectiveness of Louisiana Housing Council, Inc. Benefits Plan'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. Benefits Plan's internal control over financial reporting and compliance.



**CliftonLarsonAllen LLP**

Phoenix, Arizona  
January 31, 2025

**LOUISIANA HOUSING COUNCIL, INC. BENEFITS PLAN**  
**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. Benefits Plan (the Health Fund) 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 Health, Life and Disability insurance coverage through the Louisiana Housing Council, Inc. Benefits Plan. The Health Fund was originally formed in 1982.

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 Health Fund is currently administered by Arthur J. Gallagher Risk Management Services, Inc. at the direction of the LHC Insurance Committee.

**Financial Highlights**

	(in Millions)		Percentage
	At March 31, 2024	At March 31, 2023	Increase (Decrease)
<b>Assets</b>			
Cash and Investments	\$ 4.22	\$ 2.84	48.53%
<b>Liabilities</b>			
Unpaid Claims Liability	0.74	0.26	184.33%
<b>Net Position</b>	<u>\$ 3.86</u>	<u>\$ 2.96</u>	30.57%
	Fiscal Year 2024	Fiscal Year 2023	Percentage Increase (Decrease)
Premiums Earned	\$ 5.21	\$ 5.21	-0.02%
Premiums Ceded	(0.84)	(1.01)	-16.00%
Total Operating Revenues	4.36	4.20	3.80%
Net Incurred Claims Expense	3.32	3.56	-6.72%
Administrative, Legal and Overhead Fees	0.24	0.14	72.23%
Bad Debt	0.04	0.14	-74.01%
Total Operating Expenses	3.60	3.83	-6.22%
Net Investment Income (Loss)	0.10	0.03	269.40%
Change in Net Position	<u>\$ 0.90</u>	<u>\$ 0.53</u>	69.80%

As shown above, cash and investments increased by 48.53%, due to the Health Fund's revenue exceeding expenses.

**LOUISIANA HOUSING COUNCIL, INC. BENEFITS PLAN  
MANAGEMENT'S DISCUSSION AND ANALYSIS  
MARCH 31, 2024**

**Financial Highlights (Continued)**

Premiums earned remained consistent with the prior year. Premiums ceded decreased 16.00% due to the market. Net incurred claims expense decreased 6.72% in 2024.

Administrative, legal, and overhead fees increased 72.23% due to more precise bookkeeping. Investment activity for fiscal year 2024 reflects a gain of approximately \$100,000 or about 0.02% on average cash and investments.

The overall change in net position for the 2024 fiscal year was an increase of approximately \$905,000. This increase is primarily attributable to premiums earned exceeding claims expense incurred.

**Basic Financial Statements**

The basic financial statements include information for Louisiana Housing Council, Inc. Benefits Plan. 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 Health Fund. 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 fiscal year. This statement shows the revenues generated by the fund 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.

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

**Contacting the Health Fund's Designated Representative**

This financial report is intended to provide a general overview of Louisiana Housing Council, Inc. Benefits Plan. Questions concerning information provided herein, or requests for additional financial information, should be addressed to the Louisiana Housing Council, Inc. Benefits Plan's designated representative:

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

**LOUISIANA HOUSING COUNCIL, INC. BENEFITS PLAN**  
**STATEMENT OF NET POSITION**  
**MARCH 31, 2024**

**ASSETS**

Cash and Cash Equivalents	\$ 3,070,477
Investments	1,147,258
Premiums Receivable, Net	140,812
Excess Insurance Receivable	65,755
Pharmacy Rebates Receivable	196,235
Accrued Interest	<u>6,787</u>
Total Assets	<u><u>\$ 4,627,324</u></u>

**LIABILITIES AND NET POSITION**

**LIABILITIES**

Accounts Payable	\$ 1,597
Claims Payable	419,593
Reserve for IBNR Losses	317,665
Prepaid Contributions	24,167
Due to Related Party	<u>139</u>
Total Liabilities	763,161

**UNRESTRICTED NET POSITION**

	<u>3,864,163</u>
Total Liabilities and Net Position	<u><u>\$ 4,627,324</u></u>

*See accompanying Notes to Financial Statements.*

**LOUISIANA HOUSING COUNCIL, INC. BENEFITS PLAN**  
**STATEMENT OF REVENUES, EXPENSES, AND CHANGES IN NET POSITION**  
**YEAR ENDED MARCH 31, 2024**

**OPERATING REVENUES**

Premiums Earned	\$ 5,208,540
Premiums Ceded	<u>(844,329)</u>
Net Premiums Earning	<u>4,364,211</u>
 Total Operating Revenues	 4,364,211

