

Living Well Foundation
(A Component Unit of
Hospital Service District No. 1 of Ouachita Parish)

Financial Statements
For the Year Ended December 31, 2017

Living Well Foundation
(A Component Unit of Hospital Service District No. 1 of Ouachita Parish)

For the Year Ended December 31, 2017

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* Denotes Schedule

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(A PROFESSIONAL ACCOUNTING CORPORATION)
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INDEPENDENT AUDITORS' REPORT

Board of Directors

Living Well Foundation

3711 Cypress Street, Suite 2

West Monroe, Louisiana

We have audited the accompanying financial statements of the governmental activities and the major fund of the **Living Well Foundation** (the Foundation), a component unit of Hospital Service District No. 1 of Ouachita Parish, as of and for the year ended December 31, 2017, and the related notes to the financial statements, which collectively comprise the Foundation'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.

Auditors' Responsibility

Our responsibility is to express an opinion 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 and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement.

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

**Board of Directors
Living Well Foundation
West Monroe, Louisiana**

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

Opinions

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities and the major fund of the Living Well Foundation as of December 31, 2017, and the respective changes in financial position for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Other Matters

Required Supplementary Information

Accounting principles generally accepted in the United States of America require that the management's discussion and analysis and budgetary comparison information on pages 5 through 9 and page 31 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 Living Well Foundation's basic financial statements. The Schedule of Compensation, Benefits and Other Payments to Chief Executive Officer is presented for purposes of additional analysis and is not a required part of the basic financial statements.

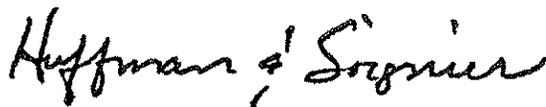
The Schedule of Compensation, Benefits and Other Payments to Chief Executive Officer is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the basic financial statements. Such information has been subjected to auditing procedures applied in the audit of the basic financial statements and certain additional procedures, including comparing and reconciling such information directly to

Board of Directors
Living Well Foundation
West Monroe, Louisiana

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 Schedule of Compensation, Benefits and Other Payments to CEO is fairly stated, in all material respects, in relation to the basic financial statements as a whole.

Other Reporting Required by Government Auditing Standards

In accordance with *Government Auditing Standards*, we have also issued our report dated May 18, 2018 on our consideration of the Foundation's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the Foundation's internal control over financial reporting and compliance.



(A Professional Accounting Corporation)

May 18, 2018

REQUIRED SUPPLEMENTAL INFORMATION
(PART A)

Living Well Foundation
(A Component Unit of Hospital Service District No. 1 of Ouachita Parish)
Management's Discussion and Analysis
For The Year Ended December 31, 2017
(unaudited)

Our discussion and analysis of the Living Well Foundation (the Foundation) (A Component Unit of Hospital Service District No. 1 of Ouachita Parish) provides an overview of the Foundation's activities for the year ended December 31, 2017. The Foundation, formerly Ward Five Healthcare Foundation, is a Louisiana nonprofit quasi-governmental entity. Please read our discussion and analysis in conjunction with the Foundation's financial statements that begin on page 11.

OVERVIEW OF THE FINANCIAL STATEMENTS

Although the Foundation is a quasi-governmental entity, it uses governmental accounting principles; therefore, it is considered a governmental entity for financial statement presentation.

This discussion and analysis is intended to serve as an introduction to the Foundation's basic financial statements. The Foundation's basic financial statements comprise three components: 1) government-wide financial statements (GWFS), 2) fund financial statements (FFS), and 3) notes to the financial statements. This report also contains other supplementary information in addition to the basic financial statements.

Government-wide Financial Statements. The Foundation's government-wide financial statements report information about the Foundation using accounting methods similar to those used by private sector companies. These statements offer short- and long-term financial information about its activities.

The *Statement of Net Position* presents information on all of the Foundation's assets and liabilities, with the difference between the two reported as net position. Over time, increases and decreases in net position may serve as a useful indicator of whether the financial position of the Foundation is improving or deteriorating.

The *Statement of Activities* presents the current year's revenues and expenses and other information showing how the Foundation's net position changed during the year. The change in net position is reported as soon as the underlying event giving rise to the change occurs, regardless of the timing of related cash flows. Thus, revenues and expenses are reported in this statement for some items that will only result in cash flows in future fiscal periods.

Fund Financial Statements. A fund is a grouping of related accounts that is used to maintain control over resources that have been segregated for specific activities or objectives. The Foundation, like state and local governments and other quasi-governmental entities, uses fund accounting. The Foundation's General Fund is categorized as a major governmental fund.

Living Well Foundation
(A Component Unit of Hospital Service District No. 1 of Ouachita Parish)
Management's Discussion and Analysis
For The Year Ended December 31, 2017
(unaudited)

Governmental Funds. Governmental funds are used to account for essentially the same functions reported as governmental activities in the government-wide financial statements. However, unlike the government-wide financial statements, governmental fund financial statements focus on near-term inflows and outflows of spendable resources, as well as on balances of spendable resources available at the end of the fiscal year. Likewise, this information may be useful in evaluating a government's near-term financing requirements.

Because the focus of governmental funds is narrower than that of the government-wide financial statements, it is useful to compare the information presented for governmental funds with similar information presented for governmental activities in the government-wide financial statements. By doing so, readers may better understand the long-term impact of the government's near-term financing decisions. Both the governmental fund balance sheet and governmental fund statement of revenues, expenditures, and changes in fund balances provide a reconciliation to facilitate this comparison between governmental funds and governmental activities.

