

Opioid Abatement Administration Corporation

Baton Rouge, Louisiana

Financial Report

December 31, 2025

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INDEPENDENT AUDITOR'S REPORT

* A Professional Accounting Corporation

To the Members of
Opioid Abatement Administration Corporation
Baton Rouge, Louisiana

Report on the Audit of the Financial Statements

Opinion

We have audited the accompanying financial statements of Opioid Abatement Administration Corporation (a nonprofit Corporation), which comprise the statement of financial position as of December 31, 2025, and the related statements of activities, functional expenses, and cash flows for the year then ended, and the related notes to the financial statements.

In our opinion, the financial statements present fairly, in all material respects, the financial position of Opioid Abatement Administration Corporation (the Corporation) as of December 31, 2025, 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 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 the Corporation 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 opinions.

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 the Corporation's ability to continue as a going concern within one year after the date that the financial statements are available to be issued.

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 generally accepted auditing standards 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 generally accepted auditing standards 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 Corporation'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 Corporation'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.

Other Reporting Required by *Government Auditing Standards*

In accordance with *Government Auditing Standards*, we have also issued our report dated June 9, 2026, on our consideration of the Corporation's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is solely to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the Corporation'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 Corporation's internal control over financial reporting and compliance.

Kolder, Slaven & Company, LLC
Certified Public Accountants

Abbeville, Louisiana
June 9, 2026

FINANCIAL STATEMENTS

OPIOID ABATEMENT ADMINISTRATION CORPORATION
Baton Rouge, Louisiana

Statement of Financial Position
December 31, 2025

ASSETS

Current assets:

Cash and cash equivalents	\$ 5,940,889
Cash held for governmental entities	49,826,904
Cash held for LGFF reserve	<u>16,633,497</u>
Total assets	<u><u>\$ 72,401,290</u></u>

LIABILITIES AND NET ASSETS

Current liabilities:

Due to governmental entities	\$ 49,826,904
------------------------------	---------------

Long - term liabilities:

LGFF payables	<u>16,633,497</u>
Total liabilities	66,460,401

Net assets without donor restrictions

	<u>5,940,889</u>
Total liabilities and net assets	<u><u>\$ 72,401,290</u></u>

The accompanying notes are an integral part of this statement.

OPIOID ABATEMENT ADMINISTRATION CORPORATION
Baton Rouge, Louisiana

Statement of Activities
Year Ended December 31, 2025

Changes in Net Assets Without Donor Restrictions	
Revenue and Support - Program	\$ 3,179,547
Expenses - Program services	<u>458,105</u>
Change in net assets without donor restrictions	2,721,442
Net assets, beginning	<u>3,219,447</u>
Net assets, ending	<u><u>\$ 5,940,889</u></u>

The accompanying notes are an integral part of this statement.

OPIOID ABATEMENT ADMINISTRATION CORPORAITON
Baton Rouge, Louisiana

Statement of Functional Expenses
Year Ended December 31, 2025

	<u>Program Services</u>
Legal and professional services	\$ 403,621
Miscellaneous	<u>54,484</u>
Total expenses	<u><u>\$ 458,105</u></u>

The accompanying notes are an integral part of this statement.

OPIOID ABATEMENT ADMINISTRATION CORPORATION
Baton Rouge, Louisiana

Statement of Cash Flows
Year Ended December 31, 2025

Cash flows from operating activities:	
Change in net assets without donor restrictions	<u>\$ 2,721,442</u>
Increase (decrease) in operating liabilities	
Due to governmental entities	37,775,677
LGFF payables	<u>(10,393)</u>
Net cash provided by operating activities	<u>37,765,284</u>
Net change in cash and cash equivalents	40,486,726
Cash and cash equivalents, beginning of year	<u>31,914,564</u>
Cash and cash equivalents, end of year	
Cash and cash equivalents	5,940,889
Cash held for governmental entities	49,826,904
Cash held for LGFF	<u>16,633,497</u>
Total cash and cash equivalents, end of year	<u>\$ 72,401,290</u>
Supplement disclosure for gross reconciliation of agency transactions:	
Gross reconciliaiton of agency transactions	
Agency receipts and earnings from opioid settlement funds for the year ended December 31, 2025	<u>\$ 90,124,903</u>
Agency payments to governmental entities for the year ended December 31, 2025	<u>52,359,619</u>
Net cash provided by agency transactions	<u>\$ 37,765,284</u>

The accompanying notes are an integral part of this statement.