**OPERATING EXPENSES**

Claims Expenses	3,319,671
Claims Administrator Fees	172,826
Bad Debt	35,259
Professional Fees and Other Expenses	<u>33,184</u>
Total Operating Expenses	<u>3,560,940</u>

**OPERATING INCOME**

803,271

**NONOPERATING REVENUES**

Investment Income	<u>101,407</u>
Total Nonoperating Revenues	<u>101,407</u>

**CHANGE IN NET POSITION**

904,678

Net Position - Beginning of Year

2,959,485

**NET POSITION - END OF YEAR**

\$ 3,864,163

*See accompanying Notes to Financial Statements.*

**LOUISIANA HOUSING COUNCIL, INC. BENEFITS PLAN**  
**STATEMENT OF CASH FLOWS**  
**YEAR ENDED MARCH 31, 2024**

**CASH FLOWS FROM OPERATING ACTIVITIES**

Receipts from Premiums	\$ 4,238,186
Payments for Goods, Services, Claims, and Benefits	<u>(2,958,367)</u>
Net Cash Provided by Operating Activities	1,279,819

**CASH FLOWS FROM INVESTING ACTIVITIES**

Interest Received on Investments	98,233
Proceeds from Sale and Maturity of Investment Securities	433,312
Purchase of Investment Securities	<u>(468,235)</u>
Net Cash Provided by Investing Activities	<u>63,310</u>

**NET CHANGE IN CASH AND CASH EQUIVALENTS**

1,343,129

Cash and Cash Equivalents - Beginning of Year

1,727,348

**CASH AND CASH EQUIVALENT - END OF YEAR**

\$ 3,070,477

**RECONCILIATION OF OPERATING INCOME TO  
NET CASH PROVIDED BY OPERATING ACTIVITIES**

Operating Income	\$ 803,271
Adjustments to Reconcile Operating Income to Net	
Cash Provided by Operating Activities:	
Bad Debt Expense	35,259
(Increase) Decrease in Assets:	
Premiums Receivable	150,239
Excess Insurance Receivable	(65,755)
Prepaid Expenses	87,752
Pharmacy Rebates Receivable	(196,235)
Increase (Decrease) in Liabilities:	
Accounts Payable	1,597
Claims Payable	419,593
Reserve for IBNR Losses	58,372
Prepaid Contributions	24,167
Due to Related Party	<u>(38,441)</u>
Net Cash Provided by Operating Activities	<u><u>\$ 1,279,819</u></u>

See accompanying Notes to Financial Statements.

**LOUISIANA HOUSING COUNCIL, INC. BENEFITS PLAN**  
**NOTES TO FINANCIAL STATEMENTS**  
**MARCH 31, 2024**

**NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES**

**Background and Financial Statement Presentation**

The general objective of the Louisiana Housing Council, Inc. Benefits Plan (referred to herein as the "Health Fund") is to obtain lower costs for Health, Life, & Disability coverage on behalf of participating local housing authorities. Housing authorities joining the Health Fund must be members of the Louisiana Housing Council, Inc. (LHC), which is an association for the housing authorities of Louisiana and is incorporated as a nonprofit corporation under the laws of the State of Louisiana. A member may withdraw from the Health Fund by giving proper notice. Fund underwriting and rate-setting policies have been established by the LHC Insurance Committee. If the assets of the Health Fund were to be exhausted, members would only be responsible for their respective outstanding claims. Administration of the Health Fund is vested in the LHC Insurance Committee.

LHC has contracted with a service company to administer the Health Fund's day-to-day affairs, subject to the superior authority of the LHC Insurance Committee. The service company performs fund marketing, completes claims administration and reporting, including the processing and defense of claims brought against Health Fund members, and services in the areas of underwriting, risk management, and data information.

Louisiana Housing Council, Inc. Group Self-Insurance Risk Management Agency and Louisiana Housing Council, Inc. Benefits Plan are affiliated through common membership and management control. Although these entities are related parties, their various net assets are available only to the individual entity for its operations. For this reason, Louisiana Housing Council, Inc. Group Self-Insurance Risk Management Agency is presented separately in accordance with Governmental Accounting Standards Board (GASB) Statement No. 10 and GASB Statement No. 14.

**Basis of Accounting**

The Health Fund is considered an enterprise fund and, accordingly, uses the accrual method of accounting and the economic resources measurement focus. 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 Health Fund 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 Health Fund'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.

**LOUISIANA HOUSING COUNCIL, INC. BENEFITS PLAN**  
**NOTES TO FINANCIAL STATEMENTS**  
**MARCH 31, 2024**

**NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)**

**Net Position**

Net position is comprised of three components: net investment in capital assets, restricted, and unrestricted.

