

**COMBINED ANTI-DRUG TEAM
Lake Charles, Louisiana**

**Financial Report
For the Year Ended June 30, 2017**

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Langley, Williams & Company, L.L.C.

CERTIFIED PUBLIC ACCOUNTANTS

P.O. BOX 4690
LAKE CHARLES, LOUISIANA 70606-4690
205 W. COLLEGE STREET
LAKE CHARLES, LOUISIANA 70605-1625
(337) 477-2827
1(800) 713-8432
FAX (337) 478-8418

LESTER LANGLEY, JR.
DANNY L. WILLIAMS
PHILLIP D. ABSHIRE, JR.
DAPHNE BORDELON BERKEN
PHILLIP D. ABSHIRE, III
NICHOLAS J. LANGLEY
ALEXIS H. O'NEAL

INDEPENDENT AUDITORS' REPORT

Combined Anti-Drug Team
Lake Charles, Louisiana

We have audited the accompanying financial statements of the governmental activities of Combined Anti-Drug Team as of and for the year ended June 30, 2017, and the related notes to the financial statements, which collectively comprise the Combined Anti-Drug Team's basic financial statements as listed in the table of contents.

Management's Responsibility for the Financial Statements

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

Auditor's Responsibility

Our responsibility is to express opinions on these financial statements based on our audit. We conducted our audit in accordance with auditing standards generally accepted in the United States of America. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. Accordingly, we express no such opinion. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinions.

Opinions

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of the governmental activities of the Combined Anti-Drug Team, as of June 30, 2017, and the respective changes in financial position for the year then ended in conformity with accounting principles generally accepted in the United States of America.

Other Matters

Required Supplementary Information

The Combined Anti-Drug Team has omitted Management's Discussion and Analysis that accounting principles generally accepted in the United States of America require to be presented to supplement the basic financial statements. Such missing information, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economical, or historical context. Our opinion on the basic financial statements is not affected by this missing information.

Accounting principles generally accepted in the United States of America require that budgetary comparison information on page 23 be presented to supplement the basic financial statements. Such information, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board, who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. We have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

Other Information

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the Combined Anti-Drug Team's basic financial statements. The schedule of compensation, benefits and other payments to agency head is presented on page 25 and is presented for purposes of additional analysis and is not a required part of the financial statements. Such information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the basic financial statements. Such information has been subjected to the auditing procedures applied in the audit of the basic financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the basic financial statements or to the basic financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the information is fairly stated, in all material respects, in relation to the basic financial statements as a whole.

Other Reporting Required by *Governmental Auditing Standards*

In accordance with *Government Auditing Standards*, we have also issued our report dated December 27, 2017, on our consideration of the Combined Anti-Drug Team's internal control over financial reporting and our tests of its compliance with certain provisions of laws, regulations, contracts and grants. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the 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 District's internal control over financial reporting and compliance.

This report is intended solely for the information and use of management, and Legislative Auditor, and is not intended to be and should not be used by anyone other than these specified parties. Under Louisiana Revised Statute 24:513, this report is distributed by the Legislative Auditor as a public document.

Joyly McNamee, CA, CPA

Lake Charles, Louisiana
December 27, 2017

**GOVERNMENT-WIDE
FINANCIAL STATEMENTS (GWFS)**

COMBINED ANTI-DRUG TEAM
Lake Charles, Louisiana

STATEMENT OF NET POSITION

June 30, 2017

	<u>Governmental Activities</u>
ASSETS	
Cash and interest bearing deposits	\$ 2,232,069
Receivables	33,218
Capital assets, net of accumulated depreciation	<u>30,824</u>
 Total assets	 <u><u>\$ 2,296,111</u></u>
 LIABILITIES	
Accounts payable	<u>\$ 22,270</u>
 Total liabilities	 22,270
 NET POSITION	
Invested in capital assets	30,824
Unrestricted	<u>2,243,017</u>
 Total net position	 <u>2,273,841</u>
 Total liabilities and net position	 <u><u>\$ 2,296,111</u></u>

The accompanying notes are an integral part of the basic financial statements.

COMBINED ANTI-DRUG TEAM
Lake Charles, Louisiana

STATEMENT OF ACTIVITIES

For the Year Ended June 30, 2017

Activities	Expenses	Program Revenues		Net (Expenses) Revenues and Changes in Net Assets Governmental Activities
		Fees, Fines, and Charges for Services	Operating Grants and Contributions	
Governmental activities:				
Public safety	\$ 418,618	\$ -	\$ -	\$ (418,618)
 Total Governmental Activities	\$ 418,618	\$ -	\$ -	(418,618)
 General revenues:				
Interest earnings				2,044
Forfeitures				1,638,538
Intergovernmental				267,696
Other				7,377
Total general revenues				1,915,655
 Change in net position				1,497,037
 Net position - July 1, 2016				776,804
 Net position - June 30, 2017				\$ 2,273,841

The accompanying notes are an integral part of the basic financial statements.

FUND FINANCIAL STATEMENTS (FFS)

COMBINED ANTI-DRUG TEAM
Lake Charles, Louisiana

BALANCE SHEET - GOVERNMENTAL FUND

June 30, 2017

	<u>General Fund</u>
<u>ASSETS</u>	
Cash and interest bearing deposits	\$ 2,232,069
Receivables	33,218
	<hr/>
Total assets	\$ 2,265,287
	<hr/>
<u>LIABILITIES AND FUND BALANCE</u>	
Liabilities:	
Accounts payable	\$ 22,270
	<hr/>
Total liabilities	22,270
Fund balance:	
Unassigned	2,243,017
	<hr/>
Total fund balance	2,243,017
	<hr/>
Total liabilities and fund balance	\$ 2,265,287
	<hr/>

The accompanying notes are an integral part of the basic financial statements.

COMBINED ANTI-DRUG TEAM
Lake Charles, Louisiana

RECONCILIATION OF THE GOVERNMENTAL FUND BALANCE SHEET
TO THE STATEMENT OF NET POSITION

June 30, 2017

FUND BALANCE OF GOVERNMENTAL FUNDS \$ 2,243,017

Amounts reported for governmental activities in the
Statement of Net Position are different because:

Capital assets used in governmental activities are not financial
resources and, therefore, are not reported in the funds.

Those assets consist of:

Cost of capital assets	\$ 119,470	
Less - accumulated depreciation	<u>(88,646)</u>	<u>30,824</u>

NET POSITION OF GOVERNMENTAL ACTIVITIES \$ 2,273,841

The accompanying notes are an integral part of the basic financial statements.