Opioid Abatement Administration Corporation
Baton Rouge, Louisiana

Notes to the Financial Statements

(1) Summary of Significant Accounting Policies

(A) Nature of Operations

In response to the nationwide opioid epidemic, which was declared a national public health emergency in October 2017, the State of Louisiana and its political subdivisions initiated legal actions against numerous companies involved in the manufacture, distribution, and marketing of opioids. These legal actions resulted in national settlement agreements with pharmaceutical supply chain participants, generating monetary recoveries for use in opioid abatement.

To coordinate the receipt and use of these settlement funds within the State, the Louisiana State-Local Government Opioid Litigation Memorandum of Understanding (MOU) was established. The MOU governs the allocation and permissible use of settlement proceeds among the parishes and sheriffs. The MOU also established the Louisiana Opioid Abatement Taskforce (Taskforce), a five-member body that consists of membership appointments from the Police Jury Association of Louisiana, Louisiana Municipal Association, Louisiana Sheriff's Association, Louisiana Department of Health, and Governor's office. The Taskforce is responsible for advising the Louisiana Attorney General, as well as local governments, on opioid abatement priorities, and for reviewing the expenditure and outcomes of opioid settlement funds. The Taskforce functions strictly as an advisory committee to the Attorney General and the Parishes and Municipalities of the State and does not itself receive, hold, or expend settlement funds. There is no financial activity for the Taskforce, all financial activity related to the settlement is administered by the Opioid Abatement Administration Corporation (Corporation).

To carry out its administrative responsibilities under the MOU, the Taskforce entered into a delegation agreement with the Corporation, a Louisiana-based 501(c)(3) nonprofit Corporation incorporated on September 29, 2022. The Corporation was formed specifically to support the Taskforce by receiving, administering, allocating, and reporting on the use of opioid settlement funds in accordance with the MOU. Under the delegation agreement, the Corporation is charged with managing the Opioid Abatement Fund, disbursing funds to parishes and sheriffs based on agreed allocation metrics, ensuring compliance with the MOU's accountability and transparency provisions, and assisting with the preparation of required annual reports.

(B) Income Tax Status

The Corporation is a non-profit Corporation that is exempt from income taxes under Section 501(c)(3) of the Internal Revenue Code. The Corporation follows the provisions of FASB ASC 740-10, *Accounting for Uncertainty in Income Taxes*. The Corporation currently has no audits in progress.

(C) Financial Statement Presentation

The financial statements of the Corporation have been prepared on the accrual basis of accounting in accordance with accounting principles generally accepted in the United States of America. The Corporation follows the requirements of the Financial Accounting Standards Board's Accounting Standards Update (ASU 2016-14). This update addresses the complexity and understandability of net assets classification, deficiencies in information about liquidity and

Opioid Abatement Administration Corporation
Baton Rouge, Louisiana

Notes to the Financial Statements

availability of resources, and the lack of consistency in the type of information provided about expenses and investment return between not-for-profit entities.

The financial statements present information regarding the financial position and activities based on the existence or absence of donor-imposed restrictions. Accordingly, net assets of the Corporation and changes therein are classified reported as follows:

Net assets without donor restrictions – Net assets that are not subject to donor-imposed restrictions and may be expended for any purpose in performing the primary objectives of the Corporation. These net assets may be used at the discretion of the Corporation’s management and board of directors.

Net assets with donor restrictions – Net assets subject to donor-imposed (or certain grantor) restrictions. Some donor-imposed restrictions are temporary in nature, such, as those that will be met by passage of time or other events specified by the donor. Other donor-imposed restrictions are perpetual in nature, where the donor stipulates those resources be maintained in perpetuity. Donor-imposed restrictions are released when a restriction expires, that is, when the stipulated time has elapsed, when the stipulated purpose for which the resource was restricted has been fulfilled, or both.

(D) Statement of Cash Flows

For the purposes of the Statement of Cash Flows, the Corporation considers all unrestricted highly liquid investments with an original maturity of three months or less to be cash equivalents.