*Restricted Net Position* – Is reported when there are limitations imposed on use either through enabling legislation or through external restrictions imposed by creditors, grants, laws or regulations of other governments.

*Unrestricted Net Position* – Is the amount of net position that does not meet the definition of the two preceding categories.

When both restricted and unrestricted resources are available for use, it is the Health Fund's policy to use restricted resources first, then unrestricted resources as they are needed.

**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. Acquisition costs associated with new and renewal contracts 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 of \$170,930.

**Unpaid Claims Liability**

The Health Fund establishes claims liabilities based on estimates of the ultimate cost of claims (including future claim adjustment expenses) that have been reported but not settled and of claims that have been incurred but not reported. The 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 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 claims costs is implicit in the calculation because reliance is placed both on actual historical data that reflects past inflation and on other factors that are considered to be appropriate modifiers of past experience. Adjustments to claims liabilities are charged or credited to expenses in the period in which they are made. 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.

**LOUISIANA HOUSING COUNCIL, INC. BENEFITS PLAN**  
**NOTES TO FINANCIAL STATEMENTS**  
**MARCH 31, 2024**

**NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)**

**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 which is based on the last reported sales price if available; if not available, it is estimated. Realized and unrealized gains and losses on investments recorded at fair value are included in net investment income. Investments include money market accounts, corporate bonds, and U.S. Government Agency and Treasury obligations. See Note 4 for further discussion regarding fair value measurements.

**Excess Insurance**

The Health Fund purchases excess insurance to reduce exposure to large losses on insured events. Under the excess policies, when claims reach the provided specific or aggregate stop loss limit, the liability transfers to the excess insurer. These excess contracts do not relieve the Health Fund from its obligations to policyholders. Failure of excess carrier to honor its obligations could result in losses to the Health Fund. The Health Fund evaluates the financial condition of its excess carrier and monitors concentrations of credit risk arising from similar geographic regions, activities, or economic characteristics of the excess carrier to minimize its exposure to significant losses from excess carrier insolvency.

**Income Taxes**

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

**Use of 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 the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenues and expenses during the reporting period. Actual results could differ from those estimates.

**LOUISIANA HOUSING COUNCIL, INC. BENEFITS PLAN**  
**NOTES TO FINANCIAL STATEMENTS**  
**MARCH 31, 2024**

**NOTE 2 DEPOSITS AND INVESTMENTS**

The Health Fund 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 the Health Fund 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 Health Fund 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 Health Fund may invest any surplus monies in obligations of the U.S. Government and its agencies, as well as financial institutions. The Health Fund may also make investments in bonds or debentures provided certain conditions are met regarding credit quality.

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 Health Fund'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 Health Fund as of March 31, 2024:

<u>Investment Type</u>	<u>Fair Value</u>	<u>Amortized Cost</u>
U.S. Treasury Notes	\$ 430,159	\$ 435,210
U.S. Government Agency Debt Obligations	162,692	163,037
U.S. Government Mortgage-Backed Securities	486,605	506,265
Corporate Bonds	55,224	54,970
Money Market Funds	12,578	12,578
Total	<u>\$ 1,147,258</u>	<u>\$ 1,172,061</u>

**Custodial Credit Risk**

Custodial credit risk for cash and cash equivalents is the risk that in the event of financial institution failure, the Health Fund's deposits may not be returned. The Health Fund has no custodial risk with respect to demand deposit accounts at March 31, 2024. The Health Fund'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.

**LOUISIANA HOUSING COUNCIL, INC. BENEFITS PLAN**  
**NOTES TO FINANCIAL STATEMENTS**  
**MARCH 31, 2024**

**NOTE 2 DEPOSITS AND INVESTMENTS (CONTINUED)**

**Custodial Credit Risk (Continued)**

For an investment, custodial credit risk is the risk that in the event of the failure of the counterparty, the Health Fund 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 Health Fund'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 Health Fund'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 Health Fund's investment in a single issuer. The Health Fund 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.