The Foundation maintains one governmental fund—the General Fund. The Foundation adopts an annual appropriated budget for the General Fund, and a budgetary comparison statement is provided for this fund to demonstrate compliance with its budget.

Notes to the Financial Statements. The notes provide additional information that is essential to a full understanding of the data provided in the government-wide and fund financial statements.

Required Supplemental Information. In addition to the basic financial statements and accompanying notes, this report also presents certain required supplemental information concerning the Foundation's progress in funding its obligation to promote the general health of the community. Required supplemental information can be found on page 31.

GOVERNMENT-WIDE FINANCIAL ANALYSIS

As noted earlier, net position may serve over time as a useful indicator of a government's financial position. For the year ended December 31, 2017, the Foundation's assets exceeded liabilities by \$47,103,672. The majority of the Foundation's assets are in investments with a market value of \$47,061,363 and total face value of \$48,014,112, at December 31, 2017.

The principal amount (\$46,199,652) is restricted by the cooperative endeavor agreement with the Hospital Service District No. 1 of Ouachita Parish (the District) who transferred the money to the Foundation.

Living Well Foundation
(A Component Unit of Hospital Service District No. 1 of Ouachita Parish)
Management's Discussion and Analysis
For The Year Ended December 31, 2017
(unaudited)

A summary of the Foundation's net position is as follows:

Living Well Foundation
Summary of Net Position

	December 31,	
	2017	2016
Current and other assets	\$ 47,473,170	\$ 47,323,989
Capital assets	8,973	4,543
Total assets	47,482,143	47,328,532
Current liabilities	378,471	421,290
Total liabilities	378,471	421,290
Invested in capital assets	8,973	4,543
Restricted	46,199,652	46,199,652
Unrestricted	895,047	703,047
Total net position	\$ 47,103,672	\$ 46,907,242

Governmental Activities

The Foundation's net position increased \$196,430 during the current year of operation as compared to its \$507,540 decrease in net position during the prior year. Investment income increased by \$719,359 in 2017 due to market value changes.

Living Well Foundation
Summary of Governmental Activities

	For the Year Ended December 31,	
	2017	2016
Revenues		
General revenues		
Investment income	\$ 766,628	\$ 47,269
Event revenue	9,025	4,865
Gifts and endowments	1,200	850
Total general revenues	776,853	52,984
Total revenues	776,853	52,984
Expenses		
Health and welfare	580,423	560,524
Increase (Decrease) in net position	196,430	(507,540)
Net position at beginning of the year	46,907,242	47,414,782
Net position at end of year	\$ 47,103,672	\$ 46,907,242

Living Well Foundation
(A Component Unit of Hospital Service District No. 1 of Ouachita Parish)
Management's Discussion and Analysis
For The Year Ended December 31, 2017
(unaudited)

FINANCIAL ANALYSIS OF THE FOUNDATION'S FUND

As previously noted, the Foundation uses fund accounting to ensure and demonstrate compliance with finance-related legal requirements. The financial statements of the Foundation present its General Fund as a major governmental fund. Further, the changes discussed in the section below provide explanations of the fund's activities during the year.

Governmental Fund

The focus of the governmental fund is to provide information on near-term inflows, outflows, and balances of spendable resources. In particular, unreserved fund balance may serve as a useful measure of the Foundation's net resources available for spending at the end of the fiscal year.

As of December 31, 2017, the Foundation had \$47,473,170 in assets and \$378,471 in liabilities. The Foundation's fund balance (total assets less total liabilities) increased by \$192,000 from \$46,902,699 to \$47,094,699.

The Governmental Fund's only fund is the General Fund.

The inclusion of capital assets (\$8,973) on the Statement of Net Assets and depreciation expense on the Statement of Activities (\$1,166), both of which are based on Governmental Activities basis, are the only differences when comparing to the Balance Sheet and the Statement of Revenues, Expenditures, and Changes in Fund Balance, both of which are based on the Governmental Fund basis.

GENERAL BUDGETARY ANALYSIS

General Fund

The Foundation uses formal budgetary integration as a management control device during the year. Budgeted amounts included in the Schedule of Revenues, Expenditures, and Changes in Fund Balances – Budget and Actual include the original adopted budget amounts and the final amended budget amounts. The original budget, adopted October 6, 2016, was based on estimated revenues, estimated expenses, and other financial information known to the Foundation at the time of the budget's adoption. Amendments to the original budget are made throughout the year as changes in operations, expected funding levels, and estimated expenditures occur. The final amended budget is prepared at the time the Foundation anticipates no additional significant increases or decreases in revenues and expenses for the year and no expected changes in operations. The fiscal year 2017 budget was amended November 2, 2017.

Living Well Foundation
(A Component Unit of Hospital Service District No. 1 of Ouachita Parish)
Management's Discussion and Analysis
For The Year Ended December 31, 2017
(unaudited)

CAPITAL ASSETS

During 2017, the capital assets increased by \$4,429 with the purchase of 8 conference room chairs to replace worn and unsafe furniture and to update office computer equipment.