(E) Revenue Recognition

The Corporation recognizes revenues on the accrual basis of accounting. Program revenue is recognized when earned on an annual basis. The Corporation is authorized to retain 3% of opioid settlement proceeds distributed annually for administrative purposes, as set forth in its delegation agreement with the Louisiana Opioid Abatement Taskforce. This administrative fee was originally stipulated to the Taskforce under the Louisiana State-Local Government Opioid Litigation MOU to support program administration. Under the delegation agreement, those responsibilities, and the corresponding 3% fee, were formally assigned to the Corporation. The fee is not paid by the Taskforce but is retained directly from the opioid settlement funds administered by the Corporation.

(F) Functional Allocation of Expenses

The Corporation reports expenses by functional classification. All expenses incurred during the reporting period were attributable to program services related to the administration of opioid settlement funds. Accordingly, no allocation of expenses between program and supporting was necessary.

Opioid Abatement Administration Corporation
Baton Rouge, Louisiana

Notes to the Financial Statements

(G) Use of Estimates

The preparation of financial statements in conformity with generally accepted accounting principles requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities, and disclosures of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenues and expenses during the reporting period. Actual results could differ from those estimates. The Corporation had no significant estimates during the year ended December 31, 2025.

(H) Basis of Presentation

The accompanying financial statements have been prepared on the accrual basis of accounting in accordance with accounting principles generally accepted in the United States of America.

(I) Subsequent events

Management has evaluated subsequent events through the date that the financial statements were available to be issued June 9, 2026, and determined that no events occurred that require disclosures. No subsequent events occurring after this date have been evaluated for inclusion in the financial statements.

(2) Cash and Cash Equivalents

At December 31, 2025, the Corporation maintained cash balances with a bank and book balance of \$69,382,570. The balances are insured by Federal Deposit Insurance Corporation up to \$250,000 and exceeded federally insured limits by \$69,132,570.

At December 31, 2025, the Association held investments in Louisiana Asset Management Pool (LAMP) with a fair value of \$3,018,720, respectively, which based on the original investment plus earnings. The investment in LAMP is included in cash and cash equivalents on the statement on the financial position.

LAMP is administered by LAMP, Inc, a nonprofit Association organized under the laws of this State of Louisiana. Only local government entities having contracted to participate in LAMP have an investment in its pool of assets. The primary objective of LAMP is to provide a safe environment for the placement of public funds in short-term high-quality investments. The LAMP portfolio includes only securities and other obligations in which local government in Louisiana are authorized to invest in accordance with LSA-R.S. 33:2955. Accordingly, LAMP investments are restricted to securities issued guaranteed, or backed by the U.S. Treasury, the U.S. Government, or one of its agencies enterprises, or instrumentalities, as well as repurchases agreements collateralized by those securities.

The dollar weighted average portfolio maturity of LAMP assets is restricted to not more than 90 days and consists of no securities with maturity in excess of 397 days. LAMP is designed to be highly liquid to give its participants immediate access to their account balances. LAMP's investments are stated at fair value based upon quoted market rates. The fair value is determined on a weekly basis by LAMP and the value of the position in the external investment pool is the same as the value of the pool shares.

Opioid Abatement Administration Corporation
Baton Rouge, Louisiana

Notes to the Financial Statements

LAMP, Inc. is subject to regulatory oversight of the State Treasurer and the Board of Directors. LAMP is not registered with the SEC as an investment company.

(3) Related Party Transactions

The Corporation has a relationship with the Louisiana Opioid Abatement Task Force, in which the Corporation provides the Taskforce with administration services under a formal delegation agreement. There were no financial transactions between the Corporation and the Taskforce during the year ended December 31, 2025.

(4) Local Government Fee Fund Reserve (LGFF)

In accordance with the Louisiana State-Local Government Opioid Litigation MOU, the Corporation is required to disburse a portion of settlement proceeds received from certain defendants to reimburse legal counsel for local governments that participated in the opioid litigation. The amount to be paid is determined using a sliding scale based on Louisiana's share of national incentive payments, with a maximum cap of 7.5% of total proceeds from the specified settlements.

In 2024, the Board of Directors approved the establishment of a secondary LGFF to apply the same 7.5% maximum fee structure to settlement proceeds received from pharmaceutical defendants that were not included in the primary LGFF. The secondary LGFF operates independently of the original fund, with calculations and allocations determined separately for each settlement group.

Although the MOU does not require the Corporation to reserve these funds in advance, management has elected to recognize the obligation by classifying a portion of cash and liabilities as held for future primary LGFF disbursements. As of December 31, 2025 \$16,633,497 was identified and classified as cash held for others, with a corresponding liability, based on settlement proceeds received to date and the applicable cap.