COMBINED ANTI-DRUG TEAM
Lake Charles, Louisiana

STATEMENT OF REVENUES, EXPENDITURES
AND CHANGES IN FUND BALANCE - GOVERNMENTAL FUND

For the Year Ended June 30, 2017

	<u>General Fund</u>
REVENUES:	
Intergovernmental	\$ 267,696
Forfeitures	1,638,538
Interest earnings	2,044
Other	7,377
Total revenues	<u>1,915,655</u>
EXPENDITURES:	
Public safety:	
Personal services and related benefits	204,515
Operating services	167,275
Materials and supplies	33,271
Capital outlay	17,381
Total expenditures	<u>422,442</u>
NET CHANGE IN FUND BALANCE	1,493,213
FUND BALANCE AT BEGINNING OF YEAR	<u>749,804</u>
FUND BALANCE AT END OF YEAR	<u><u>\$ 2,243,017</u></u>

The accompanying notes are an integral part of the basic financial statements.

COMBINED ANTI-DRUG TEAM
Lake Charles, Louisiana

RECONCILIATION OF THE STATEMENT OF REVENUES, EXPENDITURES AND
CHANGES IN FUND BALANCE - GOVERNMENTAL FUND -
TO THE STATEMENT OF ACTIVITIES

For the Year Ended June 30, 2017

Total net changes in fund balance - governmental fund - per the Statement of Revenues, Expenditures and Changes in Fund Balance	\$ 1,493,213
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Amounts reported for governmental activities in the Statement
of Activities are different because:

Governmental funds report capital outlays as expenditures.
However, in the Statement of Activities, the cost of
those assets is allocated over their estimated useful lives
and reported as depreciation expense. This is the amount
by which capital outlay exceeds depreciation expense in
the current period.

Capital assets purchased	17,380
Depreciation expense	(13,556)
	<u>3,824</u>

Change in net position of governmental activities	<u>\$ 1,497,037</u>
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The accompanying notes are an integral part of the basic financial statements.

COMBINED ANTI-DRUG TEAM
Lake Charles, Louisiana

Notes to the Financial Statements

INTRODUCTION

The Combined Anti-Drug Team was formed by a mutual aid agreement entered into on November 22, 2004, by and between the Calcasieu Parish Sheriff's Office, City of Lake Charles, City of Westlake, City of DeQuincy, City of Vinton, City of Iowa, United States Marshal's Office Western District of Louisiana, and the Federal Bureau of Investigation. The agreement's purpose is to create a multi-agency law enforcement task force whose efforts are directed toward the investigation of narcotics and vice crimes.

The accounting and reporting policies of the Combined Anti-Drug Team conform to accounting principles generally accepted in the United States of America as applicable to governments. Such accounting and reporting procedures conform to the requirements of Louisiana Revised Statute 24:513, as well as any applicable requirements set forth by *Audits of State and Local Governments Units*, the industry audit guide issued by the American Institute of Certified Public Accountants; and the *Louisiana Governmental Audit Guide*.

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

A. REPORTING ENTITY

For financial reporting purposes, the Combined Anti-Drug Team includes all funds, account groups, activities, et cetera, that are controlled by the Combined Anti-Drug Team. The Combined Anti-Drug Team is solely responsible for the operations of its office, which includes authority over budgeting, responsibility for deficits, and receipt and disbursements of funds. Other than certain operating expenditures of the Combined Anti-Drug Team's office that are paid or provided by the members of the joint agreement, the Combined Anti-Drug Team is financially independent. Accordingly, the Combined Anti-Drug Team is a separate governmental reporting entity. Certain units of local government, over which the Combined Anti-Drug Team exercises no oversight responsibility, such as the parish police jury, and municipalities within the parish, are excluded from the accompanying financial statements. These units of government are considered separate reporting entities and issue financial statements separate from those of the Combined Anti-Drug Team.

B. BASIS OF PRESENTATION

Government-Wide and Fund Financial Statements

The government-wide financial statements report information on all of the non-fiduciary activities. For the most part, the effect of interfund activity has been removed from these statements.

The Statement of Activities demonstrates the degree to which the direct expenses of a given function or segment is offset by program revenues. Direct expenses are those that are clearly identifiable with a specific function or segment. Forfeitures and other revenues are reported as general revenues.

COMBINED ANTI-DRUG TEAM
Lake Charles, Louisiana

Notes to the Financial Statements

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES – (Continued)

C. MEASUREMENT FOCUS/BASIS OF ACCOUNTING

The amounts reflected in the governmental fund financial statements are accounted for using a current financial resources measurement focus. With this measurement focus, only current assets and current liabilities are generally included on the balance sheet. The statement of revenues, expenditures, and changes in fund balances reports on the sources (i.e., revenues and other financing sources) and uses (i.e., expenditures and other financing uses) of current financial resources. This approach is then reconciled, through adjustment, to a government-wide view of the Combined Anti-Drug Team's operations.

The amounts reflected in the governmental fund financial statements use the modified accrual basis of accounting. Under the modified accrual basis of accounting, revenues are recognized when susceptible to accrual (i.e., when they become both measurable and available). Measurable means the amount of the transaction can be determined and available means collectible within the current period or soon enough thereafter to pay liabilities of the current period. The government considers all revenues available if they are collected within 60 days after the fiscal year end. Expenditures are recorded when the related fund liability is incurred, as under accrual accounting.

The government-wide financial statements are accounted for using an "economic resources" measurement focus. The accounting objectives of this measurement focus are the determination of operating income, changes in net position and financial position. All assets and liabilities (whether current or noncurrent) associated with their activities are reported.

The government-wide financial statements are presented using the accrual basis of accounting. Under the accrual basis of accounting, revenues are recognized when earned and expenses are recorded when the liability is incurred or economic asset used. The governmental fund uses the following practices in recording revenues and expenditures:

Revenues. Intergovernmental revenues and forfeitures are recorded when the Combined Anti-Drug Team is entitled to the funds.

Interest income on deposits is recorded when interest is earned. Substantially all other revenues are recorded when received.

Expenditures. The Combined Anti-Drug Team's primary expenditures include salaries and investigations, which are recorded when the liability is incurred. Capital expenditures and purchases of various operating supplies are regarded as expenditures at the time purchased.

The Combined Anti-Drug Team reports the following major governmental fund:

General Fund. The general fund is the government's primary operating fund. It accounts for all financial resources of the general government, except those required to be accounted for in another fund.

The Combined Anti-Drug Team reports all revenues as general revenues.

COMBINED ANTI-DRUG TEAM
Lake Charles, Louisiana

Notes to the Financial Statements

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES – (Continued)

D. BUDGET PRACTICES

1. The proposed budget is prepared and submitted to the Advisory Board for the fiscal year no later than fifteen days prior to the beginning of each fiscal year.
2. The proposed budget is made available for public inspection.
3. The budget is legally adopted prior to the commencement of the fiscal year for which the budget is being adopted.
4. All budgetary appropriations lapse at the end of each fiscal year.
5. The budget is adopted on a basis consistent with generally accepted accounting principles (GAAP). Budgeted amounts are as originally adopted or as finally amended by the Board.