ECONOMIC FACTORS AND FUTURE OUTLOOK

The Foundation's budgeted revenues and expenditures for 2017 reflect a continued effort to use its investment income to award grants to nonprofit organizations that have demonstrated the ability to improve the community by promoting and improving the health and well-being of the citizens in the Service Area of the Foundation.

CONTACTING THE FOUNDATION'S FINANCIAL MANAGEMENT

This financial report is designed to provide our citizens, customers, and creditors with a general overview of the Foundation's finances and to show its accountability for the money it expends. If you have questions about this report or need additional financial information, contact Courtney Hornsby (Board Chair 2018), or A. Whitfield Hood, Jr., (Vice Chair, Finance/Investment Committee 2018) of the Foundation, at P.O. Box 2773, West Monroe, LA 71294 or by phone at 318-396-5066.

BASIC FINANCIAL STATEMENTS

Living Well Foundation
(A Component Unit of Hospital Service District No. 1 of Ouachita Parish)

Governmental Fund-Balance Sheet (FFS) /
Governmental Activities-Statement of Net Position (GWFS)

December 31, 2017

	Balance Sheet		Statement of
	Major Fund		Net Position
	General Fund	Adjustments	
Assets			
Cash	\$ 191,603	\$ -	\$ 191,603
Investments	47,061,363	-	47,061,363
Investment income receivable	208,589	-	208,589
Prepaid expenses	10,579	-	10,579
Other assets	1,036	-	1,036
Capital assets, net	-	8,972	8,972
Total Assets	\$ 47,473,170	\$ 8,972	\$ 47,482,142
Liabilities			
Accounts payable	\$ 5,690	\$ -	\$ 5,690
Grants payable	369,685	-	369,685
Accrued liabilities	3,095	-	3,095
Total Liabilities	378,470	-	378,470
Fund Balance / Net Position			
Fund Balance			
Nonspendable for			
prepaid expenses	10,579		
Restricted	46,199,652		
Unassigned	884,469		
Total Fund Balance	47,094,700	(47,094,700)	
Total Liabilities and Fund Balance	\$ 47,473,170		
Net Position			
Net investment in capital assets		8,972	8,972
Restricted		46,199,652	46,199,652
Unrestricted		895,048	895,048
Total Net Position		\$ 8,972	\$ 47,103,672

The accompanying notes are an integral part of this statement.

Living Well Foundation
(A component Unit of Hospital Service District No. 1 of Ouachita Parish)

Reconciliation of the Governmental Fund-Balance Sheet (FFS)
to the Governmental Activities-Statement of Net Position (GWFS)

December 31, 2017

Fund Balance	\$ 47,094,700
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Amounts reported for governmental activities in the Statement of Net Position are different because:

The cost of capital assets purchased is reported as an expenditure in the Governmental Funds. The Statement of Net Position includes those capital assets among the assets of the Foundation as a whole. The cost of those capital assets will be allocated over their estimated useful lives (as depreciation expense) to Health and Welfare as reported as Governmental Activities in the Statement of Activities.

Property and equipment	\$ 36,856	
Accumulated depreciation	<u>(27,884)</u>	<u>8,972</u>

Net Position	\$ <u><u>47,103,672</u></u>
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Living Well Foundation
(A Component Unit of Hospital Service District No. 1 of Ouachita Parish)
Governmental Fund-Statement of Revenues, Expenditures and Changes in Fund Balance (FFS)
Governmental Activities-Statement of Activities (GWFS)
For the Year Ended December 31, 2017

	Statement of Revenues, Expenditures and Changes in Fund Balance		Statement of Activities
	Major Fund		
	General Fund	Adjustments	
Revenues			
General Revenues			
Investment income, net	\$ 766,627	\$ -	\$ 766,627
Event revenue	9,025	-	9,025
Gifts and endowments	1,200	-	1,200
	<u>776,852</u>	<u>-</u>	<u>776,852</u>
Expenditures / Expenses			
Current			
Health & welfare			
Grants, initiatives and programs			
Grant awards - current year	311,557	-	311,557
Dental hygiene initiative	27,714	-	27,714
School-Based Healthcare			
Area SBHCs	20,568	-	20,568
Grants, initiatives and programs, gross	<u>359,839</u>	<u>-</u>	<u>359,839</u>
Unspent grant awards			
Return of unspent grant awards	<u>(27,199)</u>	<u>-</u>	<u>(27,199)</u>
Total unspent grant awards	<u>(27,199)</u>	<u>-</u>	<u>(27,199)</u>
Grants, initiatives and programs, net	332,640	-	332,640
All other charges			
Accounting	11,989	-	11,989
Annual Update Event	5,398	-	5,398
Auditing	15,750	-	15,750
Community meetings	109	-	109
Conference/training/travel	1,413	-	1,413
Contractual services	1,690	-	1,690
Depreciation expense	-	1,166	1,166
Dues and subscriptions	51	-	51
Equipment	5,595	(5,595)	-
Equipment rental	3,251	-	3,251
Insurance	12,482	-	12,482
Investment fees	47,326	-	47,326
Legal fees	12,826	-	12,826
Loss on disposition of capital assets	-	-	-
Maintenance/repair	1,320	-	1,320
Marketing/media/PR/printing	1,306	-	1,306
Miscellaneous	3,625	-	3,625
Office rent	9,600	-	9,600
Postage and freight	490	-	490
Salaries and benefits	110,647	-	110,647
Storage	540	-	540
Supplies	1,424	-	1,424
Telephone and communications	4,223	-	4,223
Utilities	1,156	-	1,156
Total of all other charges	<u>252,211</u>	<u>(4,429)</u>	<u>247,782</u>
Total Expenditures / Expenses	<u>584,851</u>	<u>(4,429)</u>	<u>580,422</u>
Excess (deficiency) of Revenues Over Expenditures / Expenses	192,001	4,429	196,430
Fund Balance/Net Position at Beginning of Year	46,902,699	4,543	46,907,242
Fund Balance/Net Position at End of Year	<u>\$ 47,094,700</u>	<u>\$ 8,972</u>	<u>\$ 47,103,672</u>

The accompanying notes are an integral part of this statement.