Opioid Abatement Administration Corporation
Baton Rouge, Louisiana

Notes to the Financial Statements

(5) Liquidity and Availability of Financial Assets

The following reflects the Corporation's financial assets as of the statement of financial position date for general expenditure are as follows:

Financial assets, at year-end:	
Cash and cash equivalents	\$ 5,940,889
Cash held for governmental entities	49,826,904
Cash held for LGFF reserve	<u>16,633,497</u>
Total financial assets	<u>72,401,290</u>
Less: Amounts not available for general expenditures:	
Cash held for governmental entities	49,826,904
Cash held for LGFF reserve	<u>16,633,497</u>
Total cash held for others	<u>66,460,401</u>
Financial assets available for general expenditures within one year	<u>\$ 5,940,889</u>

The Corporation does not have any amounts with contractual or donor-imposed restrictions within inception to the balance sheet date.

(6) Board of Directors Compensation

Members of the Board of Directors and the Corporation's Agency Head, KP Gibson, serve without compensation, and no amounts were paid to them as of December 31, 2025.

Opioid Abatement Administration Corporation
Baton Rouge, Louisiana

Notes to the Financial Statements

(7) Distribution of Litigation Proceeds

In connection with the national opioid litigation settlements, the Corporation is responsible for the administration and distribution of opioid abatement settlement proceeds in accordance with the Louisiana State-Local Government Opioid Litigation MOU. Under the MOU, 100% of net settlement proceeds, after recognition of the 3% administrative fee and reserves regarding the 7.5 % for the Local Government Fee Fund (LGFF), are to be distributed to local parishes and sheriffs within Louisiana.

Settlement proceeds are allocated to individual parishes based on fixed allocation percentages established in the MOU. After applying these percentages, funds are further allocated 20% to sheriffs and 80% to parish governments.

The table below summarizes the amounts distributed to parishes and sheriffs as of and for the year ended December 31, 2025:

Parish Name	Parish	Sheriff	Total
Acadia	\$ 630,492	\$ 157,623	\$ 788,115
Allen	184,730	46,183	230,913
Ascension	911,604	227,901	1,139,505
Assumption	148,587	37,147	185,734
Avoyelles	337,333	84,333	421,666
Beauregard	261,032	65,258	326,290
Bienville	80,318	20,079	100,397
Bossier	734,905	183,726	918,631
Caddo	1,795,096	448,774	2,243,870
Calcasieu	1,618,397	404,599	2,022,996
Caldwell	76,302	19,075	95,377
Cameron	40,159	10,040	50,199
Catahoula	88,349	22,087	110,436
Claiborne	112,445	28,111	140,556
Concordia	132,524	33,131	165,655
East Baton Rouge	3,690,589	922,647	4,613,236
East Carroll	32,127	8,032	40,159
East Feliciana	104,413	26,103	130,516
Evangeline	317,254	79,314	396,568
Franklin	108,429	27,107	135,536
Grant	136,540	34,135	170,675
Iberia	530,095	132,524	662,619
Iberville	281,111	70,278	351,389
Jackson	96,381	24,095	120,476

(Continued)

Opioid Abatement Administration Corporation
Baton Rouge, Louisiana

Notes to the Financial Statements

Parish Name	Parish	Sheriff	Total
Jefferson Davis	277,095	69,274	346,369
Jefferson	5,288,907	1,322,227	6,611,134
Lafayette	2,056,128	514,032	2,570,160
Lafourche	730,889	182,722	913,611
Lasalle	140,556	35,139	175,695
Lincoln	208,825	52,206	261,031
Livingston	1,995,890	498,972	2,494,862
Madison	48,191	12,048	60,239
Morehouse	544,763	45,179	589,942
Natchitoches	200,794	50,198	250,992
Orleans	2,525,985	631,496	3,157,481
Ouachita	2,929,615	242,960	3,172,575
Plaquemines	184,730	46,183	230,913
Pointe Coupee	156,619	39,155	195,774
Rapides	1,305,159	326,290	1,631,449
Red River	52,206	13,052	65,258
Richland	96,381	24,095	120,476
Sabine	140,556	35,139	175,695
St. Bernard	710,810	177,702	888,512
St. Charles	469,857	117,464	587,321
St. Helena	80,318	20,079	100,397
St. James	116,461	29,115	145,576
St. John the Baptist	317,254	79,314	396,568
St. Landry	742,937	185,734	928,671
St. Martin	337,333	84,333	421,666
St. Mary	425,683	106,421	532,104
St. Tammany	3,144,430	786,107	3,930,537
Tangipahoa	1,393,508	348,377	1,741,885
Tensas	24,095	6,024	30,119
Terrebonne	927,667	231,917	1,159,584
Union	124,492	31,123	155,615
Vermilion	385,524	96,381	481,905
Vernon	361,429	90,357	451,786
Washington	682,699	170,675	853,374
Webster	289,143	72,286	361,429
West Baton Rouge	212,841	53,210	266,051
West Carroll	60,238	15,060	75,298
West Feliciana	88,349	22,087	110,436
Winn	124,492	31,123	155,615
Total	<u>\$ 42,352,061</u>	<u>\$10,007,558</u>	<u>\$ 52,359,619</u>

