

EISNERAMPER

HORSEMEN'S WORKERS' COMPENSATION INSURANCE TRUST

FINANCIAL STATEMENTS

DECEMBER 31, 2023



HORSEMEN'S WORKERS' COMPENSATION INSURANCE TRUST

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INDEPENDENT AUDITORS' REPORT

Officers and Trustees of
Horsemen's Workers' Compensation Insurance Trust

Report on the Audit of the Financial Statements

Opinion

We have audited the financial statements of Horsemen's Workers' Compensation Insurance Trust (the "Trust"), which comprise the statement of net assets as of December 31, 2023, and the related statements of revenues, expenses, and changes in net assets, and cash flow for the year then ended, and the related notes to the financial statements.

In our opinion, the accompanying financial statements present fairly, in all material respects, the financial position of Horsemen's Workers' Compensation Insurance Trust as of December 31, 2023, and the changes in its net assets 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 the financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States ("*Government Auditing Standards*"). 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 Trust 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.

Prior Period Financial Statements

The financial statements of the Trust for the year ended December 31, 2022, were audited by another auditor whose report dated June 29, 2023, expressed an unmodified opinion on those financial statements.

Responsibilities of Management 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, 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 the Trust's ability to continue as a going concern for one year after the date that the financial statements are available to be issued.

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 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 the Trust'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 the Trust'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 information about short-duration insurance contracts on page 18 be presented to supplement the basic financial statements. Such information, although not a part of the basic financial statements, is required by the Financial 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 as a whole. The supplementary information in the Schedule of Compensation, Benefits and Other Payments to Agency Head on page 19, 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 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 supplementary information is fairly stated, in all material respects, in relation to the financial statements taken as a whole.

Other Reporting Required by *Government Auditing Standards*

In accordance with *Government Auditing Standards*, we have also issued our report dated July 29, 2024 on our consideration of the Trust'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 Trust'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 the Trust's internal control over financial reporting and compliance.

EisnerAmper LLP

EISNERAMPER LLP
Baton Rouge, Louisiana
July 29, 2024



HORSEMEN'S WORKERS' COMPENSATION INSURANCE TRUST

STATEMENTS OF NET ASSETS
DECEMBER 31, 2023 AND 2022

	<u>ASSETS</u>	
	<u>2023</u>	<u>2022</u>
Cash and cash equivalents	\$ 2,435,981	\$ 3,458,535
Cash held in claims escrow funds	228,461	337,004
Investments - certificates of deposit	799,934	807,926
Investments - equity securities	208,381	201,216
Prepaid excess insurance	298,784	277,360
Excess insurance receivable	1,107,305	348,297
Other prepaid expenses	54,505	52,809
Due from affiliates, net	<u>1,557,501</u>	<u>468,159</u>
Total assets	<u>\$ 6,690,852</u>	<u>\$ 5,951,306</u>

LIABILITIES AND NET ASSETS

Liabilities:		
Unpaid claims liability	\$ 3,459,325	\$ 2,659,042
Accounts payable and accrued liabilities	125,420	133,863
Unearned revenues	<u>314,381</u>	<u>-</u>
Total liabilities	3,899,126	2,792,905
Net assets, unrestricted	<u>2,791,726</u>	<u>3,158,401</u>
Total liabilities and net assets	<u>\$ 6,690,852</u>	<u>\$ 5,951,306</u>

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

HORSEMEN'S WORKERS' COMPENSATION INSURANCE TRUST

STATEMENTS OF REVENUES, EXPENSES AND CHANGES IN NET ASSETS
YEARS ENDED DECEMBER 31, 2023 AND 2022

	<u>2023</u>	<u>2022</u>
<u>Revenues and Other Support</u>		
Purse receipts allocated to workers compensation revenue	\$ 798,462	\$ 846,379
Start premium revenue	2,840,285	2,274,200
Farm premium revenue	208,437	230,241
Net realized and unrealized gains (losses)	13,347	(56,479)
Interest and dividend income	33,554	22,131
Other income	100,000	-
Total revenues and other support	<u>3,994,085</u>	<u>3,316,472</u>
<u>Expenses</u>		
Claims expense	2,655,317	1,181,988
Excess insurance premiums	611,096	506,630
Claims handling fees	66,786	76,007
Professional fees	187,329	136,034
Management fees	790,400	742,800
Other	49,832	39,325
Total expenses	<u>4,360,760</u>	<u>2,682,784</u>
<u>CHANGE IN NET ASSETS</u>	(366,675)	633,688
<u>NET ASSETS - BEGINNING OF YEAR</u>	<u>3,158,401</u>	<u>2,524,713</u>
<u>NET ASSETS - END OF YEAR</u>	<u>\$ 2,791,726</u>	<u>\$ 3,158,401</u>

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

HORSEMEN'S WORKERS' COMPENSATION INSURANCE TRUST

STATEMENTS OF CASH FLOWS
YEARS ENDED DECEMBER 31, 2023 AND 2022

	<u>2023</u>	<u>2022</u>
Cash flows from operating activities:		
Change in net assets	\$ (366,675)	\$ 633,688
Adjustments to reconcile change in net assets to net cash provided by (used in) operations:		
Change in excess insurer receivables	(759,008)	526,590
Change in prepaid excess insurance	(21,424)	19,811
Change in unpaid claims liability	800,283	(188,461)
Change in other prepaid expenses	(1,696)	(19,059)
Change in accounts payable	(8,443)	(4,128)
Change in unearned revenues	314,381	-
Change in due from affiliates	<u>(1,089,342)</u>	<u>123,937</u>
Net cash provided by (used in) operating activities	<u>(1,131,924)</u>	<u>1,092,378</u>
Cash flows from investing activities:		
Proceeds from sales and maturities of investments	205,159	233,068
Investment purchases	<u>(204,332)</u>	<u>(519,174)</u>
Net cash provided by (used in) investing activities	<u>827</u>	<u>(286,106)</u>
Net change in cash	(1,131,097)	806,272
Cash and cash equivalents, beginning of year	<u>3,795,539</u>	<u>2,989,267</u>
Cash and cash equivalents, end of year	<u>\$ 2,664,442</u>	<u>\$ 3,795,539</u>
<u>Summary of Cash Balances</u>		
Cash and cash equivalents	\$ 2,435,981	\$ 3,458,535
Cash held in claims escrow funds	228,461	337,004
	<u>\$ 2,664,442</u>	<u>\$ 3,795,539</u>

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

HORSEMEN'S WORKERS' COMPENSATION INSURANCE TRUST

NOTES TO FINANCIAL STATEMENTS

1. SIGNIFICANT ACCOUNTING POLICIES

(a) Background and Organization

Horsemen's Workers' Compensation Insurance Trust (the Trust) was established on July 13, 2011, as a trust pursuant to Louisiana Revised Statute 4:251 and 4:252 to administer an insurance program for the purpose of providing workers' compensation insurance coverage and related benefits to members of the Louisiana Horsemen's Benevolent and Protective Association 1993, Inc. (the Association). The Trust began providing insurance coverage on July 16, 2011, which is considered the date of inception of operations. The Association was formed for the purpose of protecting the interest of the horse owners and trainers, particularly as it relates to their relationships with the owners and managers of race tracks. The purpose of the Trust is to provide workers' compensation insurance certificates of coverage and related benefits for certain workers participating in the horse racing industry and members of the Association. The Trust's objective is to formulate, develop, and administer a program of workers' compensation and loss control programs for the benefit of participants. This includes developing underwriting and rate-setting policies and administering benefits to claimants under the insurance certificates and to purchase excess insurance contracts for the benefit of the Trust.

Workers' compensation benefits provided by the Trust were previously provided to members of the Association pursuant to insurance policies issued by a third party and reinsured by Horsemen's Insurance Alliance SPC (HIA), which is incorporated in the Cayman Islands as a segregated portfolio trust and a captive insurer owned by the Association. Effective July 16, 2011, the Trust began providing coverage to members, which were previously provided by a third party insurance policy in conjunction with HIA acting as the reinsurer for a specified amount of covered risks. All claims and other liabilities prior to this date remained the obligation of the third party insurer and HIA. The Association entered into a transaction to sell HIA to a third party during 2022 as there were no further claim obligations. HIA was sold effective January 1, 2023.

The Trust is administered by a Board of Trustees who are appointed by the Board of Directors of the Association. The Trust also contracts with the Association to act as the administrator and manager of the Trust and with other parties to perform certain functions to carry out the objectives of the Trust. The Trust and the Association are affiliated through common membership and management control and are considered to be related parties. Although these entities are related parties, their various net assets are available only to each individual entity for their respective operations.