E. CASH AND INTEREST-BEARING DEPOSITS

Cash and interest-bearing deposits include amounts in demand deposits, interest-bearing demand deposits and time deposits. They are stated at cost, which approximates market.

F. RECEIVABLES

Receivables consist of all revenues earned at year-end and not yet received. Receivables are reported net of allowance for uncollectible accounts and revenues net of uncollectibles. Allowances are reported when accounts are proven to be uncollectible. The Combined Anti-Drug Team has determined there is no allowance for uncollectible accounts at June 30, 2017.

G. CAPITAL ASSETS

Capital assets are capitalized at historical cost. The Combined Anti-Drug Team maintains a threshold level of \$1,000 or more for capitalizing capital assets.

Capital assets are recorded in the Statement of Net Position and Statement of Activities. Since surplus assets are sold for immaterial amounts when declared as no longer needed for public purpose, no salvage value is taken into consideration for depreciation purposes. All capital assets are depreciated using the straight-line method over the following useful lives:

<u>Asset Class</u>	<u>Estimated Useful Lives</u>
Office equipment, and furniture	5-12
Law enforcement equipment	3-10

COMBINED ANTI-DRUG TEAM
Lake Charles, Louisiana

Notes to the Financial Statements

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES – (Continued)

H. EQUITY CLASSIFICATIONS

In the government-wide statements, equity is classified as net position and displayed in three components:

- a. Invested in capital assets, net of related debt – Consists of capital assets including restricted capital assets, net of accumulated depreciation and reduced by the outstanding balances of any bonds, mortgages, notes, or other borrowings that are attributable to the acquisition, construction, or improvement of those assets.
- b. Restricted net position – Consists of assets with constraints placed on the use by either (1) external groups such as creditors, grantors, contributors, or laws or regulations of other governments; or (2) law through constitutional provisions or enabling legislation.
- c. Unrestricted net position – All other assets that do not meet the definition of “restricted” or “invested in capital assets, net of related debt”.

I. FUND EQUITY

In the fund financial statements, governmental funds report reservations of fund balance for amounts that are not available for appropriation or are legally restricted by outside parties for use for a specific purpose. Any designations of fund balance represent tentative management plans that are subject to change.

In the fund financial statements, governmental fund equity is classified as fund balance. The Combined Anti-Drug Team adopted GASB Statement 54 in the year ended June 30, 2011. As such, fund balances of governmental funds are classified as follows:

Nonspendable – amounts that cannot be spent either because they are in nonspendable form or because they are legally or contractually required to be maintained intact.

Restricted – amounts that can be spent only for specific purposes because of constitutional provisions or enabling legislation or because constraints that externally imposed by creditors, grantors, contributors, or the laws or regulations of other governments.

Committed – amounts that can be used only for specific purposes determined by a formal action of the voting members. The voting members are the highest level of decision-making authority for the Combined Anti-Drug Team’s Office. Commitments may be established, modified, or rescinded only through resolutions approved by the voting members.

Assigned – amounts that do not meet the criteria to be classified as restricted or committed, but that are intended to be used for specific purposes. Under the Combined Anti-Drug Team’s adopted policy, only voting members may assign amounts for specific purposes.

Unassigned – all other spendable amounts.

COMBINED ANTI-DRUG TEAM
Lake Charles, Louisiana

Notes to the Financial Statements

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES – (Continued)

I. FUND EQUITY – (Continued)

When expenditures are incurred for purposes for which both restricted and unrestricted fund balance is available, the Combined Anti-Drug Team considers restricted funds to have been spent first. When expenditures are incurred for which committed, assigned, or unassigned fund balances are available, the Combined Anti-Drug Team considers amounts to have been spent first out of committed funds, then assigned funds, and finally unassigned funds, as needed, unless the Combined Anti-Drug Team has provided otherwise in its commitment or assignment actions.

J. FORFEITED ASSETS

The Combined Anti-Drug Team acquires various assets which are forfeited by defendants in accordance with judgments rendered by the courts in certain drug-related cases. It is the policy of the agency to sell all forfeited assets and record the proceeds as revenue at the time of the sale. At June 30, 2017, the Combined Anti-Drug Team has assets which have not been sold and are not reported in the accompanying general purpose financial statements.

K. ESTIMATES

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

L. RECLASSIFICATION

Certain accounts in the prior year financial statements have been reclassified for comparative purposes to conform with the presentation in the current year financial statements.

M. RECENTLY ISSUED ACCOUNTING PRONOUNCEMENTS

In June 2015, the Governmental Accounting Standards Board (GASB) approved Statement No. 75, "Accounting and Financial Reporting for Postemployment Benefits other than Pensions." GASB Statement No. 75 replaces the requirements of Statement No. 45, "Accounting and Financial Reporting by Employers for Postemployment Benefits other than Pensions." GASB Statement No. 75 improves accounting and financial reporting by state and local governments for postemployment benefits other than pensions. The provisions of GASB Statement No. 75 must be implemented by the Combined Anti-Drug Team for the year ending June 30, 2018. The effect of implementation of this statement on the Combined Anti-Drug Team's financial statements has not yet been determined.

COMBINED ANTI-DRUG TEAM
Lake Charles, Louisiana

Notes to the Financial Statements

2. CASH AND INTEREST-BEARING DEPOSITS

Under state law, the Combined Anti-Drug Team may deposit funds within a fiscal agent bank organized under the laws of the State of Louisiana, the laws of any other state, or the laws of the United States. The Combined Anti-Drug Team may invest in certificates and time deposits of state banks organized under Louisiana law and national banks having principal offices in Louisiana. At June 30, 2017, the Combined Anti-Drug Team has cash and interest-bearing deposits (book balances) totaling \$2,232,069. Included in total cash and interest-bearing deposits is \$20,000 in cash, which is held by the Task Force for use in drug investigations. The remaining \$2,212,069 is in interest bearing checking accounts and various certificates of deposit.

These deposits are stated at cost, which approximates market. Under state law, these deposits (or the resulting bank balances) must be secured by federal deposit insurance or the pledge of securities owned by the fiscal agent bank. The market value of the pledged securities plus the federal deposit insurance must at all times equal the amount on deposit with the fiscal agent. These securities are held in the name of the pledging fiscal agent bank in a holding or custodial bank that is mutually acceptable to both parties.

At June 30, 2017, the Combined Anti-Drug Team has \$2,332,793 in deposits (collected bank balances). These deposits are secured from risk by \$1,251,638 of federal deposit insurance and \$1,584,648 of pledged securities held by the custodial banks in the name of the fiscal agent bank (GASB Category 3). The \$20,000 held in cash is uninsured.