**Interest Rate Risk**

Interest rate risk is the risk that changes in overall market interest rates will adversely affect the fair value of an investment. The Health Fund measures and monitors the weighted-average maturity of the fixed income securities portfolio to manage exposure to interest rate risk. This includes the weighted-average maturities of the total fixed income portfolio, individual securities, as well as categories of securities held by the Health Fund. In some instances, actual maturities may differ from contractual maturities because borrowers may have the right to call or prepay obligations with or without call prepayment penalties. The following table shows the Health Fund's fixed income investments and maturities in actively-managed accounts at March 31, 2024:

<u>Investment Type</u>	<u>Fair Value</u>	<u>Investment Maturity in Years</u>			
		<u>Less Than 1</u>	<u>1 - 5</u>	<u>6 - 10</u>	<u>10 +</u>
U.S. Treasury Notes	\$ 430,159	\$ 189,662	\$ 240,497	\$ -	\$ -
U.S. Government Agency Debt Obligations	162,692	19,971	142,721	-	-
U.S. Government Mortgage Backed Securities	486,605	6,675	148,414	169,332	162,184
Corporate Bonds	55,224	55,224	-	-	-
Money Market Funds	12,578	12,578	-	-	-
Total Investments	<u>\$ 1,147,258</u>	<u>\$ 284,110</u>	<u>\$ 531,632</u>	<u>\$ 169,332</u>	<u>\$ 162,184</u>

**LOUISIANA HOUSING COUNCIL, INC. BENEFITS PLAN**  
**NOTES TO FINANCIAL STATEMENTS**  
**MARCH 31, 2024**

**NOTE 3 UNPAID CLAIMS LIABILITY**

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

Unpaid Claims at March 31, 2023	\$ 259,293
Incurring Claims and Claims Adjustment Expenses of the Current Period	4,212,145
Changes in Provision for Insured Events of Prior Years	<u>(892,474)</u>
Total Incurred Claims and Claims Adjustment Expense	3,319,671
Payments for Claims and Claims Adjustment Expenses Attributable to:	
Insured Events of Current Year	(3,614,479)
Insured Events of Prior Years	<u>772,773</u>
Total Payments and Claims Adjustment Expense	<u>(2,841,706)</u>
Total Unpaid Claims at March 31, 2024	<u><u>\$ 737,258</u></u>
Claims Payable	\$ 419,593
Reserve for IBNR Losses	<u>317,665</u>
Total Unpaid Claims at March 31, 2024	<u><u>\$ 737,258</u></u>

**NOTE 4 FAIR VALUE MEASUREMENTS**

The Health Fund follows GASB Statement 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.

The Health Fund utilizes valuation techniques that maximize the use of observable inputs and minimize the use of unobservable inputs to the extent possible. The Health Fund 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.

**LOUISIANA HOUSING COUNCIL, INC. BENEFITS PLAN**  
**NOTES TO FINANCIAL STATEMENTS**  
**MARCH 31, 2024**

**NOTE 4 FAIR VALUE MEASUREMENTS (CONTINUED)**

*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:

*Money Market Funds* – Valued at cost which approximates market value.

*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.

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 Health Fund 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.

Assets measured at fair value on a recurring basis as of March 31, 2024 are as follows:

	Level 1	Level 2	Level 3	Total
Government Securities:				
U.S. Treasury Notes	\$ 430,159	\$ -	\$ -	\$ 430,159
U.S. Government Agency Debt Obligations	-	162,692	-	162,692
U.S. Government Mortgage Backed Securities	-	486,605	-	486,605
Corporate Bonds	-	55,224	-	55,224
Money Market Funds	12,578	-	-	12,578
Total Investments at Fair Value	<u>\$ 442,737</u>	<u>\$ 704,521</u>	<u>\$ -</u>	<u>\$ 1,147,258</u>

**LOUISIANA HOUSING COUNCIL, INC. BENEFITS PLAN**  
**NOTES TO FINANCIAL STATEMENTS**  
**MARCH 31, 2024**

**NOTE 5    EXCESS INSURANCE POLICY COVERAGE**

At March 31, 2024, the Health Fund had excess insurance with each participant having unlimited lifetime maximum coverage. The stop loss per claim is \$125,000 for each individual. Premiums ceded to insurers during the year ended March 31, 2024 were \$844,329, and the amount deducted from claims was \$136,638. All of the excess insurance activity was with a single carrier. The anticipated recoverable amount as of March 31, 2024 was \$65,755.

**NOTE 6    RELATED PARTY TRANSACTIONS**

The Health Fund has a balance due to an entity with common membership and management control in the amount of \$139 as of March 31, 2024.

**NOTE 7    CONTINGENCIES**

During the normal course of business, the Health Fund becomes involved in various insurance related claims and legal actions. Management of the Health Fund 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 Health Fund's financial position or results of operations.