Living Well Foundation
(A Component Unit of Hospital Service District No. 1 of Ouachita Parish)

**Reconciliation of the Governmental Fund-Statement of Revenues, Expenditures
and Changes in Fund Balance (FFS) to Governmental Activities -
Statement of Activities (GWFS)**

For the Year Ended December 31, 2017

Change in Fund Balance	\$ 192,001
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Amounts reported for governmental activities in the Statement of Activities are different because:

Capital outlays are reported in the Governmental Funds as expenditures. However, in the Statement of Activities, the cost of these assets is allocated over their estimated useful lives as depreciation expense.

Equipment	5,595	
Depreciation	\$ <u>(1,166)</u>	<u>4,429</u>
Change in Net Position		\$ <u><u>196,430</u></u>

Living Well Foundation
(A Component Unit of Hospital Service District No. 1 of Ouachita Parish)

Notes to the Financial Statements
For The Year Ended December 31, 2017

Introduction

The Living Well Foundation (the Foundation) was created on August 17, 2006. On December 7, 2010, the Board of Directors (the Board) voted to amend the Foundation's Articles of Incorporation to change the Foundation's name from Ward Five Healthcare Foundation to the Living Well Foundation. The Foundation is the sole component unit member of Hospital Service District No. 1 of Ouachita Parish (the District).

A cooperative endeavor agreement which outlines the scope of services to be performed by the Foundation was signed by representatives of the Foundation and the District on January 31, 2007. The Foundation agrees to administer activities related to rendering care to the sick and injured or in the promotion of health, to cooperate with other public and private institutions and agencies engaged in providing hospital and other health care services to residents of the district, and to participate in activities designed and conducted to promote the general health of the community, including but not limited to the following services:

Identifying, selecting, funding and conducting clinical or other programs to improve the health of the residents of the District and the community;

Identifying, selecting and providing grants to nonprofit charitable organizations and public agencies that provide health and wellness related services in the District and the community;

Promoting, supporting and conducting educational programs that enable residents of the community to improve their health and wellness; and

Engaging in fund raising activities for the support of the Foundation and that assist in achieving its goals of community health and wellness.

The Foundation's area of service includes the following eight northeastern Louisiana parishes: Caldwell, Franklin, Jackson, Lincoln, Morehouse, Ouachita, Richland, and Union.

Note 1 - Summary of Significant Accounting Policies

A. Basis of Presentation

The accompanying financial statements of the Foundation have been prepared in conformity with generally accepted accounting principles (GAAP) as applied to governmental units. Although the Foundation is a quasi-governmental entity, it uses governmental accounting principles, and therefore, is considered a governmental entity for financial statement presentation. The Governmental Accounting

Living Well Foundation
(A Component Unit of Hospital Service District No. 1 of Ouachita Parish)

Notes to the Financial Statements
For The Year Ended December 31, 2017

Standards Board (GASB) is the accepted standard-setting body for establishing governmental accounting and financial reporting principles.

B. Financial Reporting Entity

The Foundation was officially incorporated on August 17, 2006, in accordance with the Louisiana Nonprofit Corporation Law and operates a program of social welfare for the aid and support of the needy within the meaning of Article 7, Section 14(B)(1) of the Louisiana Constitution. During 2010, the Board voted to amend the Foundation's Articles of Incorporation and By-Laws. The Board consists of twelve members, eight of which are recommended by the nominee recommendation committee, nominated by the Board, and elected by the District. The remaining four members are nominated and elected by the Ouachita Parish Police Jury (the Police Jury).

GASB Statement 61 provides for the issuance of primary government financial statements that are separate from those of the reporting entity (the Police Jury); therefore, the Foundation's financial statements are not a substitute for the reporting entity's financial statements of the District or the reporting entity's financial statements of the Police Jury. The accompanying financial statements have been prepared in conformity with GAAP as applied to governmental units. These financial statements are not intended to and do not report on the reporting entity of the District or the Police Jury, and therefore, are intended to reflect only the financial statements of the Foundation.

Under provisions of GASB Statement 61, the Foundation is considered a component unit of the District and the District is considered a component unit of the Police Jury which is the reporting entity of the Parish. As a component unit, the accompanying financial statements of the Foundation should be included within the reporting of the primary government (the District), either blended into those financial statements or separately reported as a discrete component unit.

The accompanying basic financial statements present information only on the fund maintained by the Foundation and do not present information on the District or the Police Jury.