Even though the pledged securities are considered uncollateralized (Category 3) under the provisions of GASB Statement 3, R.S. 39:1229 imposes a statutory requirement on the custodial bank to advertise and sell the pledged securities within 10 days of being notified by the Combined Anti-Drug Team that the fiscal agent has failed to pay deposited funds upon demand.

3. RECEIVABLES

The receivables of \$33,218 at June 30, 2017, are miscellaneous amounts due from restitutions, forfeitures and overtime reimbursements.

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COMBINED ANTI-DRUG TEAM
Lake Charles, Louisiana

Notes to the Financial Statements

4. CAPITAL ASSETS

Capital asset activity for the year ended June 30, 2017 was as follows:

	Balance July 1, 2016	Additions	Deletions	Balance June 30, 2017
Governmental activities:				
Law enforcement equipment	\$ 102,090	\$ 17,380	\$ -	\$ 119,470
Total	102,090	17,380	-	119,470
Less accumulated depreciation	(75,090)	(13,556)	-	(88,646)
Net assets	<u>\$ 27,000</u>	<u>\$ 3,824</u>	<u>\$ -</u>	<u>\$ 30,824</u>

Depreciation expense in the amount of \$13,556 was charged to public safety.

5. VACATION, SICK LEAVE, AND PENSION PLAN

The Combined Anti-Drug Team had no employees during the year ended June 30, 2017; therefore, it did not have a policy on vacation and sick leave, nor did it have a pension plan.

6. LITIGATION AND CLAIMS

The Combined Anti-Drug Team is, from time to time, involved in lawsuits arising in the ordinary course of its business that, in the opinion of management, will not have a material effect on the Combined Anti-Drug Team's results of operations.

7. EXPENDITURES OF THE COMBINED ANTI-DRUG TEAM'S OFFICE PAID BY THE MEMBERS OF THE JOINT AGREEMENT

The Combined Anti-Drug Team members are employees of the agencies participating in the mutual aid agreement. The payroll and equipment used is provided by those agencies. Accordingly, those expenses are not included in the accompanying basic financial statements.

8. BOARD MEMBERS

For the year ended June 30, 2017, the following individuals served on the Executive and Advisory Boards and received no compensation for those services.

EXECUTIVE BOARD

Calcasieu Parish Sheriff, Tony Mancuso
Calcasieu Parish District Attorney, John DeRosier
Lake Charles Chief of Police, Donald D Dixon

COMBINED ANTI-DRUG TEAM
Lake Charles, Louisiana

Notes to the Financial Statements

8. BOARD MEMBERS – (Continued)

ADVISORY BOARD

Full-time participants

Louisiana State Police, Sergeant Martin Zaunbrecher
Homeland Security Investigations, Mark Castille
Federal Bureau of Investigation, Don Bostic
City of Lake Charles Mayor, Randy Roach

Part-time participants

Iowa Chief of Police, Keith Vincent
Town of Iowa Mayor, Carol Ponthieux

Non-participants

DeQuincy Chief of Police, Michael Suchanek
Vinton Chief of Police, Ricky Fox
Westlake Chief of Police, Chris Wilrye
McNeese Police Chief, Robert Spinks
City of DeQuincy Mayor, Lawrence Hennigan
Town of Vinton Mayor, Kenny Stinson
City of Westlake Mayor, Robert Hardey

Task Force Director

Lake Charles Police Department, Sergeant Gary Sonnier

Assistant Task Force Director

Calcasieu Parish Sheriff's Office, Sergeant Jeff Cole

9. SUBSEQUENT EVENTS

The Combined Anti-Drug Team evaluated its June 30, 2017 financial statements for subsequent events through December 27, 2017, the date the financial statements were available to be issued. Other than noted below the Combined Anti-Drug Team is not aware of any subsequent events which would require recognition or disclosure in the financial statements.

The Combined Anti-Drug Team request proposals for a bid to renovate an office building that they plan to use for operations. At the time of these financial statements, the Combined Anti-Drug Team awarded the job to the lowest bidder for approximately \$2,000,000 but has not yet executed the contract.

REQUIRED SUPPLEMENTARY INFORMATION

COMBINED ANTI-DRUG TEAM
Lake Charles, Louisiana

BUDGETARY COMPARISON SCHEDULE
GENERAL FUND

For the Year Ended June 30, 2017

	Budget Amounts		Actual	Variance with Final Budget- Favorable (Unfavorable)
	Original	Final		
REVENUES				
Interest earnings	\$ 50	\$ 2,011	\$ 2,044	\$ 33
Forfeitures	140,000	1,477,826	1,638,538	160,712
Intergovernmental	333,000	269,035	267,696	(1,339)
Other	2,500	5,098	7,377	2,279
Total revenues	<u>475,550</u>	<u>1,753,970</u>	<u>1,915,655</u>	<u>161,685</u>
EXPENDITURES				
Public safety:				
Personal services and related benefits	180,000	211,500	204,515	6,985
Operating services	188,800	173,306	167,275	6,031
Materials and supplies	24,500	33,703	33,271	432
Capital outlay	15,000	18,400	17,381	1,019
Total expenditures	<u>408,300</u>	<u>436,909</u>	<u>422,442</u>	<u>14,467</u>
EXCESS OF REVENUES OVER EXPENDITURES	67,250	1,317,061	1,493,213	176,152
FUND BALANCE AT BEGINNING OF YEAR	<u>559,768</u>	<u>559,768</u>	<u>749,804</u>	<u>190,036</u>
FUND BALANCE AT END OF YEAR	<u><u>\$ 627,018</u></u>	<u><u>\$ 1,876,829</u></u>	<u><u>\$ 2,243,017</u></u>	<u><u>\$ 366,188</u></u>

The accompanying notes are an integral part of the basic financial statements.

OTHER SUPPLEMENTAL INFORMATION

COMBINED ANTI-DRUG TEAM
Lake Charles, Louisiana

SCHEDULE OF COMPENSATION, BENEFITS AND OTHER PAYMENTS
TO AGENCY HEAD OR CHIEF EXECUTIVE OFFICER

June 30, 2017

Agency Head Name / Title: Gary Sonnier, Director

Purpose:	Amount Paid By	
	Combined Anti-Drug Team (Audited)	Lake Charles Police Department (Unaudited)
Salary	\$ -	\$ 111,149
Benefits - insurance	-	6,289
Benefits - retirement	-	23,829
Benefits - other	-	1,599
Per diem	-	-
Continuing professional education	-	-
Reimbursements	116	-
Registration fees	-	-
Conference travel	318	-
	<u>\$ 434</u>	<u>\$ 142,866</u>

**INTERNAL CONTROL
AND
COMPLIANCE**



Langley, Williams & Company, L.L.C.