In the event the Trust has excess assets available for a trust year of operations, the Trustees may, at their sole discretion, declare a dividend payable to members meeting eligibility requirements. Such a dividend will be payable only upon determination by the Board of Trustees and any necessary regulatory approvals.

(b) Basis of Accounting

The accompanying financial statements are presented in accordance with U.S. generally accepted accounting principles (GAAP) and prevailing practices within the insurance industry. The Trust utilizes the accrual method of accounting for financial reporting purposes.

HORSEMEN'S WORKERS' COMPENSATION INSURANCE TRUST

NOTES TO FINANCIAL STATEMENTS

1. SIGNIFICANT ACCOUNTING POLICIES (continued)

(c) Revenues and Accounts Receivable

The Association is funded by the statutorily dedicated funds described in the Louisiana Revised Statute (La R.S) 4:251 through 252, relative to workers' compensation insurance coverage. Pursuant to La R.S. 4:252 (c)(5), the Association receives 2% of all purses and purse supplements available for purses for any race meets in Louisiana. Of the 2% receipts, the Association may utilize up to one-half of the authorized two percent for the improvement and administration of the Louisiana Horsemen's Pension Trust. During the years ended December 31, 2023 and 2022, 1% of the Association's total 2% purse receipts was dedicated to the Trust and recognized as revenues in these financial statements. The remaining 1% of the Association's purse receipts was dedicated to the Louisiana Horsemen's Pension Trust. See Note 3.

The Association's workers' compensation insurance program also generates premium revenue which is based on either the number of race starts or per payroll level if the member is a non-racing farm. The percentage of purse funds received and premiums charged to members on either a per-start or covered payroll basis by the Association were contributed to the Trust and included in premium revenues in these financial statements.

For Louisiana domiciled participants and participants who meet a Louisiana racing test, coverage is extended while temporarily participating in horse racing and/or training operations. For other participants, coverage is provided while operating at the Louisiana Race Tracks and Louisiana recognized Training Centers. Participants must obtain coverage through the Trust unless the Association declines to provide coverage. In such case, the trainer must provide evidence that other workers' compensation insurance is in place in order to race in Louisiana.

Louisiana domiciled participants and participants who meet a Louisiana racing test pay premiums on a per start fee. There was a \$65 charge for in-state races. Participants for out-of-state and out-of-country races are charged a fee of \$90 to \$110 per start, respectively. The base farm rate remained at 12% of farm payroll. Quarter horse and thoroughbred farms premiums are based on their estimated annual payroll.

Revenues received from a percentage of purses or on a per-start basis are recognized as revenue by the Trust when the event occurs. Premiums from non-racing farms are recognized as revenues over the term of the coverage agreements as they become earned. This method of premium recognition is considered by management to reasonably represent the periods of risk of loss exposure. Premiums are also subject to verification and any adjustments to premiums or revenues are considered to be a change in estimate and are recognized in the period they become known. The Trust evaluates the collectability of its accounts receivable based on the length of time the receivable is outstanding and historical experience. Accounts receivable are charged against the allowance for expected credit losses, which is estimated based on the Trust's analysis of amounts due, historical delinquencies and write-offs, and current economic conditions, together with reasonable and supportable forecasts of short-term economic conditions. Acquisition costs associated with new and renewal coverage agreements are deemed immaterial to the financial statements and are expensed when incurred.

HORSEMEN'S WORKERS' COMPENSATION INSURANCE TRUST

NOTES TO FINANCIAL STATEMENTS

1. SIGNIFICANT ACCOUNTING POLICIES (continued)

(c) *Revenues and Accounts Receivable* (continued)

During 2023, the Association transferred certain risks to the Trust which were previously retained by the Association as well as all premiums paid in advance and deposits which were previously administered by the Association. Accordingly, the Trust has established an unearned revenue liability associated with amounts received or due from the Association for future coverage periods.

Revenues collected in advance of the next succeeding policy year are deferred from income recognition and are recorded as unearned premium revenues.

During 2023, the Trust included \$100,000 in other income for compensation to assist in extending coverages in the state of Florida. The Trust also included \$50,000 received for future services which is refundable if not claimed and is included in unearned revenues.

(d) *Unpaid Claims Liability*

The Trust provides workers' compensation coverage to members for claims incurred during the policy period regardless of when the claims are reported to the Trust. The Trust 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. The length of time for which such costs must be estimated varies depending on the coverage involved. 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 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. Estimated amounts of excess insurance recoverable on unpaid claims are deducted from the liability for unpaid claims.

Adjustments to claims liabilities are charged or credited to claims expense in the periods in which they are made. The carrying amount of liabilities for claims losses and claims expense are not discounted for the present value of future payments in the financial statements.

(e) *Excess Insurance Contracts*

The Trust enters into excess insurance agreements to reduce its exposure to large losses on insured events. Excess insurance provides for recovery of a portion of losses from third-party insurers, although it does not discharge the primary liability of the Trust as the direct insurer of the insured risks under the coverage agreement. The Trust does not report insured risks as liabilities unless management determines it is probable that those risks will not be covered by the excess insurers.

HORSEMEN'S WORKERS' COMPENSATION INSURANCE TRUST

NOTES TO FINANCIAL STATEMENTS

1. SIGNIFICANT ACCOUNTING POLICIES (continued)

(e) *Excess Insurance Contracts* (continued)

Excess insurance receivables are reviewed for impairment and are presented net of an allowance for expected credit losses. The allowance for expected credit losses is estimated based on the Trust's analysis of amounts due, historical delinquencies and write-offs, and current economic conditions, together with reasonable and supportable forecasts of short-term economic conditions. Any adjustment to the allowance for expected credit losses is recognized in the period in which it is determined. Write-offs of excess insurance receivable balances, together with associated allowances for expected credit losses, are recognized in the period in which balances are deemed uncollectible. The Company does not have a history of significant write-offs. As of December 31, 2023 and 2022, there was no allowance for expected credit losses on the Trust's excess insurance receivable balance.

(f) *Contributed Services*

A portion of the Trust's functions are conducted by unpaid volunteer trustees and officers. The value of this contributed time is not reflected in the accompanying financial statements since it is not susceptible to objective measurement or valuation.

(g) *Income Tax Status*

The Trust is exempt from federal income taxes under Sections 501(c)(4) of the Internal Revenue Code (IRC). The Trust has no unrelated business activities which could be deemed taxable activities. Therefore, no provision for income taxes has been included in the Trust's financial statements.

(h) *Insurance Related Assessments*

The Trust's management and legal counsel are evaluating whether the Trust's activities are subject to assessments made by the Louisiana Second Injury Fund and the Office of Workers' Compensation based on benefits paid each year. If the Trust is determined to be subject to these types of loss-based assessments, the Trust intends to recognize these assessments as expense when related claim benefits are incurred rather than paid. The Trust would also be eligible to seek reimbursement for claims cost incurred for claimants which qualify for reimbursement under the Louisiana Second Injury Fund. At December 31, 2023 and 2022, the Trust accrued \$125,000, as potential contingent liabilities associated with these loss-based assessments which is continually updated as additional information is evaluated. Changes in the accrued liabilities for these assessments are recorded as charges or credits to expense each year.

HORSEMEN'S WORKERS' COMPENSATION INSURANCE TRUST

NOTES TO FINANCIAL STATEMENTS

1. SIGNIFICANT ACCOUNTING POLICIES (continued)

(i) Investments

The Trust applies FASB ASU No. 2016-01, *Financial Instruments – Overall (Subtopic 825-10): Recognition and Measurement of Financial Assets and Financial Liabilities*, for the recognition, measurement, presentation, and disclosure of certain financial instruments. This ASU requires equity investments, except those accounted for under the equity method of accounting, that have readily determinable fair values to be measured at fair value with changes in fair values recognized in net income. Equity investments that do not have readily determinable fair values may be remeasured at fair value either upon the occurrence of an observable price change or upon identification of impairment. A qualitative assessment for impairment is required for equity investments without readily determinable fair values.

(j) Statements of Cash Flows

For purposes of the statements of cash flows, the Trust considers cash and cash equivalents to be short-term, highly liquid assets that are readily convertible to known amounts of cash. The Trust also applies Accounting Standards Update (ASU) 2016-18, *Statement of Cash Flows (Topic 230): Restricted Cash* and combines unrestricted and restricted cash for purposes of the statements of cash flows.

(k) Use of Estimates

Management of the Trust has made a number of estimates and assumptions relating to the reporting of assets and liabilities to prepare these financial statements in conformity with accounting principles generally accepted in the United States of America. Actual results could differ from those estimates and assumptions. For example, significant estimates and assumptions are used in estimating its insurance liabilities and accruals. If future experience differs materially for these estimates and assumptions, the financial statements could be affected.