C. Fund Accounting

The financial transactions of the Foundation are recorded in individual funds, each of which is considered a separate accounting entity. The operations of the fund are

Living Well Foundation
(A Component Unit of Hospital Service District No. 1 of Ouachita Parish)

Notes to the Financial Statements
For The Year Ended December 31, 2017

accounted for with a set of self-balancing accounts that includes its assets, liabilities, fund equity, revenues and expenditures/expenses. Fund accounting segregates a fund according to its intended purpose and is used to aid management in demonstrating compliance with finance-related legal and contractual provisions. The minimum number of funds is maintained consistent with legal and managerial requirements.

The Foundation uses the following fund type:

Governmental Funds

Governmental funds account for the Foundation's general governmental activities including the collection and disbursement of specific or legally restricted monies and the acquisition or construction of capital assets. Governmental funds are divided into major and nonmajor funds. Major funds are funds that meet certain dollar tests of their assets, liabilities, revenues and expenditures/expenses. Major funds are larger, more significant funds. Nonmajor funds are the Governmental Funds that do not meet the dollar tests for major funds. The General Fund is the only governmental fund, it is always a major fund, and is defined as follows:

General Fund - The General Fund is the general operating fund of the Foundation. It accounts for all of its financial resources except those required to be accounted for in another fund.

D. Basis of Accounting / Measurement Focus

Government-Wide Financial Statements (GWFS)

The Statement of Net Position and the Statement of Activities displays information about the Foundation as a whole.

The Statement of Net Position and the Statement of Activities were prepared using the economic resources measurement focus and the accrual basis of accounting. Revenues, expenses, gains, losses, assets, and liabilities resulting from exchange and exchange-like transactions are recognized when the exchange occurs (regardless of when cash is received or disbursed). Revenues, expenses, gains, losses, assets and liabilities resulting from non-exchange transactions are recognized when committed in accordance with *Accounting and Financial Reporting for Non-exchange transactions*.

Living Well Foundation
(A Component Unit of Hospital Service District No. 1 of Ouachita Parish)

Notes to the Financial Statements
For The Year Ended December 31, 2017

Fund Financial Statements (FFS)

The accounting and financial reporting treatment applied to a fund is determined by its measurement focus. All governmental funds are accounted for using a current financial resources measurement focus. With this measurement focus, only current assets and current liabilities generally are included on the balance sheet. Operating statements of these funds present increases (i.e. revenue and other financing sources) and decreases (i.e. expenditures and other financing uses) in net current assets.

Governmental funds reported in the fund financial statements are accounted for on the modified accrual basis of accounting. Governmental fund revenues are recognized in the accounting period in which they become susceptible to accrual – that is when they become both measurable and available to pay current period liabilities.

Expenditures are recorded when the related fund liability is incurred.

E. Budgetary Practices

A preliminary operating budget based on the modified accrual basis of accounting for the General Fund is prepared annually by the Finance/Investment Committee. The proposed budget is reviewed by the Board and thereafter by the Board of Commissioners of the District and revised as deemed necessary.

The budgetary data included in the accompanying financial statements includes the originally adopted budget and any amendments thereto.

F. Cash and Cash Equivalents

Cash includes amounts in demand deposits, interest-bearing demand deposits, and time deposit accounts. Cash equivalents include amounts in time deposits with original maturities of 90 days or less. For financial statement purposes, the Foundation considers cash in its checking account to be the only cash item and all amounts included in its investment accounts to be investments, regardless of classification or maturity.

G. Investments

The Foundation maintains one managed investment account with diversification in a money market account, certificates of deposit, and notes/bonds with maturities of

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(A Component Unit of Hospital Service District No. 1 of Ouachita Parish)

Notes to the Financial Statements
For The Year Ended December 31, 2017

8 years or less unless voted upon by the Board per the investment policy. The policy of the Foundation is to hold until maturity unless strategic market opportunities present for swaps or calls which improve the Foundation's positions and which are presented by the investment manager and approved by the Board. Each of these accounts has the following characteristics except where differentiated:

Credit risk – The Foundation minimizes credit risk, which is the risk due to the failure of the security issuer or backer, by investing in the following instruments:

- a. direct United States Treasury obligations;
- b. bonds; debentures, notes or other evidence of indebtedness issued or guaranteed by federal agencies, provided such obligations are backed by the full faith and credit of the United States of America or such other instruments that are federally sponsored;
- c. direct security repurchase agreements of any federal book entry only securities enumerated in paragraphs in (a) or (b) above;
- d. time certificates of deposit of any bank domiciled or having a branch office in the state of Louisiana, savings accounts or shares of savings and loan associations and savings banks or share accounts and share certificate;
- e. accounts of federally or state-chartered credit unions issuing time certificates of deposit;
- f. mutual or trust fund institutions which are registered with the Securities and Exchange Commission under the Securities Act of 1933 and the Investment Act of 1940, and which have underlying investments consisting solely of and limited to securities of the United States government or its agencies;
- g. Investment of funds in such mutual or trust fund institutions shall be limited to 25% of the monies considered available for investment; and
- h. Investment grade (A-1/P-1) commercial paper of domestic United States corporations.

Investments in derivatives of the above instruments require authorization by the Foundation's Board members and prior establishment of internal controls for any derivatives to ensure that the risks inherent in derivatives are adequately managed.

Concentration of credit risk – The investments shall be diversified by:

- a. Limiting investments to avoid over concentration in securities from a specific issuer or business sector (excluding U.S. Treasury securities);
- b. Limiting investment in securities that have higher credit risks;
- c. Investing in securities with varying maturities; and

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Notes to the Financial Statements
For The Year Ended December 31, 2017

- d. Continuously investing a portion of the portfolio in readily available funds such as money market funds or overnight repurchase agreements to ensure that appropriate liquidity is maintained in order to meet ongoing obligations.