CERTIFIED PUBLIC ACCOUNTANTS

P.O. BOX 4690
LAKE CHARLES, LOUISIANA 70606-4690
205 W. COLLEGE STREET
LAKE CHARLES, LOUISIANA 70605-1625
(337) 477-2827
1(800) 713-8432
FAX (337) 478-8418

LESTER LANGLEY, JR.
DANNY L. WILLIAMS
PHILLIP D. ABSHIRE, JR.
DAPHNE BORDELON BERKEN
PHILLIP D. ABSHIRE, III
NICHOLAS J. LANGLEY
ALEXIS H. O'NEAL

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*

Combined Anti-Drug Team
Lake Charles, Louisiana

We have audited, in accordance with the auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States, the financial statements of the Combined Anti-Drug Team as of and for the year ended June 30, 2017, and the related notes to the financial statements, which collectively comprise Combined Anti-Drug Team's basic financial statements, and have issued our report thereon dated December 27, 2017.

Internal Control Over Financial Reporting

In planning and performing our audit of the financial statements, we considered Combined Anti-Drug Team's internal control over financial reporting (internal control) to determine the audit procedures that are appropriate in the circumstances for the purpose of expressing our opinions on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of Combined Anti-Drug Team's internal control. Accordingly, we do not express an opinion on the effectiveness of the Combined Anti-Drug Team'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 may exist that have not been identified.

Compliance and Other Matters

As part of obtaining reasonable assurance about whether the Combined Anti-Drug Team's basic financial statements are free of material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts and grants, noncompliance with which could have a direct and material effect on the determination of financial statements amounts. However, providing an opinion on compliance with those provisions was not an objective of our audit, and accordingly, we do not express such an opinion. The results of our tests disclosed no instances of noncompliance that is required to be reported under *Government Auditing Standard*.

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.

This report is intended solely for the information and use of the Combined Anti-Drug Team, the Sheriff's management, the Legislative Auditor of the State of Louisiana, and is not intended to be and should not be used by anyone other than these specified parties.

Jay E. Wilton, Co., CPA

Lake Charles, Louisiana
December 27, 2017

COMBINED ANTI-DRUG TEAM
Lake Charles, Louisiana

CURRENT AND PRIOR YEAR AUDIT FINDINGS
AND RESPONSES

For the Year Ended June 30, 2017 and 2016

SECTION 1 – SUMMARY OF AUDITORS' RESULTS

Financial Statements

Type of auditors' report issued: Unqualified

Internal control over financial reporting:

Material weaknesses identified? _____ Yes X No

Significant deficiencies identified not considered
to be material weaknesses? _____ Yes X None reported

Noncompliance required to be reported under
Government Audit Standards?

_____ Yes X No

COMBINED ANTI-DRUG TEAM
Lake Charles, Louisiana

Summary Schedule of Current and Prior Year Audit
Findings and Responses

For the Year Ended June 30, 2017 and 2016

SECTION II - FINANCIAL STATEMENT FINDINGS

Ref. No.	Fiscal Year Finding Initially Occurred	Description of Finding	Corrective Action Taken	Responses	Name of Contact Person	Anticipated Completion Date
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Current year (06/30/17)

Internal Control: There were no findings with regards to internal control over financial reporting.

Compliance: There were no findings with regards to compliance.

Current year (06/30/16)

Internal Control: There were no findings with regards to internal control over financial reporting.

Compliance: There were no findings with regards to compliance.

SECTION III - MANAGEMENT LETTER

No separate management letter was issued.



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INDEPENDENT ACCOUNTANT'S REPORT ON APPLYING AGREED-UPON PROCEDURES

Combined Anti-Drug Team
Lake Charles, Louisiana

We have performed the procedures enumerated below, which were agreed to by Combined Anti-Drug Team ("CAT") and the Louisiana Legislative Auditor (LLA) on the control and compliance (C/C) areas identified in the LLA's Statewide Agreed-Upon Procedures (SAUPs) for the fiscal period from July 1, 2016 through June 30, 2017. The Entity's management is responsible for those C/C areas identified in the SAUPs.

This agreed-upon procedures engagement was conducted in accordance with attestation standards established by the American Institute of Certified Public Accountants and applicable standards of *Government Auditing Standards*. The sufficiency of these procedures is solely the responsibility of the specified users of this report. Consequently, we make no representation regarding the sufficiency of the procedures described below either for the purpose for which this report has been requested or for any other purpose.

The procedures and associated findings are as follows:

Written Policies and Procedures

1. Obtain the entity's written policies and procedures and report whether those written policies and procedures address each of the following financial/business functions (or report that the entity does not have any written policies and procedures), as applicable:
 - a) **Budgeting**, including preparing, adopting, monitoring, and amending the budget
 - b) **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.
 - c) **Disbursements**, including processing, reviewing, and approving
 - d) **Receipts**, including receiving, recording, and preparing deposits
 - e) **Payroll/Personnel**, including (1) payroll processing, and (2) reviewing and approving time and attendance records, including leave and overtime worked.

- f) **Contracting**, including (1) types of services requiring written contracts, (2) standard terms and conditions, (3) legal review, (4) approval process, and (5) monitoring process
- g) **Credit Cards (and debit cards, fuel cards, P-Cards, if applicable)**, including (1) how cards are to be controlled, (2) allowable business uses, (3) documentation requirements, (4) required approvers, and (5) monitoring card usage
- h) **Travel and expense reimbursement**, including (1) allowable expenses, (2) dollar thresholds by category of expense, (3) documentation requirements, and (4) required approvers
- i) **Ethics**, including (1) the prohibitions as defined in Louisiana Revised Statute 42:1111-1121, (2) actions to be taken if an ethics violation takes place, (3) system to monitor possible ethics violations, and (4) requirement that all employees, including elected officials, annually attest through signature verification that they have read the entity's ethics policy. Note: Ethics requirements are not applicable to nonprofits.
- j) **Debt Service**, including (1) debt issuance approval, (2) EMMA reporting requirements, (3) debt reserve requirements, and (4) debt service requirements.

We obtained a copy of CAT's written policies and procedures and tested them for the above items.

Exceptions: We received a flow chart of procedures from management as the only written policies and procedures on file. The written policies and procedures only addressed the disbursement and receipt functions. There were no written policies and procedures for any of the other financial/business functions listed above.

Management's response: The written policies and procedures are in the process of being updated to address budgeting, purchasing, contracting, credit cards, travel and expense reimbursement and ethics. Since there is no personnel, payroll or debt, written policy and procedures are not deemed necessary.

Board (or Finance Committee, if applicable)

2. Obtain and review the board/committee minutes for the fiscal period, and:

- a) Report whether the managing board met (with a quorum) at least monthly, or on a frequency in accordance with the board's enabling legislation, charter, or other equivalent document.

The board met on a quarterly basis for fiscal period with a quorum in attendance at all meetings.