(l) Recently Adopted and Issued Accounting Standards

In June 2016, the Financial Accounting Standards Board (FASB) issued guidance in Accounting Standards Codification 326 *Financial Instruments – Credit Losses* (ASC 326) which significantly changed how entities will measure credit losses for most financial assets and certain other instruments that are not measured at fair value through net income. Under the application of ASC 326, the Trust's historical credit loss experience provides the basis for the estimation of expected credit losses. The most significant change in this standard is a shift from the incurred loss model to the expected loss model. The Trust adopted the standard effective January 1, 2023. The Trust's excess insurance receivable and premiums receivable are currently the most significant financial assets within the scope of ASC 326. The impact of the adoption was not considered material to the financial statements and primarily resulted in updated disclosures only.

HORSEMEN'S WORKERS' COMPENSATION INSURANCE TRUST

NOTES TO FINANCIAL STATEMENTS

2. INVESTMENTS

The carrying value, gross unrealized gains and losses, and estimated fair value of investment securities at December 31, are shown below:

	2023			
	<u>Amortized Cost</u>	<u>Gross Unrealized Gains</u>	<u>Gross Unrealized Losses</u>	<u>Estimated Fair Value</u>
Certificate of deposits	<u>\$ 840,000</u>	<u>\$ -</u>	<u>\$ (40,066)</u>	<u>\$ 799,934</u>
Total debt securities	<u>840,000</u>	<u>-</u>	<u>(40,066)</u>	<u>799,934</u>
Equity securities	<u>207,996</u>	<u>9,668</u>	<u>(9,283)</u>	<u>208,381</u>
Total equity securities	<u>207,996</u>	<u>9,668</u>	<u>(9,283)</u>	<u>208,381</u>
Total Investments	<u>\$ 1,047,996</u>	<u>\$ 9,668</u>	<u>\$ (49,349)</u>	<u>\$ 1,008,315</u>

	2022			
	<u>Amortized Cost</u>	<u>Gross Unrealized Gains</u>	<u>Gross Unrealized Losses</u>	<u>Estimated Fair Value</u>
Certificate of deposits	<u>\$ 860,000</u>	<u>\$ -</u>	<u>\$ (52,074)</u>	<u>\$ 807,926</u>
Total debt securities	<u>860,000</u>	<u>-</u>	<u>(52,074)</u>	<u>807,926</u>
Equity securities	<u>182,253</u>	<u>28,842</u>	<u>(9,879)</u>	<u>201,216</u>
Total equity securities	<u>182,253</u>	<u>28,842</u>	<u>(9,879)</u>	<u>201,216</u>
Total Investments	<u>\$ 1,042,253</u>	<u>\$ 28,842</u>	<u>\$ (61,953)</u>	<u>\$ 1,009,142</u>

At December 31, 2023, there was no allowance for credit losses related to the Trust's investment portfolio.

HORSEMEN'S WORKERS' COMPENSATION INSURANCE TRUST

NOTES TO FINANCIAL STATEMENTS

2. INVESTMENTS (continued)

The amortized cost and estimated fair values of certificates of deposit at December 31, 2023, by contractual maturity, are shown below. Expected maturities may differ from contractual maturities because borrowers may have the right to call or prepay obligations with or without call or prepayment penalties.

	Amortized Cost	Estimated Fair Value
Due within one year	\$ 180,000	\$ 135,189
Due after one year through five years	<u>660,000</u>	<u>664,745</u>
Total Investments	<u>\$ 840,000</u>	<u>\$ 799,934</u>

The Trust uses fair value measurements to record fair value adjustments to certain assets and liabilities and to determine fair value disclosures. U.S. GAAP defines fair value as the amount at which that asset could be bought or sold in a current transaction between willing parties; that is, other than in a forced or liquidation sale.

Certain of the Trust's investment securities are carried at fair value and have been classified based on a hierarchy which prioritizes the inputs to valuation techniques to measure fair value into three broad levels. The hierarchy gives the highest ranking to fair values determined using unadjusted quoted prices in active markets for identical assets and liabilities (Level 1) and the lowest ranking to fair values determined using methodologies and models with unobservable inputs (Level 3). Classification is based on the lowest level input that is significant to its measurement. The levels of the fair value hierarchy are as follows:

- Level 1 – Inputs to the valuation methodology are unadjusted quoted prices for identical assets or liabilities in active markets that the Company has the ability to access.
- Level 2 – Valuation is based on inputs other than quoted prices included within Level 1 that are observable for the asset or liability, either directly or indirectly. The valuation may be based on quoted prices for similar assets or liabilities; quoted prices in markets that are not active; or other inputs that are observable or can be corroborated by observable market data for substantially the full term of the asset or liability.
- Level 3 – Inputs to the valuation methodology are unobservable and significant to the fair value measurement, determined using model-based techniques that include option pricing models, discounted cash flow models, and similar techniques.

The fair values of equity securities and certificates of deposit are considered to have a fair value determined as Level 1 above.

HORSEMEN'S WORKERS' COMPENSATION INSURANCE TRUST

NOTES TO FINANCIAL STATEMENTS

3. RELATED PARTY TRANSACTIONS

The Association provides various management and administrative functions for the benefit of the Trust, including the collection of the Trust's revenues. The Trust incurred management fees to the Association of \$790,400 and \$742,800 during the years ended December 31, 2023 and 2022, respectively. At December 31, 2023 and 2022, the Statements of Net Assets included \$1,557,501 and \$468,159, respectively, of net amounts due from the Association.

As previously described in Note 1, the Trust's purpose is to provide benefits for members of the Association and is dependent on the Association to contribute revenues to the Trust, which are statutorily derived. The Trust's viability is dependent on the Association for operating revenues, management services, and funding any cash flow needs.

4. CLAIMS ESCROW FUNDS

At December 31, 2023 and 2022, the Trust maintained funds held by a third party service provider, which are restricted and used to pay out claims, totaling \$228,461 and \$337,004, respectively.

5. CLAIMS EXPENSE AND UNPAID CLAIMS LIABILITY

The following represents changes in the Trust's aggregate unpaid claims liabilities for the years ended December 31, 2023 and 2022, net of amounts insured by excess insurers as described in Note 6:

	<u>2023</u>	<u>2022</u>
Balance – beginning, net	\$ 2,659,042	\$ 2,847,503
Net incurred related to:		
Current year	3,111,078	2,010,408
Prior years	<u>(455,761)</u>	<u>(828,420)</u>
Total incurred	<u>2,655,317</u>	<u>1,181,988</u>
Net paid related to:		
Current year	1,121,511	768,646
Prior years	<u>733,523</u>	<u>601,803</u>
Total paid	<u>1,855,034</u>	<u>1,370,449</u>
Balance – ending, net	<u>\$ 3,459,325</u>	<u>\$ 2,659,042</u>

The Trust engages an independent consulting actuary to advise on the necessary level of reserves for losses and loss-adjustment expenses. During 2023 and 2022, the Trust experienced overall favorable development of approximately \$456,000 and \$828,000, respectively, on unpaid claims liabilities established in prior years. The favorable development related primarily to more recent accident years which is attributed, at least in part, to a decrease in severity of claims.

HORSEMEN'S WORKERS' COMPENSATION INSURANCE TRUST

NOTES TO FINANCIAL STATEMENTS

5. CLAIMS EXPENSE AND UNPAID CLAIMS LIABILITY (continued)

In the opinion of the Trust's management, the reserve estimates are adequate to cover the estimated ultimate liability for the losses and loss-adjustment expenses at December 31, 2023. Consistent with most companies with similar insurance operations, the Trust's reserve for losses and loss-adjustment expenses is ultimately based on management's reasonable expectations of the future events. It is reasonably possible that the expectations associated with these amounts could change in the near term (i.e. within one year) and that the effect of such changes could be material to the financial statements. The Trust does not discount its reserves for losses and loss-adjustment expenses.

The Trust's reserves for loss and loss adjustment expenses represent the estimated cost of all reported and unreported loss and loss adjustment expenses incurred and unpaid at any given point in time based on known facts and circumstances. The Trust estimates its reserves for loss and loss adjustment expenses using individual case valuations and actuarial analysis. The Trust utilizes a combination of generally accepted and standard actuarial methods including paid and incurred loss development factor approaches, expected loss ratio methods and other paid and incurred approaches to estimate its reserves for loss and loss adjustment expenses. Embedded within these actuarial methods are loss development assumptions selected by either a review of the Trust's specific loss development history, industry loss development characteristics, or a combination of both depending on the maturity of the loss experience to date.