In establishing specific diversification strategies, portfolio maturities are staggered to avoid undue concentration of assets in a specific maturity sector. Maturities selected provide stability of income and reasonable liquidity.

Interest rate risk – The Foundation manages its exposure to declines in fair values by managing the maturities of its investment portfolio to meet cash requirements for ongoing operations and by investing operating funds primarily in shorter-term securities, money market mutual funds, or similar investment pools, and limiting the average maturity of the portfolio.

H. Prepaid Items

Certain payments to vendors reflect costs applicable to future accounting periods and are recorded as prepaid items.

I. Capital Assets

Capital Assets are reported in the governmental activities in the government-wide financial statements. The Foundation considers assets with an initial individual cost of \$1,000 or more and an estimated life of 1 year or more as a capital asset. Capital assets are recorded at historical cost and depreciated over their estimated useful lives. Donated capital assets are recorded at their estimated fair value at the date of donation.

Estimated useful life is management's estimate of how long the asset is expected to meet service demands. Capital assets have not been assigned a salvage value because management feels that any salvage value would be immaterial.

Half-year straight-line depreciation is used based on the following useful lives:

Seven years – Signage
Seven years – Furniture & Fixtures
Seven to twenty years – Designs
Five to seven years – Equipment
Fifteen years – Leasehold Improvements

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Notes to the Financial Statements
For The Year Ended December 31, 2017

J. Grants Payable

The Foundation awards grants annually to entities that promote the health and enhance the quality of life of all residents within the eight northeastern Louisiana parishes of the Foundation's service area based on an application process. When grants are approved by the Board, they are recorded as a payable at that time and are disbursed according to the terms of the grant agreement at a certain point in the future.

From time to time, and within the scope of its mission and vision, the Board of Directors approves funding for specific initiatives, outside of the normal grant-making cycle, to serve identified areas of need. Those initiatives include dental hygiene clinics for underserved and uninsured populations and school-based health centers located on school campuses. Included in the strategic goals of the Foundation is the establishment of school-based health centers within sustainable funding models in at least one school in each parish of the service area. The focus of these initiatives is to assist those who are needy, who have less access, who are under- or un-insured, and who can benefit from the services through onsite models of delivery of care. These initiatives comply with the findings of the Community Needs Assessment and the Community Plan, and are approved annually by the Board as presented for funding.

K. Compensated Absences

The Foundation has the following policy relating to vacation:

Full-time employees with less than 1 year of service earn 1 day of vacation for each full month worked prior to January 1, up to a maximum of 10 vacation days; 1-5 years of service earn 12 vacation days each year; 6-10 years of service earn 18 vacation days each year; and over 10 years of service earn 24 vacation days each year. Per the policy change by the Board of Directors in 2015, there are no benefits paid for part-time employees unless negotiated differently upon hire.

Vacation is credited at the beginning of each calendar year. Upon termination of employment, unused vacation is paid to employees as applicable per policy at the employee's current rate of pay.

Vacation is reported in the Statement of Net Position as a short-term liability and expensed in the Statement of Activities. Vacation accrued in the Statement of Net Position as of the end of the year is valued using the employee's current rate of

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Notes to the Financial Statements
For The Year Ended December 31, 2017

pay. Vacation leave will be paid from future years' resources. A liability for vacation is reported in the Governmental Funds only if it is payable at year-end. As of December 31, 2017, the Foundation has no balance in accrued annual leave.

L. Net Position (GWFS) / Fund Balances (FFS)

In the government-wide financial statements, net position, the difference between a government's assets and liabilities, is reflected as follows:

Net Investment in Capital Assets – Consists of capital assets, net of accumulated depreciation and reduced by outstanding balances of debt issued to finance the acquisition, improvement, or construction of those assets.

Restricted Net Position – Consists of net position less related liabilities reported in the government-wide statement of net position that are subject to constraints on their use by creditors, grantors, contributors or legislature. The \$46,199,652 is the amount transferred by the District to the Foundation and can only be used with specific approvals which are set out in the Bylaws of the Foundation and in the Cooperative Endeavor Agreement between the District and the Foundation.

Unrestricted Net Position – Represent net position not appropriate for expenditures or legally segregated for a specific future use.

It is the Foundation's policy that when both restricted and unrestricted funds are available to be spent, restricted funds will be utilized first.

In the fund financial statements, fund balances 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 the state or federal laws, or because of constraints that are 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 Board. The Board is the highest level

Living Well Foundation
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Notes to the Financial Statements
For The Year Ended December 31, 2017

of decision-making authority for the Foundation. These amounts cannot be used for any other purposes unless the Board removes or changes the specified use by taking the same type of action that was employed when the funds were initially committed.

Assigned – Amounts that are intended to be used for specific purposes as established by the Board designated for that purpose but do not meet the criteria to be classified as restricted or committed.

Unassigned – All amounts not included in other spendable classifications. Unassigned fund balances are the residual classification.

M. Use of Estimates

The preparation of financial statements in conformity with GAAP requires management to make estimates and assumptions that affect certain reported amounts and disclosures. Accordingly, actual results could differ from those estimates.