- b) Report whether the minutes referenced or included monthly budget-to-actual comparisons on the General Fund and any additional funds identified as major funds in the entity's prior audit (GAAP-basis).

The minutes did not reflect any budget-to-actual comparisons having been made during the fiscal period. The minutes reflect that the board reviewed and approved the quarterly checkbook ledger of transactions and the statement of expenditures for each quarter ending prior to each meeting.

Management's response: The written policies and procedures are in the process of being updated to address budgeting.

- If the budget-to-actual comparisons show that management was deficit spending during the fiscal period, report whether there is a formal/written plan to eliminate the deficit spending for those entities with a fund balance deficit. If there is a formal/written plan, report whether the meeting minutes for at least one board meeting during the fiscal period reflect that the board is monitoring the plan.

The minutes did not reflect a budget-to-actual comparison. However, there was no deficit spending noted during the fiscal period.

Management's response: The written policies and procedures are in the process of being updated to address budgeting.

- c) Report whether the minutes referenced or included non-budgetary financial information (e.g. approval of contracts and disbursements) for at least one meeting during the fiscal period.

The minutes reflect that the board discussed non-budgetary financial information at all quarterly meetings during the fiscal period.

Bank Reconciliations

- 3. Obtain a listing of client bank accounts from management and management's representation that the listing is complete.

We obtained a list of bank accounts from our bank confirmations and management's representation that the list was complete.

- 4. Using the listing provided by management, select all of the entity's bank accounts (if five accounts or less) or one-third of the bank accounts on a three-year rotating basis (if more than 5 accounts). If there is a change in practitioners, the new practitioner is not bound to follow the rotation established by the previous practitioner. *Note: School student activity fund accounts may be excluded from selection if they are otherwise addressed in a separate audit or AUP engagement.* For each of the bank accounts selected, obtain bank statements and reconciliations for all months in the fiscal period and report whether:

- a) Bank reconciliations have been prepared;

Obtained bank statements and reconciliations for all months in the fiscal period for all selected accounts noting that reconciliations have been prepared for all months.

- b) Bank reconciliations include evidence that a member of management or a board member (with no involvement in the transactions associated with the bank account) has reviewed each bank reconciliation; and

Exception: Prior to February 2017 bank reconciliations did not include evidence that a member of management (with no involvement in the transactions associated with the bank account) has reviewed each bank reconciliation. After CAT received the state agreed upon procedures in February 2017, the review of each reconciliation by a member of management (with no involvement in the transactions associated with the bank account) is evidenced on each bank reconciliation.

Management's response: A member of management with no involvement in the transactions associated with the bank account will continue to document their review of the bank reconciliations.

- c) If applicable, management has documentation reflecting that it has researched reconciling items that have been outstanding for more than 6 months as of the end of the fiscal period.

There were no items that were outstanding more than 6 months, therefore this procedure is not applicable.

Collections

5. Obtain a listing of cash/check/money order (cash) collection locations and management's representation that the listing is complete.

We obtained a listing of cash collection locations and management's representation that the list was complete.

6. Using the listing provided by management, select all of the entity's cash collection locations (if five locations or less) or one-third of the collection locations on a three-year rotating basis (if more than 5 locations). If there is a change in practitioners, the new practitioner is not bound to follow the rotation established by the previous practitioner. *Note: School student activity funds may be excluded from selection if they are otherwise addressed in a separate audit or AUP engagement.* **For each cash collection location selected:**

- a) Obtain existing written documentation (e.g. insurance policy, policy manual, job description) and report whether each person responsible for collecting cash is (1) bonded, (2) not responsible for depositing the cash in the bank, recording the related transaction, or reconciling the related bank account (report if there are compensating controls performed by an outside party), and (3) not required to share the same cash register or drawer with another employee.

Exception: The person responsible for collecting cash is also the person responsible for depositing the collections in the bank.

Management's response: The written policies and procedures will be updated to state that whomever collects cash will then bring the cash to the Calcasieu Parish Sheriff's Office Accounting Department to be deposited in the bank. Additionally, the individual in the

Accounting Department responsible for depositing the cash will not be responsible for recording related transactions or reconciling the related bank account.

- b) Obtain existing written documentation (e.g. sequentially numbered receipts, system report, reconciliation worksheets, policy manual) and report whether the entity has a formal process to reconcile cash collections to the general ledger and/or subsidiary ledgers, by revenue source and/or agency fund additions, by a person who is not responsible for cash collections in the cash collection location selected.

CAT has a formal process to reconcile cash collections to the general ledger and subsidiary ledgers, by revenue source, by a person who is not responsible for cash collections in the cash collections locates selected.

- c) Select the highest (dollar) week of cash collections from the general ledger or other accounting records during the fiscal period and:
- Using entity collection documentation, deposit slips, and bank statements, trace daily collections to the deposit date on the corresponding bank statement and report whether the deposits were made within one day of collection. If deposits were not made within one day of collection, report the number of days from receipt to deposit for each day at each collection location.

Deposits were made within one day of collection.

- Using sequentially numbered receipts, system reports, or other related collection documentation, verify that daily cash collections are completely supported by documentation and report any exceptions.

System reports and/or other related collection documentation supported the cash collection.

7. Obtain existing written documentation (e.g. policy manual, written procedure) and report whether the entity has a process specifically defined (identified as such by the entity) to determine completeness of all collections, including electronic transfers, for each revenue source and 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) by a person who is not responsible for collections.

CAT has a process specifically defined to determine completeness of all collections, including electronic transfers for each revenue source by a person who is not responsible for collections.

Disbursements – General (excluding credit card/debit card/fuel card/P-Card purchases or payments)

8. Obtain a listing of entity disbursements from management or, alternately, obtain the general ledger and sort/filter for entity disbursements. Obtain management's representation that the listing or general ledger population is complete.

We obtained a listing of disbursements and management's representation that the list was complete.

9. Using the disbursement population from #8 above, randomly select 25 disbursements (or randomly select disbursements constituting at least one-third of the dollar disbursement population if the entity had less than 25 transactions during the fiscal period), excluding credit card/debit card/fuel card/P-card purchases or payments. Obtain supporting documentation (e.g. purchase requisitions, system screens/logs) for each transaction and report whether the supporting documentation for each transaction demonstrated that:

- a) Purchases were initiated using a requisition/purchase order system or an equivalent electronic system that separates initiation from approval functions in the same manner as a requisition/purchase order system.

For the 25 transactions tested, we noted that the purchases were initiated using a requisition/purchase order system that separates initiation from approval functions.

- b) Purchase orders, or an electronic equivalent, were approved by a person who did not initiate the purchase.

Purchase orders were approved by a person who did not initiate the transactions.

- c) Payments for purchases were not processed without (1) an approved requisition and/or purchase order, or electronic equivalent; a receiving report showing receipt of goods purchased, or electronic equivalent; and an approved invoice.