Loss development factors are a key assumption underlying many of the actuarial methods utilized. Loss development factors are the ratio of losses at successive evaluations for a defined group of claims (e.g., accident year, accident quarter, etc.). Loss development factors may be dependent on a number of elements, including frequency and severity of claims, length of time to achieve ultimate settlement of claims, case reserving practices, projected inflation of medical costs and wages, judicial determinations and existing laws and regulations. The predictive ability of loss development factors is dependent on consistent underwriting, claims handling, and inflation, among other factors, and predictable legislatively and judicially imposed legal requirements.

The Trust only writes workers' compensation insurance. The incurred claims information below also includes the cumulative number of claims reported in each accident year. The number of claims reported are aggregated on a per claimant basis and are included to help measure claim frequency.

The following is information about the incurred and paid claims as of December 31, 2023, net of excess insurance, as well as cumulative claim frequency and the total of incurred but not reported liabilities plus expected development on reported claims included within the net incurred claims amounts.

HORSEMEN'S WORKERS' COMPENSATION INSURANCE TRUST

NOTES TO FINANCIAL STATEMENTS

5. CLAIMS EXPENSE AND UNPAID CLAIMS LIABILITY (continued)

Incurred Claims and Allocated Claim Adjustment Expenses, Net of Excess Insurance
As of December 31, 2023

Accident Year	Incurred claims and allocated claim adjustment expenses, net of excess insurance	Cumulative Paid	Incurred but not reported plus expected development on reported claims	Cumulative number of claims reported
2011	\$ 686,209	\$ 686,209	\$ -	172
2012	1,591,251	1,591,251	-	156
2013	1,886,756	1,886,358	398	113
2014	1,898,983	1,891,240	7,743	87
2015	1,653,222	1,644,089	9,133	88
2016	1,902,172	1,886,119	16,053	103
2017	1,433,809	1,414,730	19,080	79
2018	2,124,908	2,072,464	46,803	86
2019	1,897,628	1,745,149	25,217	94
2020	1,482,748	1,255,524	46,953	68
2021	1,359,106	1,130,460	228,646	82
2022	1,785,109	1,028,550	237,369	76
2023	3,111,078	1,121,511	1,402,733	106
	<u>\$ 22,812,979</u>	<u>\$ 19,353,654</u>		
	Liabilities for claims and allocated claims adjustment expenses, net of excess insurance	<u>\$ 3,459,325</u>		

6. EXCESS INSURANCE COVERAGE

The Trust purchases specific and aggregate excess insurance policies from commercial excess insurers to limit the Trust's losses in excess of specified and aggregate loss limits. The Trust's specific excess policy limits the Trust's losses to the retention amount for any single occurrence, up to a maximum benefit. The Fund's aggregate excess coverage provided protection against losses in the aggregate, subject to a minimum retention by the Trust.

The specific excess insurance obtained from the Trust's inception to July 2015 provides coverage for each and every accident in excess of a \$400,000 retention amount retained by the Trust. For the period July 2015 to July 2020, the Trust's specific retention amount was increased to \$500,000 for each occurrence. For the period July 2020 to July 2022, the Trust's specific retention amount was increased to \$600,000 for each occurrence. Beginning in July 2022, the Trust's specific retention amount was increased to \$750,000 for each occurrence. The specific excess insurance provides coverage for all statutory benefits owed to the claimant under the Trust's coverage agreement.

The aggregate excess insurance provides for coverage of aggregate losses for the coverage periods ending July 1, 2024, and July 1, 2023, exceeding 556% and 428% of earned normal premium, respectively, which is estimated to be an aggregate attachment point of approximately \$3,000,000.

HORSEMEN'S WORKERS' COMPENSATION INSURANCE TRUST

NOTES TO FINANCIAL STATEMENTS

6. EXCESS INSURANCE COVERAGE (continued)

As of December 31, 2023 and 2022, the Trust included amounts receivable from the excess insurer of \$1,107,305 and \$348,297, respectively, for reimbursement of claims paid. The Trust also presented its loss reserve liability in Note 5 net of unpaid losses incurred in excess of the Trust's retention levels. The ultimate amount of losses in excess of the Trust's retention has not been determined but case reserves were estimated to be approximately \$1.4 million and \$804,000 at December 31, 2023 and 2022, respectively.

The excess insurance contracts do not relieve the Trust from its obligations to claimants. The Trust remains liable to claimants for the portion insured to the extent that the excess insurer does not meet the obligations assumed under the excess insurance agreement. Failure of the excess insurers to honor their obligation could result in losses to the Trust.

7. SUBSEQUENT EVENTS

Management has evaluated events through the date that the financial statements were available to be issued, July 29, 2024, and determined that there were no events that required disclosure. No other subsequent events occurring after this date have been evaluated for inclusion in these financial statements.

REQUIRED SUPPLEMENTARY INFORMATION

HORSEMEN'S WORKERS' COMPENSATION INSURANCE TRUST

SHORT-DURATION CONTRACTS

Incurred Claims and Allocated Claim Adjustment Expenses, Net of Excess Insurance
For The Years Ended December 31,

Accident Year	2011	2012	2013	2014	2015	2016	2017	2018	2019	2020	2021	2022	2023	Incurred but not reported plus expected development on reported claims	Cumulative number of claims reported
2011	\$ 1,132,083	\$ 908,564	\$ 739,785	\$ 777,509	\$ 750,754	\$ 714,609	\$ 700,027	\$ 691,070	\$ 659,693	\$ 697,304	\$ 626,215	\$ 696,214	\$ 686,209	\$ -	172
2012		2,075,737	1,987,129	1,845,713	1,814,422	1,716,578	1,645,004	1,605,541	1,565,466	1,593,774	1,502,766	1,591,263	1,591,251	-	150
2013			1,852,228	1,645,334	1,707,955	1,629,730	1,649,709	1,623,227	1,765,832	1,820,034	1,847,144	1,829,225	1,856,756	88	113
2014				2,056,059	2,336,140	1,997,750	2,047,031	1,448,033	1,914,177	1,999,232	1,900,933	1,902,435	1,898,493	7,743	87
2015					1,797,516	1,777,634	1,594,511	1,551,173	1,723,604	1,580,750	1,662,724	1,659,245	1,653,222	9,133	66
2016						2,048,290	1,952,183	1,960,372	2,153,128	2,018,420	1,931,578	1,914,018	1,902,172	16,053	103
2017							1,528,571	1,397,486	1,514,460	1,437,317	1,414,119	1,454,393	1,433,809	19,040	79
2018								2,644,673	2,613,605	2,248,134	2,167,518	2,147,476	2,124,506	46,303	96
2019									2,947,806	2,264,570	2,070,824	2,008,252	1,847,628	25,217	94
2020										1,871,610	1,672,148	1,513,253	1,482,748	46,053	64
2021											1,947,576	1,468,010	1,359,104	226,646	82
2022												2,010,408	1,785,108	237,369	76
2023													3,111,076	1,402,733	106
													<u>\$ 22,812,979</u>		

Cumulative Paid Claims & Allocated Claim Adjustment Expenses, Net of Excess Insurance
For The Years Ended December 31,

Accident Year	2011	2012	2013	2014	2015	2016	2017	2018	2019	2020	2021	2022	2023
2011	\$ 150,282	\$ 404,435	\$ 580,882	\$ 605,932	\$ 695,912	\$ 686,209	\$ 636,209	\$ 686,209	\$ 686,209	\$ 626,209	\$ 686,209	\$ 686,209	\$ 686,209
2012		605,844	1,257,622	1,467,942	1,579,350	1,524,806	1,585,373	1,586,241	1,591,251	1,591,251	1,591,251	1,591,251	1,591,251
2013			426,434	823,644	1,242,432	1,359,492	1,705,234	1,743,197	1,751,403	1,744,070	1,736,526	1,831,255	1,856,358
2014				500,360	1,344,414	1,617,406	1,795,709	1,766,565	1,873,399	1,867,304	1,591,241	1,891,241	1,891,240
2015					352,540	1,101,715	1,343,649	1,697,656	1,641,115	1,544,159	1,644,069	1,644,069	1,644,069
2016						659,293	1,204,785	1,477,899	1,771,703	1,342,711	1,685,136	1,636,119	1,636,119
2017							451,516	352,365	1,071,660	1,190,299	1,294,054	1,414,319	1,414,330
2018								792,579	1,578,634	1,770,928	1,858,612	1,890,721	2,072,464
2019									921,548	1,420,170	1,626,420	1,697,602	1,745,149
2020										718,020	1,093,046	1,309,140	1,255,524
2021											687,368	1,025,068	1,130,450
2022												788,146	1,025,550
2023													1,121,511
													<u>\$ 19,353,654</u>
													<u>\$ 3,459,325</u>

Liabilities for claims and allocated claims adjustment expenses, net of excess insurance

Average Annual Percentage Payout of Incurred Loss and Allocated Claim Adjustment Expense By Age, Net of Excess Insurance

Years	1	2	3	4	5	6	7	8	Total
Workers' Compensation	36.6%	30.2%	13.5%	6.2%	6.2%	4.0%	0.0%	0.5%	97.1%

The Trust's limited operating history may impact the above payout patterns of ultimate workers' compensation benefits.