**INTERNAL CONTROL,
COMPLIANCE,
AND
OTHER MATTERS**

KOLDER, SLAVEN & COMPANY, LLC

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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

To the Members of
Opioid Abatement Administration Corporation
Baton Rouge, Louisiana

We have audited, in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States, the financial statements of Opioid Abatement Administration Corporation (a nonprofit Corporation), which comprise the statement of financial position as of December 31, 2025, and the related statements of activities, functional expenses, and cash flows for year then ended, and the related notes to the financial statements, and have issued our report thereon dated June 9, 2026.

Report on Internal Control over Financial Reporting

In planning and performing our audit of the financial statements, we considered the Corporation'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 Corporation's internal control. Accordingly, we do not express an opinion on the effectiveness of the Corporation's internal control.

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

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

Report on Compliance and Other Matters

As part of obtaining reasonable assurance about whether the Corporation'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 the 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 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. Although the intended use of this report may be limited, under Louisiana Revised Statute 24:513, this report is distributed by the Legislative Auditor as a public document.

Kolder, Slaven & Company, LLC
Certified Public Accountants

Abbeville, Louisiana
June 9, 2026

Opioid Abatement Administration Corporation

Baton Rouge, Louisiana

Statewide Agreed-Upon Procedures

Fiscal period January 1, 2025 through December 31, 2025

KOLDER, SLAVEN & COMPANY, LLC

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INDEPENDENT ACCOUNTANT'S REPORT ON APPLYING AGREED-UPON PROCEDURES

To The Board of Directors
Opioid Abatement Administration Corporation
and the Louisiana Legislative Auditor:

We have performed the procedures enumerated below on the control and compliance (C/C) areas identified in the Louisiana Legislative Auditor's (LLA's) Statewide Agreed-Upon Procedures (SAUPs) for the fiscal period January 1, 2025 through December 31, 2025. Opioid Abatement Administration Corporation's (the Corporation) management is responsible for those C/C areas identified in the SAUPs.

The Corporation has agreed to and acknowledged that the procedures performed are appropriate to meet the intended purpose of the engagement, which is to perform specified procedures on the C/C areas identified in LLA's SAUPs for the fiscal period January 1, 2025 through December 31, 2025. 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 and associated exceptions are as follows:

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:
- Budgeting**, including preparing, adopting, monitoring, and amending the budget.
 - 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.
 - Disbursements**, including processing, reviewing, and approving.
 - 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).

- v. **Payroll/Personnel**, including (1) payroll processing, and (2) reviewing and approving time and attendance records, including leave and overtime worked, and (3) approval process for employees(s) rate of pay or approval and maintenance of pay rate schedules.
- 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.
- vii. **Travel and Expense Reimbursement**, including (1) allowable expenses, (2) dollar thresholds by category of expense, (3) documentation requirements, and (4) required approvers.
- 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).
- 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.
- x. **Debt Service**, including (1) debt issuance approval, (2) continuing disclosure/EMMA reporting requirements, (3) debt reserve requirements, and (4) debt service requirements.
- 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.
- 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.

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 that 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.
 - ii. For those entities reporting on the governmental accounting model, observe that the minutes referenced or included monthly budget-to-actual comparisons on the general fund, quarterly budget-to-actual, at a minimum, on proprietary funds, and semi-annual budget-to-actual, at a minimum on all special revenue funds. *Alternatively, for those entities reporting on the non-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.*
 - 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.