Note 2 - Cash

Custodial credit risk – deposits. The custodial credit risk is the risk that in the event of a bank failure, the Foundation's deposits may not be returned to it. The Foundation's policy that mitigates this risk requires each financial institution to pledge its own securities to cover any amount in excess of Federal Depository Insurance Coverage. Louisiana Revised Statute 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 Foundation that the fiscal agent bank has failed to pay deposited funds upon demand. Accordingly, the Foundation had no custodial credit risk related to its deposits at December 31, 2017.

At December 31, 2017, the Foundation had a reconciled cash balance of \$191,603, with a bank balance of \$224,457. These deposits are stated at cost, which approximates market value. All of the Foundation's cash was secured by Federal deposit insurance at December 31, 2017.

Note 3 - Investments

The portfolio of the Foundation includes U.S backed notes and bonds of varying maturities not to exceed 8 years per the investment policy with an average duration of 4 years and total actual holdings (without variance for market value) as well as

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Notes to the Financial Statements
For The Year Ended December 31, 2017

certificates of deposit and cash of \$48,014,112. In accordance with its investment policy, the Foundation anticipates holding all bonds and notes until maturity, unless there is opportunity for available calls, or swaps that are approved by the Board. All investments are classified as Level I. As of December 31, 2017, the Foundation's investments consist of the following securities and are carried at fair value of \$47,061,363.

Investment Type	Fair Value	% of Total
Federal Farm Credit Bank	\$ 15,807,902	33.6%
Federal Home Loan Mortgage Corporation	10,627,045	22.6%
Federal Home Loan Bank	6,698,624	14.2%
Cash at Argent	5,659,112	12.0%
Federal National Mortgage Association	5,232,854	11.1%
U.S. Treasury Notes	1,785,826	3.8%
Certificates of Deposit	1,250,000	2.7%
Total	<u>\$ 47,061,363</u>	<u>100.0%</u>

Note 4 - Capital Assets

A summary of the changes in capital assets for the year ended December 31, 2017, is as follows:

	Balance 1/1/2017	Additions	Deletions	Balance 12/31/2017
Capital assets being depreciated				
Office equipment	\$ 24,104	\$ 2,114	\$ 3,343	\$ 22,875
Furniture and fixtures	5,071	3,481	1,993	6,559
Signage	7,422	-	-	7,422
Total capital assets being depreciated	36,597	5,595	5,336	36,856
Less accumulated depreciation	(32,054)	(1,166)	(5,336)	(27,884)
Net capital assets being depreciated	<u>\$ 4,543</u>	<u>\$ 4,429</u>	<u>\$ -</u>	<u>\$ 8,972</u>

Depreciation expense for 2017 totaled \$1,166.

Living Well Foundation
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Notes to the Financial Statements
For The Year Ended December 31, 2017

Note 5 - Grants, Initiatives, and Programs Activities

During 2017, the Foundation awarded new grants and initiatives, and disbursed previously awarded monies as follows:

Recipient / Purpose Grants	Payable 1/1/2017	Grants Initiatives & Programs	Disbursed	Unused	Returned	Payable 12/31/2017
ARCO						
Teaming in Early Intervention (Fall 2015)	\$ 2,000	\$ -	\$ (2,000)	\$ -	\$ -	\$ -
Shaping Outcomes for Children with Disabilities (Fall 2016)	18,650	-	(17,000)	-	-	1,650
Transdisciplinary Teaming in Early Intervention (Fall 2017)	-	16,020	-	-	-	16,020
BRF d/b/a University Health Conway						
Vein Visualization for Improved Pediatric Care (Fall 2017)	-	11,904	-	-	-	11,904
Boys & Girls Clubs of NE LA						
Triple Play (Fall 2017)	-	10,000	-	-	-	10,000
Broaden Horizons						
Broaden Horizons Arts Programs (Fall 2017)	-	6,000	-	-	-	6,000
Center for Children and Families						
Speak of Hope (Fall 2015)	2,000	-	(2,000)	-	-	-
Stand for Hope (Fall 2016)	32,000	-	(29,200)	-	-	2,800
Children's Coalition						
SOS: Signs of Suicide (Fall 2015)	1,000	-	(500)	(500)	-	-
SOS: Signs of Suicide (Fall 2016)	10,000	-	(9,100)	-	-	900
Suicide Prevention - Connecting our Youth (Fall 2017)	-	15,000	-	-	-	15,000
Downtown & Greater Ouachita Lions Clubs						
CubSight (Fall 2016)	12,950	-	(11,950)	-	-	1,000
Family Promise						
Shelter Capital Equipment and Repair Project (Fall 2017)	-	15,000	-	-	-	15,000
Food Bank of NE LA						
School Pantry Childhood Hunger Program (Fall 2015)	2,600	-	(2,600)	-	-	-
Franklin Medical Center						
Expansion of Adolescent Mental Health Services (Fall 2015)	2,675	-	(2,675)	-	-	-
Expansion of Behavioral Health Services into Local School System (Fall 2016)	9,600	-	(8,500)	-	-	1,100
Health Hut						
La Salud de la Familia (The Health of the Family) (Fall 2017)	-	10,000	-	-	-	10,000
Life Choices of North Central Louisiana						
Cooking for Life (Fall 2016)	27,000	-	(24,500)	-	-	2,500
LA Center for the Blind						
LIFE (Literacy, Independence, Fitness, and Empowerment) (Fall 2017)	-	14,485	-	-	-	14,485
LA Emergency Response Network (LERN)						
Stop the Bleed (Fall 2017)	-	13,853	-	-	-	13,853
LA Public Health Institute (LPHI)						
Ouachita Youth Coalition (Fall 2017)	-	5,000	-	-	-	5,000
MedCamps of LA						
Sufficiency, Health, & Wellness Thru Summer Camping Activities (Fall 2016)	3,000	-	(2,700)	-	-	300
Morehouse Parish School Board						
Community Learning Center - Zumba 4th - 7th Grade MJH (Fall 2017)	-	16,000	-	-	-	16,000
NE LA Children's Museum						
Healthy Kids - Inside & Out (Fall 2017)	-	5,000	-	-	-	5,000
NE LA Sickle Cell Anemia Foundation						
Know Your Sickle Cell Status Express (Fall 2017)	-	7,500	-	-	-	7,500
Ouachita Outreach - WM Community Center						
Growing Gardeners: Perpetuating Fresh Produce (Fall 2015)	1,000	-	-	(1,000)	-	-