See independent auditors' report.

SUPPLEMENTARY INFORMATION

HORSEMEN'S WORKERS' COMPENSATION INSURANCE TRUST

**SCHEDULE OF COMPENSATION, BENEFITS,
AND OTHER PAYMENTS TO AGENCY HEAD
FOR THE YEAR ENDED DECEMBER 31, 2023**

Agency Head Name: Edwin Fenasci, Executive Director

<u>Purpose</u>	
Salary	\$ 151,513
Benefits - insurance	7,176
Meals and parking	2,985
Conference travel	1,466
	<u>\$ 163,140</u>

Note: The governing body of the Horsemen's Workers' Compensation Insurance Trust is the Board of Trustees. The Trustees are appointed by the Board of Directors of LAHBPA 1993, Inc. The Executive Director of LAHBPA 1993, Inc. is the individual responsible for and monitors all activities of the LAHBPA 1993, Inc. and its related organizations including the Horsemen's Workers' Compensation Insurance Trust. The Horsemen's Workers' Compensation Insurance Trust does not have any employees. This schedule reflects the compensation, benefits and other payments made to the Executive Director by LAHBPA 1993, Inc.

See independent auditors' report.

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

Officers and Trustees of
Horsemen's Workers' Compensation Insurance Trust

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 (*Government Auditing Standards*), the financial statements of Horsemen's Workers' Compensation Insurance Trust, which comprise the statement of net assets as of December 31, 2023 and the related statements of revenues, expenses and changes in net assets, and cash flows for the year then ended, and the related notes to the financial statements, and have issued our report thereon dated July 29, 2024.

Report on Internal Control Over Financial Reporting

In planning and performing our audit of the financial statements, we considered the Trust'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 the Trust's internal control. Accordingly, we do not express an opinion on the effectiveness of the Trust'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 organization'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 weaknesses or significant deficiencies may exist that were not identified. We have identified certain deficiencies in internal control, described in the accompanying schedule of findings and questioned costs as item 2023-1 and 2023-2 that we consider to be significant deficiencies.

Report on Compliance and Other Matters

As part of obtaining reasonable assurance about whether the Trust's financial statements are free from material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements, 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 or other matters that are required to be reported under *Government Auditing Standards*.

Purpose of this Report

The purpose of this report is solely to describe the scope of our testing of internal control and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the Trust'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 Organization's internal control and compliance. Accordingly, this communication is not suitable for any other purpose.

EisnerAmper LLP

EISNERAMPER LLP
Baton Rouge, Louisiana
July 29, 2024

EISNERAMPER
LLP



HORSEMEN'S WORKERS' COMPENSATION INSURANCE TRUST

SCHEDULE OF FINDINGS AND RESPONSES

A. SUMMARY OF AUDITORS' RESULTS

- (1) The auditors' report expressed an unmodified opinion on the financial statements of the Horsemen's Workers' Compensation Insurance Trust (the Trust) as of December 31, 2023, and for the year then ended.
- (2) Significant deficiencies in internal control over financial reporting is reported in Section B of this schedule as items [2023-1 and 2023-2].

B. FINDINGS – FINANCIAL STATEMENT AUDIT

SIGNIFICANT DEFICIENCY

2023-1 Accounting and Financial Reporting

Condition: As part of the audit process, the auditors have assisted management in drafting the financial statements and related notes for year-end financial reporting. Additionally, the auditor has proposed adjusting journal entries to adjust the books and records of the Trust, and these adjustments have been reviewed and accepted by management. In the auditors' judgment, the magnitude of adjustments proposed, either individually or in the aggregate, indicate matters that do have a significant effect on the Trust's financial reporting process.

Criteria: Internal controls over financial reporting should be adequately designed to enable the Trust to prepare its financial statements in accordance with accounting principles generally accepted in the United States of America.

Effect: Significant adjusting journal entries were proposed to allow the financial statements to accurately reflect the Trust's financial position, operations and cash flows.

Recommendation: Small entities with few internal accounting personnel or resources typically have difficulty establishing formal internal control procedures to ensure accurate financial reporting. We recommend that this process should include timely review of account reconciliations and analysis of accounts by someone other than the preparer to verify that there are no errors or significant unidentified variances or accruals that would need to be recorded. Adjustments identified as a result of these account reconciliations and reviews should be recorded on a timely basis.

Management's response: Management understands and concurs with the finding. Management will work closely with the auditor to further understand the risks and consider the need to dedicate additional resources for the documentation of internal controls and preparation of our financial statements.

HORSEMEN'S WORKERS' COMPENSATION INSURANCE TRUST

SCHEDULE OF FINDINGS AND RESPONSES

2023-2 Non-compliance with State Audit Law

Condition: The Trust was required to have an audit completed by the filing deadline of June 30, 2024 (six months after its fiscal year end) and the Trust did not meet this filing deadline.

Criteria: In accordance with R.S. 24:513, the Trust must have their financial statements audited in a timely manner. The due date of the audited financial statements is six months after the Trust's fiscal year end.

Effect: As of the date of this report, the Trust was granted an extension until July 31, 2024 to file by the Louisiana Legislative Auditor.

Recommendation: The Trust should ensure that all financial reporting has been completed in an accurate and timely manner to allow sufficient time for the auditor to complete their procedures in accordance with State Law and meet future deadlines.

Management's response: Management understands and concurs with the finding. Management will ensure there will be sufficient time for the auditor to complete their procedures in accordance with State Law and meet future deadlines.

EISNERAMPER

**HORSEMEN'S WORKERS' COMPENSATION INSURANCE TRUST
AGREED-UPON PROCEDURES PERFORMED
AND ASSOCIATED FINDINGS
DECEMBER 31, 2023**



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INDEPENDENT ACCOUNTANTS' REPORT ON APPLYING AGREED-UPON PROCEDURES

To the Officers and Trustees of the Horsemen's Workers Compensation Insurance Trust and the Louisiana Legislative Auditor

We have performed the procedures enumerated in Schedule A on the control and compliance (C/C) areas identified in the Louisiana Legislative Auditor's (LLA's) Statewide Agreed-Upon Procedures (SAUPs) of the Horsemen's Workers Compensation Insurance Trust (the Entity) for the fiscal period January 1, 2023 through December 31, 2023. The Entity's management is responsible for those C/C areas identified in the SAUPs.

The Entity has agreed to and acknowledged that the procedures performed are appropriate to meet the intended purpose of performing specified procedures on the C/C areas identified in LLA's SAUPs for the fiscal period January 1, 2023 through December 31, 2023. Additionally, LLA has agreed to and acknowledged that the procedures performed are appropriate for its purposes. This report may not be suitable for any other purpose. The procedures performed may not address all the items of interest to a user of this report and may not meet the needs of all users of this report and, as such, users are responsible for determining whether the procedures performed are appropriate for their purposes.

The procedures we performed, and the associated findings are summarized in the attached Schedule A, which is an integral part of this report.

We were engaged by the Entity to perform this agreed-upon procedures engagement and conducted our engagement in accordance with attestation standards established by the AICPA and the standards applicable to attestation engagements contained in *Government Auditing Standards* issued by the Comptroller General of the United States. We were not engaged to and did not conduct an examination or review, the objective of which would be the expression of an opinion or conclusion, respectively, on those C/C areas identified in the SAUPs of the Entity for the fiscal period January 1, 2023 through December 31, 2023. Accordingly, we do not express such an opinion or conclusion. Had we performed additional procedures, other matters might have come to our attention that would have been reported to you.

We are required to be independent of the Entity and to meet our other ethical responsibilities, in accordance with the relevant ethical requirements related to our agreed-upon procedures engagement.

The purpose of this report is intended solely to describe the scope of testing performed on those C/C areas identified in the SAUPs, and the result of that testing, and not to provide an opinion on control or compliance. Accordingly, this report is not suitable for any other purpose. Under Louisiana Revised Statute 24:513, this report is distributed by the LLA as a public document.