- 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.

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:
 - 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);
 - ii. Bank reconciliations include evidence that a member of management/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
 - iii. Management has documentation reflecting that it has researched reconciling items that have been outstanding for more than 12 months from the statement closing date, if applicable.

4.) Collections (excluding EFTs)

- 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).
- 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 (i.e. 5 collection locations for 5 deposit sites), obtain and inspect written policies and procedures relating to employee job duties (if no written policies and procedures, 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:
 - i. Employees that are responsible for cash collections do not share cash drawers/registers.
 - ii. Each employee responsible for collecting cash is not responsible for preparing/making bank deposits, unless another employee/official is responsible for reconciling collection documentation (e.g. pre-numbered receipts) to the deposit.
 - iii. Each employee responsible for collecting cash is not 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.
 - iv. The employee(s) responsible for reconciling cash collections to the general ledger and/or subsidiary ledgers, by revenue source and/or agency fund additions, are not responsible for collecting cash, unless another employee/official verifies the reconciliation.
- 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 enforced during the fiscal period.

- D. Randomly select two deposit dates for each of the 5 bank accounts selected for procedure #3 under “Bank Reconciliations” above (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). *Alternately, 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:
- i. Observe that receipts are sequentially pre-numbered.
 - ii. Trace sequentially pre-numbered receipts, system reports, and other related collection documentation to the deposit slip.
 - iii. Trace the deposit slip total to the actual deposit per the bank statement.
 - 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).
 - v. Trace the actual deposit per the bank statement to the general ledger.

5.) Non-Payroll Disbursements (excluding card purchases/payments, 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).
- B. For each location selected under #8 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, inquire of employees about their job duties), and observe that job duties are properly segregated such that:
- i. At least two employees are involved in initiating a purchase request, approving a purchase, and placing an order/making the purchase.
 - ii. At least two employees are involved in processing and approving payments to vendors.
 - 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.
 - 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.
 - 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.

[Note: Exceptions to controls that constrain the legal authority of certain public officials (e.g., mayor of a Lawrason Act municipality); should not be reported.]]

- C. For each location selected under #8 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:
- i. Observe whether the disbursement, whether by paper or electronic means, matched the related original itemized invoice and supporting documentation indicates that deliverables included on the invoice were received by the entity, and

- ii. Observe that the disbursement documentation included evidence (e.g., initial/date, electronic logging) of segregation of duties tested under #9, as applicable.
- D. Using the entity's main operating account and the month selected in Bank Reconciliations procedure #3, 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.

6.) Credit Cards/Debit Cards/Fuel Cards/Purchase 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.
- 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:
 - i. Observe that 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) was reviewed and approved, in writing (or electronically approved), by someone other than the authorized card holder. [Note: requiring such approval may constrain the legal authority of certain public officials (e.g., mayor of a Lawrason Act municipality); these instances should not be reported]
 - ii. Observe that finance charges and late fees were not assessed on the selected statements.
- C. Using the monthly statements or combined statements selected under #13 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 (i.e. each card should have 10 transactions subject to testing). 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 note whether management had a compensating control to address missing receipts, such as a "missing receipt statement" that is subject to increased scrutiny.
- D. Using the list of terminated employees obtained in Payroll and Personnel procedure #9C identify those individuals who had access to cards and randomly select 5 terminated employees (or all terminated employees with card access if less than 5) from this population. Observe evidence that the cards have been deactivated for these terminated employees. In cases where a card is shared by multiple users, obtain evidence that the terminated employees' authorization has been removed.

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, 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:

- 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).
- ii. If reimbursed using actual costs, observe that the reimbursement is supported by an original itemized receipt that identifies precisely what was purchased.
- 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 policy (procedure #1h).
- iv. Observe that each reimbursement was reviewed and approved, in writing, by someone other than the person receiving reimbursement.

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. *Alternately, 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:
 - i. Observe that the contract was bid in accordance with the Louisiana Public Bid Law (e.g., solicited quotes or bids, advertised), if required by law.
 - ii. Observe that the contract was approved by the governing body/board, if required by policy or law (e.g. Lawrason Act, Home Rule Charter).
 - 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 was approval documented).
 - 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.