Payments for purchases were processed with an approved purchase order and an approved invoice.

10. Using entity documentation (e.g. electronic system control documentation, policy manual, written procedure), report whether the person responsible for processing payments is prohibited from adding vendors to the entity's purchasing/disbursement system.

The person responsible for processing payments is prohibited from adding vendors to CAT's purchasing/disbursement system.

11. Using entity documentation (e.g. electronic system control documentation, policy manual, written procedure), report whether the persons with signatory authority or who make the final authorization for disbursements have no responsibility for initiating or recording purchases.

Persons with signatory authority or those who make the final authorization for purchases do not have the responsibility of recording purchases.

12. Inquire of management and observe whether the supply of unused checks is maintained in a locked location, with access restricted to those persons that do not have signatory authority, and report any exceptions. Alternately, if the checks are electronically printed on blank check stock, review entity documentation (electronic system control documentation) and report whether the persons with signatory authority have system access to print checks.

Exceptions: The supply of unused checks is maintained in a locked location; however, it is not restricted to those persons whom have signatory authority.

Management's response: The individual reconciling the bank account is not the same individual responsible for processing payments and adding vendors to the system, which management believes is an adequate control activity.

13. If a signature stamp or signature machine is used, inquire of the signer whether his or her signature is maintained under his or her control or is used only with the knowledge and consent of the signer. Inquire of the signer whether signed checks are likewise maintained under the control of the signer or authorized user until mailed. Report any exceptions.

CAT does not use a signature stamp or signature machine, therefore making this procedure not applicable.

Credit Cards/Debit Cards/Fuel Cards/P-Cards

14. Obtain from management a listing of all active credit cards, bank debit cards, fuel cards, and P-cards (cards), 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.

We obtained a listing of active credit cards, bank debit cards, fuel cards and the name of the person who maintains possession of the cards and management's representation that the list was complete.

15. Using the listing prepared by management, randomly select 10 cards (or at least one-third of the cards if the entity has less than 10 cards) that were used during the fiscal period, rotating cards each year. If there is a change in practitioners, the new practitioner is not bound to follow the rotation established by the previous practitioner.

There was only one credit card utilized by CAT, so it was selected for testing.

Obtain the monthly statements, or combined statements if multiple cards are on one statement, for the selected cards. Select the monthly statement or combined statement with the largest dollar activity for each card (for a debit card, select the monthly bank statement with the largest dollar amount of debit card purchases) and:

- a) Report whether there is evidence that the monthly statement or combined statement and supporting documentation was reviewed and approved, in writing, 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.]]

On the month tested, there was evidence that the monthly statement and supporting documentation was reviewed and approved, in writing, by someone other than the authorized card holder.

- b) Report whether finance charges and/or late fees were assessed on the selected statements.

No finance charges and/or late fees were assessed on the selected statement.

16. Using the monthly statements or combined statements selected under #15 above, obtain supporting documentation for all transactions for each of the 10 cards selected (i.e. each of the 10 cards should have one month of transactions subject to testing).

a) For each transaction, report whether the transaction is supported by:

- An original itemized receipt (i.e., identifies precisely what was purchased)

Each transaction was supported by an original itemized receipt

- Documentation of the business/public purpose. For meal charges, there should also be documentation of the individuals participating.

Documentation of business/public purpose was provided without exception.

- Other documentation that may be required by written policy (e.g., purchase order, written authorization.)

All documentation appeared to be in order.

b) For each transaction, compare the transaction's detail (nature of purchase, dollar amount of purchase, supporting documentation) to the entity's written purchasing/disbursement policies and the Louisiana Public Bid Law (i.e. transaction is a large or recurring purchase requiring the solicitation of bids or quotes) and report any exceptions.

The transactions tested were in compliance with CAT's written policies. None of the transactions tested were subject to Louisiana Public Bid Law.

c) For each transaction, compare the entity's documentation of the business/public purpose to the requirements of Article 7, Section 14 of the Louisiana Constitution, which prohibits the loan, pledge, or donation of funds, credit, property, or things of value, and report any exceptions (e.g. cash advances or non-business purchases, regardless whether they are reimbursed). If the nature of the transaction precludes or obscures a comparison to the requirements of Article 7, Section 14, the practitioner should report the transaction as an exception.

No evidence of noncompliance noted in the transactions tested.

Travel and Expense Reimbursement

17. Obtain from management a listing of all travel and related expense reimbursements, by person, during the fiscal period or, alternately, obtain the general ledger and sort/filter for travel reimbursements. Obtain management's representation that the listing or general ledger is complete.

We obtained a listing of all travel and expense reimbursements by person and management's representation that the listing was complete.

18. Obtain the entity's written policies related to travel and expense reimbursements. Compare the amounts in the policies to the per diem and mileage rates established by the U.S. General Services Administration (www.gsa.gov) and report any amounts that exceed GSA rates.

Exceptions: We received a flow chart of procedures from management as the only written policies and procedures on file. The written policies and procedures did not address travel and expense reimbursement.

Management's response: The written policies and procedures are in the process of being updated to address travel and expense reimbursements

19. Using the listing or general ledger from #17 above, select the three persons who incurred the most travel costs during the fiscal period. Obtain the expense reimbursement reports or prepaid expense documentation of each selected person, including the supporting documentation, and choose the largest travel expense for each person to review in detail. For each of the three travel expenses selected:

- a) Compare expense documentation to written policies and report whether each expense was reimbursed or prepaid in accordance with written policy (e.g., rates established for meals, mileage, lodging). If the entity does not have written policies, compare to the GSA rates (#18 above) and report each reimbursement that exceeded those rates.

Exceptions: We received a flow chart of procedures from management as the only written policies and procedures on file. The written policies and procedures did not address travel and expense reimbursement.

Management's response: The written policies and procedures are in the process of being updated to address travel and expense reimbursements

- b) Report whether each expense is supported by:

- An original itemized receipt that identifies precisely what was purchased. [Note: An expense that is reimbursed based on an established per diem amount (e.g., meals) does not require a receipt.]

Itemized receipts were provided for all expenses tested that identified what was purchase or reimbursed without exception.

- Documentation of the business/public purpose (Note: For meal charges, there should also be documentation of the individuals participating).

Documentation of business purposes was supported for items selected for review. No exceptions noted.

- Other documentation as may be required by written policy (e.g., authorization for travel, conference brochure, certificate of attendance)

Exceptions: We received a flow chart of procedures from management as the only written policies and procedures on file. The written policies and procedures did not address travel and expense reimbursement.

Management's response: The written policies and procedures are in the process of being updated to address travel and expense reimbursements

- c) Compare the entity's documentation of the business/public purpose to the requirements of Article 7, Section 14 of the Louisiana Constitution, which prohibits the loan, pledge, or donation of funds, credit, property, or things of value, and report any exceptions (e.g. hotel stays that extend beyond conference periods or payment for the travel expenses of a spouse). If the nature of the transaction precludes or obscures a comparison to the requirements of Article 7, Section 14, the practitioner should report the transaction as an exception.