EISNERAMPER LLP
Baton Rouge, Louisiana
July 29, 2024

**HORSEMEN'S WORKERS' COMPENSATION INSURANCE TRUST
AGREED-UPON PROCEDURES PERFORMED AND ASSOCIATED FINDINGS
DECEMBER 31, 2023**

Schedule A

The procedures performed and the results thereof are set forth below. The procedure is stated first, followed by the results of the procedure presented in italics. If the item being subjected to the procedures is positively identified or present, then the results will read "no exception noted" or for step 13 "we performed the procedure and discussed the results with management". If not, then a description of the exception ensues.

The Entity administers an insurance program for the purpose of providing workers' compensation insurance coverage and related benefits to members of the Louisiana Horsemen's Benevolent and Protective Association 1993, Inc. (the Association). The Entity also contracts with the Association to act as the administrator and manager of the Entity and with other parties to perform certain functions to carry out the objectives of the Entity. The Entity and the Association are affiliated through common membership and management control and are considered to be related parties. Although these entities are related parties, their various net assets are available only to each individual entity for their respective operations. Certain of the SAUPs described below have been applied to services contracted from the Association.

1) Written Policies and Procedures

A. Obtain and inspect the entity's written policies and procedures and observe whether they address each of the following categories and subcategories (if applicable to public funds and the entity's operations):

- i. **Budgeting**, including preparing, adopting, monitoring, and amending the budget.

The Entity does not prepare or operate using a budget.

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

No exception noted. Steps (4) and (5) above are not applicable to the Entity.

- iii. **Disbursements**, including processing, reviewing, and approving

No exception noted.

- iv. **Receipts/Collections**, including receiving, recording, and preparing deposits. Also, policies and procedures should include management's actions to determine the completeness of all collections for each type of revenue or agency fund additions (e.g., periodic confirmation with outside parties, reconciliation to utility billing after cutoff procedures, reconciliation of traffic ticket number sequences, agency fund forfeiture monies confirmation).

No exception noted.

- v. **Payroll/Personnel**, including (1) payroll processing, (2) reviewing and approving time and attendance records, including leave and overtime worked, and (3) approval process for employee rates of pay or approval and maintenance of pay rate schedules.

Not applicable – the Entity does not have any employees as described above.

**HORSEMEN'S WORKERS' COMPENSATION INSURANCE TRUST
AGREED-UPON PROCEDURES PERFORMED AND ASSOCIATED FINDINGS
DECEMBER 31, 2023**

Schedule A

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

No exception noted.

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

No exception noted.

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

Not applicable – the Entity does not have any credit cards

- ix. **Ethics**, including (1) the prohibitions as defined in Louisiana Revised Statute (R.S.) 42:1111-1121, (2) actions to be taken if an ethics violation takes place, (3) system to monitor possible ethics violations, and (4) a requirement that documentation is maintained to demonstrate that all employees and officials were notified of any changes to the entity's ethics policy.

Not applicable – the Entity does not have any employees as described above

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

Not applicable – the Entity has no debt.

- xi. **Information Technology Disaster Recovery/Business Continuity**, including (1) identification of critical data and frequency of data backups, (2) storage of backups in a separate physical location isolated from the network, (3) periodic testing/verification that backups can be restored, (4) use of antivirus software on all systems, (5) timely application of all available system and software patches/updates, and (6) identification of personnel, processes, and tools needed to recover operations after a critical event.

No exception noted.

- xii. **Prevention of Sexual Harassment**, including R.S. 42:342-344 requirements for (1) agency responsibilities and prohibitions, (2) annual employee training, and (3) annual reporting.

Not applicable – the Entity does not have any employees as described above.

2) Board or Finance Committee

- A. Obtain and inspect the board/finance committee minutes for the fiscal period, as well as the board's enabling legislation, charter, bylaws, or equivalent document in effect during the fiscal period, and:
- i. Observe whether the board/finance committee met with a quorum at least monthly, or on a frequency in accordance with the board's enabling legislation, charter, bylaws, or other equivalent document.

**HORSEMEN'S WORKERS' COMPENSATION INSURANCE TRUST
AGREED-UPON PROCEDURES PERFORMED AND ASSOCIATED FINDINGS
DECEMBER 31, 2023**

Schedule A

No charter or legislation dictates the frequency of the Entity's board meetings. Board meetings for the Entity are on an as needed basis. Our procedures noted that the Entity met four times during 2023.

- ii. For those entities reporting on the governmental accounting model, observe whether the minutes referenced or included monthly budget-to-actual comparisons on the general fund, quarterly budget-to-actual comparisons, at a minimum, on all proprietary funds, and semi-annual budget-to-actual comparisons, at a minimum, on all special revenue funds. *Alternatively, for those entities reporting on the not-for-profit accounting model, observe that the minutes referenced or included financial activity relating to public funds if those public funds comprised more than 10% of the entity's collections during the fiscal period.*

The Entity does not prepare a budget; therefore, no budget to actual comparisons are discussed at the board meetings.

- iii. For governmental entities, obtain the prior year audit report and observe the unassigned fund balance in the general fund. If the general fund had a negative ending unassigned fund balance in the prior year audit report, observe that the minutes for at least one meeting during the fiscal period referenced or included a formal plan to eliminate the negative unassigned fund balance in the general fund.

Not applicable to the Entity

- iv. Observe whether the board/finance committee received written updates of the progress of resolving audit finding(s), according to management's corrective action plan at each meeting until the findings are considered fully resolved.

The Entity did not provide written updates to the Board of the progress of resolving prior audit findings; however, the audit findings were resolved during the year.

3) Bank Reconciliations

- A. Obtain a listing of entity bank accounts for the fiscal period from management and management's representation that the listing is complete. Ask management to identify the entity's main operating account. Select the entity's main operating account and randomly select 4 additional accounts (or all accounts if less than 5). Randomly select one month from the fiscal period, obtain and inspect the corresponding bank statement and reconciliation for each selected account, and observe that:

A listing of bank accounts was provided and included a total of 4 bank accounts. Management identified the entity's main operating account. No exceptions were noted as a result of performing this procedure.

We selected all bank accounts and obtained the bank reconciliations for the month ended December 31, 2023, resulting in 4 bank reconciliations obtained and subjected to the below procedures.

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

No exception noted.

**HORSEMEN'S WORKERS' COMPENSATION INSURANCE TRUST
AGREED-UPON PROCEDURES PERFORMED AND ASSOCIATED FINDINGS
DECEMBER 31, 2023**

Schedule A

- ii. Bank reconciliations include written evidence that a member of management or a board member who does not handle cash, post ledgers, or issue checks has reviewed each bank reconciliation within 1 month of the date the reconciliation was prepared (e.g., initialed and dated, electronically logged); and

For 3 of the 4 bank reconciliations, it was noted the review of the bank reconciliations was not performed within 1 month of the date the reconciliations were prepared.

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

Not applicable – There were no reconciling items that have been outstanding for more than 12 months after the end of the fiscal period.

4) Collections (excluding electronic funds transfers)

- A. Obtain a listing of deposit sites for the fiscal period where deposits for cash/checks/money orders (cash) are prepared and management's representation that the listing is complete. Randomly select 5 deposit sites (or all deposit sites if less than 5).

A listing of cash collection locations was provided and included only one cash collection location. No exceptions were noted as a result of performing this procedure.

From the listing provided, we selected the 1 deposit site and performed the procedures below.

- B. For each deposit site selected, obtain a listing of collection locations and management's representation that the listing is complete. Randomly select one collection location for each deposit site (e.g. 5 collection locations for 5 deposit sites), obtain and inspect written policies and procedures relating to employee job duties (if there are no written policies or procedures, then inquire of employees about their job duties) at each collection location, and observe that job duties are properly segregated at each collection location such that:

A listing of collection locations for each deposit site selected in procedure #4A was provided and included a total of 1 collection location. No exceptions were noted as a result of performing this procedure.

From the listing provided, we randomly selected one collection location for each deposit site. Review of the Entity's written policies and procedures or inquiry with employee(s) regarding job duties was performed in order to perform the procedures below.

- i. Employees responsible for cash collections do not share cash drawers/registers;

No exception noted.

- ii. Each employee responsible for collecting cash is not also responsible for preparing/making bank deposits, unless another employee/official is responsible for reconciling collection documentation (e.g. pre-numbered receipts) to the deposit;

No exception noted.

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- iii. Each employee responsible for collecting cash is not also responsible for posting collection entries to the general ledger or subsidiary ledgers, unless another employee/official is responsible for reconciling ledger postings to each other and to the deposit; and

No exception noted.