9.) Payroll and Personnel

- A. Obtain a listing of employees and officials employed during the fiscal period and management's representation that the listing is complete. Randomly select 5 employees or officials, obtain related paid salaries and personnel files, and agree paid salaries to authorized salaries/pay rates in the personnel files.
- B. Randomly select one pay period during the fiscal period. For the 5 employees or officials selected under #17 above, obtain attendance records and leave documentation for the pay period, and:
 - i. Observe that all selected employees or officials documented their daily attendance and leave (e.g., vacation, sick, compensatory). (Note: Generally, officials are not eligible to earn leave and do not document their attendance and leave. However, if the official is earning leave according to policy and/or contract, the official should document his/her daily attendance and leave.)
 - ii. Observe that supervisors approved the attendance and leave of the selected employees/officials.
 - iii. Observe that any leave accrued or taken during the pay period is reflected in the entity's cumulative leave records.
 - iv. Observe that the rate paid to the employees or officials agree to the authorized salary/pay rate found within the personnel file.

- 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, obtain related documentation of the hours and pay rates used in management's termination payment calculations and the entity policy on termination payments. Agree the hours to the employee or officials' cumulate leave records, agree the pay rates to the employee or officials' authorized pay rates in the employee or officials' personnel files, and agree the termination payment to entity policy.
- 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.

10.) Ethics

- A. Using the 5 randomly selected employees/officials from procedure #17 under "Payroll and Personnel" 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.
 - ii. Observe that the entity maintains documentation which demonstrates each employee and official were notified of any changes to the entity's ethics policy during the fiscal period, as applicable.
- B. Inquire and/or observe whether the agency has appointed an ethics designee as required by R.S. 42:1170.

11.) Debt Service

- A. Obtain a listing of bonds/notes and other debt instruments issued during the fiscal period and management's representation that the listing is complete. Select all debt instruments on the listing, obtain supporting documentation, and observe that State Bond Commission approval was obtained for each bond/note issued.
- 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).

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.
- 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.

13.) Information Technology Disaster Recovery/Business Continuity

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

- A. 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.
- B. 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.
- C. 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.
- D. 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 #19. Observe evidence that the selected terminated employees have been removed or disabled from the network.
- E. Using the 5 randomly selected employees/officials from Payroll and Personnel procedure #17, 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.

14.) Prevention of Sexual Harassment

- A. Using the 5 randomly selected employees/officials from procedure #17 under ‘Payroll and Personnel’ above, 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.
- 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).
- 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 it 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;
 - ii. Number of sexual harassment complaints received by the agency;
 - iii. Number of complaints which resulted in a finding that sexual harassment occurred;
 - iv. Number of complaints in which the finding of sexual harassment resulted in discipline or corrective action; and
 - v. Amount of time it took to resolve each complaint.

Exceptions:

Written Policies and Procedures

No exceptions were found as a result of these procedures.

Board or Finance Committee

No exceptions were found as a result of these procedures.

Bank Reconciliations

Two out of the two bank accounts tested did not have evidence of management review on the bank reconciliations.

Collections (excluding electronic funds transfers)

No exceptions were found as a result of these procedures.

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

The employee responsible for processing payments is also responsible for adding/modifying vendor files; however, all payments to vendors are approved by the board members at quarterly meeting.

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

No exceptions were found as a result of these procedures.

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

No exceptions were found as a result of these procedures.

Contracts

No exceptions were found as a result of these procedures.

Payroll and Personal

No exceptions were found as a result of these procedures.

Ethics

No exceptions were found as a result of these procedures.

Debt Service

No exceptions were found as a result of these procedures.

Fraud Notice

No exceptions were found as a result of these procedures.

Information Technology Disaster Recovery/Business Continuity

We performed the procedure and discussed the results with management.

Prevention of Sexual Harassment

No exceptions were found as a result of these procedures.

Management's Response:

Management of the Corporation concurs with the exceptions and is working to address the deficiencies identified.

We were engaged by the Corporation to perform this agreed-upon procedures engagement and conducted our engagement in accordance with attestation standards established by the American Institute of Certified Public Accountants and applicable standards of *Government Auditing Standards*. We were not engaged to and did not conduct an examination or review engagement, the objective of which would be the expression of an opinion or conclusion, respectively, on those C/C areas identified in the SAUPs. 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 Corporation and to meet our other ethical responsibilities, in accordance with the relevant ethical requirements related to our agreed-upon procedures engagement.

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.

Kolder, Slaven & Company, LLC
Certified Public Accountants

Abbeville, Louisiana
June 9, 2026