**LOUISIANA HOUSING COUNCIL, INC. BENEFITS PLAN**  
**SCHEDULE 1 – 10 YEAR CLAIMS DEVELOPMENT INFORMATION**  
**YEAR ENDED MARCH 31, 2024**  
**IN THOUSANDS (UNAUDITED)**  
**(SEE AUDIT REPORT)**

	2024	2023	2022	2021	2020	2019	2018	2017	2016	2015
Premiums and Investment										
Premium Revenues:										
Earned	\$ 5,208	\$ 5,210	\$ 5,462	\$ 5,138	\$ 4,825	\$ 3,916	\$ 3,677	\$ 3,647	\$ 3,446	\$ 3,150
Ceded	(844)	(1,005)	(987)	(1,069)	(1,210)	(1,030)	(877)	(658)	(635)	(547)
Net Earned	4,364	4,205	4,475	4,069	3,615	2,886	2,800	2,989	2,811	2,603
Operating Costs, Unallocated	241	139	13	26	26	31	33	45	45	95
Estimated Claims and Expenses,										
End of Policy Year:										
Earned	3,440	4,025	3,569	4,725	4,724	4,219	2,960	3,510	3,141	3,289
Ceded	(120)	(466)	(151)	(547)	(838)	(732)	(222)	(501)	(209)	(782)
Net Incurred	3,320	3,559	3,418	4,178	3,886	3,487	2,738	3,009	2,932	2,507
Paid (Cumulative) as of:										
End of Policy Year	3,614	2,972	3,190	3,768	3,434	3,149	2,391	2,816	2,654	2,344
One Year Later		3,744	3,745	4,177	3,908	3,502	2,717	2,968	2,916	2,499
Two Years Later			3,745	4,177	3,908	3,502	2,717	2,968	2,916	2,499
Three Years Later				4,177	3,908	3,502	2,717	2,968	2,916	2,499
Four Years Later					3,908	3,502	2,717	2,968	2,916	2,499
Five Years Later						3,502	2,717	2,968	2,916	2,499
Six Years Later							2,717	2,968	2,916	2,499
Seven Years Later								2,968	2,916	2,499
Eight Years Later									2,916	2,499
Nine Years Later										2,499
Re-Estimated Ceded										
Claims and Expenses	(120)	(466)	(151)	(547)	(838)	(732)	(222)	(501)	(209)	(782)
Re-Estimated Net Incurred										
Claims and Expenses:										
End of Policy Year	3,320	3,231	3,418	4,178	3,904	3,487	2,738	3,009	2,932	2,507
One Year Later		3,744	3,745	4,177	3,908	3,502	2,717	2,968	2,916	2,499
Two Years Later			3,745	4,177	3,908	3,502	2,717	2,968	2,916	2,499
Three Years Later				4,177	3,908	3,502	2,717	2,968	2,916	2,499
Four Years Later					3,908	3,502	2,717	2,968	2,916	2,499
Five Years Later						3,502	2,717	2,968	2,916	2,499
Six Years Later							2,717	2,968	2,916	2,499
Seven Years Later								2,968	2,916	2,499
Eight Years Later									2,916	2,499
Nine Years Later										2,499
Increase (Decrease) in										
Estimated Net Incurred										
Claims and Expenses from										
End of Policy Year	-	513	327	(1)	4	15	(21)	(41)	(16)	(8)

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. BENEFITS PLAN  
SCHEDULE OF COMPENSATION, BENEFITS, AND OTHER  
PAYMENTS TO AGENCY HEAD OR CHIEF EXECUTIVE OFFICE  
YEAR ENDED MARCH 31, 2024  
(SEE AUDIT REPORT)**

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

LHC Insurance Committee  
Louisiana Housing Council, Inc. Benefits Plan  
Baton Rouge, Louisiana

We have audited, in accordance with the auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States, the financial statements of Louisiana Housing Council, Inc. Benefits Plan, 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. Benefits Plan'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. Benefits Plan'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. Benefits Plan's internal control. Accordingly, we do not express an opinion on the effectiveness of Louisiana Housing Council, Inc. Benefits Plan'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.

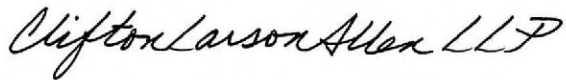
Our consideration of internal control was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control that might be material weaknesses or significant deficiencies and therefore, material weakness or significant deficiencies may exist that were not identified. We identified no deficiencies in internal control that we consider to be significant deficiencies or material weaknesses.

### **Report on Compliance and Other Matters**

As part of obtaining reasonable assurance about whether Louisiana Housing Council, Inc. Benefits Plan'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.

A handwritten signature in black ink that reads "CliftonLarsonAllen LLP". The signature is written in a cursive, flowing style.

**CliftonLarsonAllen LLP**

Phoenix, Arizona  
January 31, 2025