- iv. The employee(s) responsible for reconciling cash collections to the general ledger and/or subsidiary ledgers, by revenue source and/or custodial fund additions, is (are) not also responsible for collecting cash, unless another employee verifies the reconciliation.

No exception noted.

- C. Obtain from management a copy of the bond or insurance policy for theft covering all employees who have access to cash. Observe that the bond or insurance policy for theft was in force during the fiscal period.

No exception noted.

- D. Randomly select two deposit dates for each of the 5 bank accounts selected for Bank Reconciliations procedure #3A (select the next deposit date chronologically if no deposits were made on the dates randomly selected and randomly select a deposit if multiple deposits are made on the same day). *Alternatively, the practitioner may use a source document other than bank statements when selecting the deposit dates for testing, such as a cash collection log, daily revenue report, receipt book, etc.* Obtain supporting documentation for each of the 10 deposits and:

We randomly selected 2 deposit dates from one bank account selected in procedure #3A as only one account receives deposits. We obtained supporting documentation for each of the 2 deposits and performed the procedures below.

- i. Observe that receipts are sequentially pre-numbered.

The Entity does not maintain sequentially pre-numbered receipts.

- ii. Trace sequentially pre-numbered receipts, system reports, and other related collection documentation to the deposit slip.

No exception noted.

- iii. Trace the deposit slip total to the actual deposit per the bank statement.

No exception noted.

- iv. Observe that the deposit was made within one business day of receipt at the collection location (within one week if the depository is more than 10 miles from the collection location or the deposit is less than \$100 and the cash is stored securely in a locked safe or drawer).

The Entity does not maintain daily collection logs or other similar documentation and written policies and procedures do not require such documentation. Therefore, no daily collection log or other similar documentation was provided and we were unable to determine the number of days from collection to deposit.

- v. Trace the actual deposit per the bank statement to the general ledger.

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No exception noted.

5) Non-payroll Disbursements (excluding card purchases, travel reimbursements, and petty cash purchases)

- A. Obtain a listing of locations that process payments for the fiscal period and management's representation that the listing is complete. Randomly select 5 locations (or all locations if less than 5).

The listing of locations that process payments for the fiscal period was provided. No exceptions were noted as a result of performing this procedure.

There was only one location; therefore, the location was selected and performed the procedures below.

- B. For each location selected under #5A above, obtain a listing of those employees involved with non-payroll purchasing and payment functions. Obtain written policies and procedures relating to employee job duties (if the agency has no written policies and procedures, then inquire of employees about their job duties), and observe that job duties are properly segregated such that:

The SAUPs described below have been applied to services contracted from the Association. The listing of individuals involved with non-payroll purchasing and payment functions for each payment processing location selected in procedure #5A was provided. No exceptions were noted as a result of performing this procedure.

Review of the Entity's written policies and procedures or inquiry with employee(s) regarding job duties was performed in order to perform the procedures below.

- i. At least two employees are involved in initiating a purchase request, approving a purchase, and placing an order or making the purchase;

No exception noted.

- ii. At least two employees are involved in processing and approving payments to vendors;

No exception noted.

- iii. The employee responsible for processing payments is prohibited from adding/modifying vendor files, unless another employee is responsible for periodically reviewing changes to vendor files;

The employee responsible for processing payments can add/modify vendors; however, a separate employee periodically reviews all changes to vendors.

- iv. Either the employee/official responsible for signing checks mails the payment or gives the signed checks to an employee to mail who is not responsible for processing payments; and

No exception noted.

- v. Only employees/officials authorized to sign checks approve the electronic disbursement (release) of funds, whether through automated clearinghouse (ACH), electronic funds transfer (EFT), wire transfer, or some other electronic means.

No exception noted.

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- C. For each location selected under #5A above, obtain the entity's non-payroll disbursement transaction population (excluding cards and travel reimbursements) and obtain management's representation that the population is complete. Randomly select 5 disbursements for each location, obtain supporting documentation for each transaction and

A listing of non-payroll disbursements for each payment processing location selected in procedures #5A was provided related to the reporting period. No exceptions were noted as a result of performing this procedure.

From each of the listings provided, we randomly selected 5 disbursements and performed the procedures below.

- i. Observe whether the disbursement, whether by paper or electronic means, matched the related original itemized invoice, and that supporting documentation indicates that deliverables included on the invoice were received by the entity, and

No exceptions noted.

- ii. Observe whether the disbursement documentation included evidence (e.g., initial/date, electronic logging) of segregation of duties tested under procedure #5B above, as applicable.

No exception noted.

- D. Using the entity's main operating account and the month selected in Bank Reconciliations procedure #3A, randomly select 5 non-payroll-related electronic disbursements (or all electronic disbursements if less than 5) and observe that each electronic disbursement was (a) approved by only those persons authorized to disburse funds (e.g., sign checks) per the entity's policy, and (b) approved by the required number of authorized signers per the entity's policy. Note: If no electronic payments were made from the main operating account during the month selected the practitioner should select an alternative month and/or account for testing that does include electronic disbursements.

Not applicable – there were no electronic disbursements during the month selected in procedure #3.

6) Credit Cards/Debit Cards/Fuel Cards/Purchase Cards (Cards)

- A. Obtain from management a listing of all active credit cards, bank debit cards, fuel cards, and purchase cards (cards) for the fiscal period, including the card numbers and the names of the persons who maintained possession of the cards. Obtain management's representation that the listing is complete.

Not applicable – the Entity does not have credit cards/debit cards/fuel cards/P-cards.

- B. Using the listing prepared by management, randomly select 5 cards (or all cards if less than 5) that were used during the fiscal period. Randomly select one monthly statement or combined statement for each card (for a debit card, randomly select one monthly bank statement). Obtain supporting documentation, and

Not applicable – the Entity does not have credit cards/debit cards/fuel cards/P-cards.

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- i. Observe whether there is evidence that the monthly statement or combined statement and supporting documentation (e.g., original receipts for credit/debit card purchases, exception reports for excessive fuel card usage) were reviewed and approved, in writing (or electronically approved) by someone other than the authorized card holder (those instances requiring such approval that may constrain the legal authority of certain public officials, such as the mayor of a Lawrason Act municipality, should not be reported; and

Not applicable – the Entity does not have credit cards/debit cards/fuel cards/P-cards.

- ii. Observe that finance charges and late fees were not assessed on the selected statements.

Not applicable – the Entity does not have credit cards/debit cards/fuel cards/P-cards.

- C. Using the monthly statements or combined statements selected under procedure #6B above, excluding fuel cards, randomly select 10 transactions (or all transactions if less than 10) from each statement, and obtain supporting documentation for the transactions (e.g., each card should have 10 transactions subject to inspection). For each transaction, observe that it is supported by (1) an original itemized receipt that identifies precisely what was purchased, (2) written documentation of the business/public purpose, and (3) documentation of the individuals participating in meals (for meal charges only). For missing receipts, the practitioner should describe the nature of the transaction and observe whether management had a compensating control to address missing receipts, such as a "missing receipt statement" that is subject to increased scrutiny.

Not applicable – the Entity does not have credit cards/debit cards/fuel cards/P-cards.

7) Travel and Travel-Related Expense Reimbursements (excluding card transactions)

- A. Obtain from management a listing of all travel and travel-related expense reimbursements during the fiscal period and management's representation that the listing or general ledger is complete. Randomly select 5 reimbursements, and obtain the related expense reimbursement forms/prepaid expense documentation of each selected reimbursement, as well as the supporting documentation. For each of the 5 reimbursements selected:

The listing of travel and travel-related expense reimbursements was provided for the fiscal period. No exceptions were noted as a result of performing this procedure

From the listing provided, we randomly selected 5 reimbursements and performed the procedures below.

- i. If reimbursed using a per diem, observe that the approved reimbursement rate is no more than those rates established either by the State of Louisiana or the U.S. General Services Administration (www.gsa.gov);

Not applicable – the Entity did not have per diem reimbursements.

- ii. If reimbursed using actual costs, observe that the reimbursement is supported by an original itemized receipt that identifies precisely what was purchased;

No exception noted.

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- iii. Observe that each reimbursement is supported by documentation of the business/public purpose (for meal charges, observe that the documentation includes the names of those individuals participating) and other documentation required by "Written Policies and Procedures", procedure #1A(vii); and

No exception noted.

- iv. Observe that each reimbursement was reviewed and approved, in writing, by someone other than the person receiving reimbursement.

No exception noted.