CAT's documentation of business/public purpose for tested reimbursements comply with the requirements of Article 7, Section 14 of the Louisiana Constitution.

- d) Report whether each expense and related documentation was reviewed and approved, in writing, by someone other than the person receiving reimbursement.

Each expense and related documentation was reviewed and approved, in writing, by someone other than the person receiving the reimbursement.

Contracts

20. Obtain a listing of all contracts in effect during the fiscal period or, alternately, obtain the general ledger and sort/filter for contract payments. Obtain management's representation that the listing or general ledger is complete.

CAT did not have any contracts in effect during the fiscal period.

21. Using the listing above, select the five contract "vendors" that were paid the most money during the fiscal period (excluding purchases on state contract and excluding payments to the practitioner). Obtain the related contracts and paid invoices and:

- a) Report whether there is a formal/written contract that supports the services arrangement and the amount paid.

Not applicable

- b) Compare each contract's detail to the Louisiana Public Bid Law or Procurement Code. Report whether each contract is subject to the Louisiana Public Bid Law or Procurement Code and:

- If yes, obtain/compare supporting contract documentation to legal requirements and report whether the entity complied with all legal requirements (e.g., solicited quotes or bids, advertisement, selected lowest bidder)

No applicable

- If no, obtain supporting contract documentation and report whether the entity solicited quotes as a best practice.

Not applicable.

- c) Report whether the contract was amended. If so, report the scope and dollar amount of the amendment and whether the original contract terms contemplated or provided for such an amendment.

Not applicable.

- d) Select the largest payment from each of the five contracts, obtain the supporting invoice, compare the invoice to the contract terms, and report whether the invoice and related payment complied with the terms and conditions of the contract.

Not applicable.

- e) Obtain/review contract documentation and board minutes and report whether there is documentation of board approval, if required by policy or law (e.g. Lawson Act or Home Rule Charter).

Not applicable.

Payroll and Personnel

22. Obtain a listing of employees (and elected officials, if applicable) with their related salaries, and obtain management's representation that the listing is complete. Randomly select five employees/officials, obtain their personnel files, and:

The individuals that comprise the CAT team are paid by the agencies in which they are employed. CAT reimburses each agency based on invoices received from each agency, which is tested in the *Disbursements* section of this report. Therefore, the payroll and personnel agreed upon procedures are not applicable.

- a) Review compensation paid to each employee during the fiscal period and report whether payments were made in strict accordance with the terms and conditions of the employment contract or pay rate structure.

Not applicable.

- b) Review changes made to hourly pay rates/salaries during the fiscal period and report whether those changes were approved in writing and in accordance with written policy.

Not applicable.

23. Obtain attendance and leave records and randomly select one pay period in which leave has been taken by at least one employee. Within that pay period, randomly select 25 employees/officials (or randomly select one-third of employees/officials if the entity had less than 25 employees during the fiscal period), and:

- a) Report whether all selected employees/officials documented their daily attendance and leave (e.g., vacation, sick, compensatory). (Note: Generally, an elected official is not eligible to earn leave and does not document his/her attendance and leave. However, if the elected official is earning leave according to policy and/or contract, the official should document his/her daily attendance and leave.)

Not applicable.

- b) Report whether there is written documentation that supervisors approved, electronically or in writing, the attendance and leave of the selected employees/officials.

Not applicable.

- c) Report whether there is written documentation that the entity maintained written leave records (e.g., hours earned, hours used, and balance available) on those selected employees/officials that earn leave.

Not applicable.

24. Obtain from management a list of those employees/officials that terminated during the fiscal period and management's representation that the list is complete. If applicable, select the two largest termination payments (e.g., vacation, sick, compensatory time) made during the fiscal period and obtain the personnel files for the two employees/officials. Report whether the termination payments were made in strict accordance with policy and/or contract and approved by management.

Not applicable.

25. Obtain supporting documentation (e.g. cancelled checks, EFT documentation) relating to payroll taxes and retirement contributions during the fiscal period. Report whether the employee and employer portions of payroll taxes and retirement contributions, as well as the required reporting forms, were submitted to the applicable agencies by the required deadlines.

Not applicable.

Ethics (excluding nonprofits)

26. Using the five randomly selected employees/officials from procedure #22 under "Payroll and Personnel" above, obtain ethics compliance documentation from management and report whether the entity maintained documentation to demonstrate that required ethics training was completed.

See note above in procedure #22 under "Payroll and Personnel," this procedure is not applicable.

Management's response: The maintaining of documentation to demonstrate that required ethics training was completed is the responsibility of the agency that the CAT team member is employed through. However, going forward the CAT department will keep updated ethics training documentation on file as verification that the required training is being completed.

27. Inquire of management whether any alleged ethics violations were reported to the entity during the fiscal period. If applicable, review documentation that demonstrates whether management investigated alleged ethics violations, the corrective actions taken, and whether management's actions complied with the entity's ethics policy. Report whether management received allegations, whether management investigated allegations received, and whether the allegations were addressed in accordance with policy.

Management has asserted that they have not received any allegations of ethics violations during the fiscal period.

Debt Service (excluding nonprofits)

28. If debt was issued during the fiscal period, obtain supporting documentation from the entity, and report whether State Bond Commission approval was obtained.

Not applicable.

29. If the entity had outstanding debt during the fiscal period, obtain supporting documentation from the entity and report whether the entity made scheduled debt service payments and maintained debt reserves, as required by debt covenants.

Not applicable.

30. If the entity had tax millages relating to debt service, obtain supporting documentation and report whether millage collections exceed debt service payments by more than 10% during the fiscal period. Also, report any millages that continue to be received for debt that has been paid off.

Not applicable.

Other

31. Inquire of management whether the entity had any misappropriations of public funds or assets. If so, obtain/review supporting documentation and report whether the entity reported the misappropriation to the legislative auditor and the district attorney of the parish in which the entity is domiciled.

Management has asserted that CAT did not have any misappropriations of public funds or assets.

32. Observe and report whether the entity has posted on its premises and website, the notice required by R.S. 24:523.1. This notice (available for download or print at www.la.gov/hotline) concerns the reporting of misappropriation, fraud, waste, or abuse of public funds.

The required notices were posted on the entities premises. CAT does not have a website.

33. If the practitioner observes or otherwise identifies any exceptions regarding management's representations in the procedures above, report the nature of each exception.

There were no exceptions noted as a result of applying this procedure.

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. 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.

The purpose of this report is 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.

Langley, Williams & Co., LLC

Langley, Williams & Co. LLC
Lake Charles, Louisiana
December 28, 2017