8) Contracts

- A. Obtain from management a listing of all agreements/contracts for professional services, materials and supplies, leases, and construction activities that were initiated or renewed during the fiscal period. *Alternatively, the practitioner may use an equivalent selection source, such as an active vendor list.* Obtain management's representation that the listing is complete. Randomly select 5 contracts (or all contracts if less than 5) from the listing, excluding the practitioner's contract, and

An active vendor list for the fiscal period was provided. No exceptions were noted as a result of performing this procedure

From the listing provided, we randomly selected 3 contracts and performed the procedures below.

- i. Observe whether the contract was bid in accordance with the Louisiana Public Bid Law (e.g., solicited quotes or bids, advertised), if required by law;

Not applicable.

- ii. Observe whether the contract was approved by the governing body/board, if required by policy or law (e.g. Lawrason Act, Home Rule Charter);

No exception noted.

- iii. If the contract was amended (e.g., change order), observe that the original contract terms provided for such an amendment and that amendments were made in compliance with the contract terms (e.g., if approval is required for any amendment, the documented approval); and

No amendments noted, not applicable.

- iv. Randomly select one payment from the fiscal period for each of the 5 contracts, obtain the supporting invoice, agree the invoice to the contract terms, and observe that the invoice and related payment agreed to the terms and conditions of the contract.

There were only 3 contracts. No exceptions noted.

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Schedule A

9) Payroll and Personnel

- A. Obtain a listing of employees/elected officials employed during the fiscal period and management's representation that the listing is complete. Randomly select 5 employees/officials, obtain related paid salaries and personnel files, and agree paid salaries to authorized salaries/pay rates in the personnel files.

Not applicable – the Entity does not have employees.

- B. Randomly select one pay period during the fiscal period. For the 5 employees/officials selected under procedure #9A above, obtain attendance records and leave documentation for the pay period, and

Not applicable – the Entity does not have employees.

- i. Observe that all selected employees/officials documented their daily attendance and leave (e.g., vacation, sick, compensatory);

Not applicable – the Entity does not have employees.

- ii. Observe whether supervisors approved the attendance and leave of the selected employees or officials;

Not applicable – the Entity does not have employees.

- iii. Observe that any leave accrued or taken during the pay period is reflected in the entity's cumulative leave records; and

Not applicable – the Entity does not have employees.

- iv. Observe the rate paid to the employees or officials agrees to the authorized salary/pay rate found within the personnel file.

Not applicable – the Entity does not have employees.

- C. Obtain a listing of those employees or officials that received termination payments during the fiscal period and management's representation that the list is complete. Randomly select two employees or officials and obtain related documentation of the hours and pay rates used in management's termination payment calculations and the entity's policy on termination payments. Agree the hours to the employee's or official's cumulative leave records, agree the pay rates to the employee's or official's authorized pay rates in the employee's or official's personnel files, and agree the termination payment to entity policy.

Not applicable – the Entity does not have employees.

- D. Obtain management's representation that employer and employee portions of third-party payroll related amounts (e.g., payroll taxes, retirement contributions, health insurance premiums, garnishments, workers' compensation premiums, etc.) have been paid, and any associated forms have been filed, by required deadlines.

Not applicable – the Entity does not have employees.

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Schedule A

10) Ethics

- A. Using the 5 randomly selected employees/officials from procedure "Payroll and Personnel" procedure #9A, above obtain ethics documentation from management, and
- i. Observe whether the documentation demonstrates that each employee/official completed one hour of ethics training during the calendar year as required by R.S. 42:1170; and
Not applicable – the Entity does not have employees.
 - ii. Observe whether the entity maintains documentation which demonstrates that each employee and official were notified of any changes to the entity's ethics policy during the fiscal period, as applicable.
Not applicable – the Entity does not have employees.
- B. Inquire and/or observe whether the agency has appointed an ethics designee as required by R.S. 42:1170.
Not applicable – the Entity does not have employees.

11) Debt Service

- A. Obtain a listing of bonds/notes issued during the fiscal period and management's representation that the listing is complete. Select all bonds/notes on the listing, obtain supporting documentation, and observe that State Bond Commission approval was obtained for each bond/note issued as required by Article VII, Section 8 of the Louisiana Constitution.
Not applicable as the Entity does not have debt.
- B. Obtain a listing of bonds/notes outstanding at the end of the fiscal period and management's representation that the listing is complete. Randomly select one bond/note, inspect debt covenants, obtain supporting documentation for the reserve balance and payments, and agree actual reserve balances and payments to those required by debt covenants (including contingency funds, short-lived asset funds, or other funds required by the debt covenants).
Not applicable as the Entity does not have debt.

12) Fraud Notice

- A. Obtain a listing of misappropriations of public funds and assets during the fiscal period and management's representation that the listing is complete. Select all misappropriations on the listing, obtain supporting documentation, and observe that the entity reported the misappropriation(s) to the legislative auditor and the district attorney of the parish in which the entity is domiciled as required by R.S. 24:523.
Not applicable – no misappropriation of funds in 2023.
- B. Observe that the entity has posted on its premises and website, the notice required by R.S. 24:523.1 concerning the reporting of misappropriation, fraud, waste, or abuse of public funds.
Not applicable – no misappropriation of funds in 2023.

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Schedule A

13) Information Technology Disaster Recovery/Business Continuity

A. Perform the following procedures, verbally discuss the results with management, and report "We performed the procedure and discussed the results with management."

- i. Obtain and inspect the entity's most recent documentation that it has backed up its critical data (if there is no written documentation, then inquire of personnel responsible for backing up critical data) and observe evidence that such backup (a) occurred within the past week, (b) was not stored on the government's local server or network, and (c) was encrypted.

We performed the procedure and discussed the results with management.

- ii. Obtain and inspect the entity's most recent documentation that it has tested/verified that its backups can be restored (if there is no written documentation, then inquire of personnel responsible for testing/verifying backup restoration) and observe evidence that the test/verification was successfully performed within the past 3 months.

We performed the procedure and discussed the results with management.

- iii. Obtain a listing of the entity's computers currently in use and their related locations, and management's representation that the listing is complete. Randomly select 5 computers and observe while management demonstrates that the selected computers have current and active antivirus software and that the operating system and accounting system software in use are currently supported by the vendor.

We performed the procedure and discussed the results with management.

B. Randomly select 5 terminated employees (or all terminated employees if less than 5) using the list of terminated employees obtained in Payroll and Personnel procedure #9C. Observe evidenced that the selected terminated employees have been removed or disabled from the network.

Not applicable – the Entity does not have employees.

C. Using the 5 randomly selected employees/officials from Payroll and Personnel procedure #9A, obtain cybersecurity training documentation from management, and observe that the documentation demonstrates that the following employees/officials with access to the agency's information technology assets have completed cybersecurity training as required by R.S. 42:1267. The requirements are as follows:

- Hired before June 9, 2020 - completed the training; and
- Hired on or after June 9, 2020 - completed the training within 30 days of initial service or employment.

Not applicable – the Entity does not have employees.

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14) Prevention of Sexual Harassment

- A. Using the 5 randomly selected employees/officials from "Payroll and Personnel" procedure #9A, obtain sexual harassment training documentation from management, and observe that the documentation demonstrates each employee/official completed at least one hour of sexual harassment training during the calendar year as required by R.S. 42:343.

Not applicable – the Entity does not have employees.

- B. Observe that the entity has posted its sexual harassment policy and complaint procedure on its website (or in a conspicuous location on the entity's premises if the entity does not have a website).

Not applicable – the Entity does not have employees.

- C. Obtain the entity's annual sexual harassment report for the current fiscal period, observe that the report was dated on or before February 1, and observe that the report includes the applicable requirements of R.S. 42:344:

- i. Number and percentage of public servants in the agency who have completed the training requirements;

Not applicable – the Entity does not have employees.

- ii. Number of sexual harassment complaints received by the agency;

Not applicable – the Entity does not have employees.

- iii. Number of complaints which resulted in a finding that sexual harassment occurred;

Not applicable – the Entity does not have employees.

- iv. Number of complaints in which the finding of sexual harassment resulted in discipline or corrective action; and

Not applicable – the Entity does not have employees.

- v. Amount of time it took to resolve each complaint.

Not applicable – the Entity does not have employees.

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MANAGEMENT CORRECTIVE ACTION PLAN
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Schedule B

Procedure #3 A. ii. - All bank reconciliations were prepared and reviewed during 2023. As a result of having limited staffing available during 2023 there was a time lag between the date of reconciliation and the date of review that was more than 30 days. We recognize the importance of timely reviews of all bank reconciliations. For 2024, until we are able to staff additional positions, the Executive Director or a third party CPA will review and document all bank reconciliation reviews within 30 days of the date the reconciliation was prepared.