(Continued)

Living Well Foundation
(A Component Unit of Hospital Service District No. 1 of Ouachita Parish)
Notes to the Financial Statements
For The Year Ended December 31, 2017

Recipient / Purpose Grants	Payable 1/1/2017	Grants Initiatives & Programs	Disbursed	Unused	Returned	Payable 12/31/2017
Ouachita Parish School Board						
Get Active, Get Motivated, Get Educated (Fall 2016)	26,750	-	(24,250)	-	-	2,500
Get Active, Get Motivated, Get Educated Version 2 (Fall 2017)	-	20,000	-	-	-	20,000
Our H.O.M.E.						
Project Hope (Fall 2016)	30,000	-	(27,000)	-	-	3,000
Outdoor Wilderness Learning Center						
Keep Calm and Ride On (Fall 2015)	1,000	-	(972)	(28)	-	-
Improving Mental Health thru Experiential Activities (Fall 2016)	15,000	-	(13,600)	-	-	1,400
Richland Parish Hospital						
Preventing Blindness from Diabetes in NE LA (Fall 2016)	32,834	-	(29,500)	-	-	3,334
Salvation Army of Monroe						
Red Shield Emergency Shelter (Fall 2016)	15,000	-	(14,400)	-	-	600
Red Shield Emergency Shelter Renovation (Fall 2017)	-	15,000	-	-	-	15,000
Seeker Springs						
Team Up (Fall 2016)	12,420	-	(11,300)	-	-	1,120
St. Francis Medical Center						
SBHC - Wellness Intervention Network (Fall 2015)	1,000	-	(1,000)	-	-	-
Tobacco Cessation Program - Rural Expansion (Fall 2016)	2,740	-	(2,440)	-	-	300
ULM - Autism Center						
The Autism Center (Fall 2016)	34,060	-	(30,945)	-	-	3,115
The Autism Center (Fall 2017)	-	32,196	-	-	-	32,196
ULM - Occupational Therapy Clinic						
Promote Literacy in Children with Physical, Learning, & Behavioral Issues (Fall 2017)	-	30,599	-	-	-	30,599
ULM - Speech Pathology Department						
The Autism Center - Startup (Fall 2015)	2,450	-	(586)	(1,864)	-	-
Community Literacy Project (Fall 2017)	-	10,500	-	-	-	10,500
Union General Hospital						
Improving Access to Healthcare (Fall 2016)	25,000	-	(22,500)	-	-	2,500
Eat Healthy, Be Active Community Program (Fall 2017)	-	35,000	-	-	-	35,000
United Way						
Community Housing for the Homeless (Fall 2017)	-	15,000	-	-	-	15,000
Warren & Linda Trimble Ministries						
Freedom Center Project for Youth (Fall 2015)	1,250	-	-	(1,250)	-	-
Freedom Center Project for Youth, Young and Senior Adults (Fall 2016)	18,187	-	(17,750)	-	-	437
Wellspring Alliance						
Start Something for Healthy Futures (Fall 2015)	2,000	-	(2,000)	-	-	-
Start Something for Healthy Futures (Fall 2017)	-	7,500	-	-	-	7,500
Dental Hygiene Initiative						
ULM - Riser Dental Hygiene Clinic						
2016 July - Dec	1,726	-	(255)	(1,471)	-	-
2017 Jan - June	-	9,510	(8,000)	(1,510)	-	-
2017 July - Dec	-	9,204	(7,950)	-	-	1,254
ULM - Mobile Dental Hygiene Unit (MDHU)						
2016 July - Dec	800	-	(10)	(790)	-	-
2017 Jan - June	-	4,500	(3,700)	(1,286)	486	-
2017 July - Dec	-	4,500	(3,250)	-	-	1,250
SBHC Initiative						
MCMC						
SBHC Equipment (2016)	66,875	-	(60,375)	-	-	6,500
Delhi Community Health Center SBHC, Richland Parish Hospital						
Vision Screening Equipment (2017)	-	20,568	-	-	-	20,568
Total	\$ 413,567	\$ 359,839	\$ (394,508)	\$ (9,699)	\$ 486	\$ 369,685

Living Well Foundation
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Notes to the Financial Statements
For The Year Ended December 31, 2017

Note 6 - Commitments and Contingencies –

School-Based Health Centers (SBHC) Initiative – These funded projects were undertaken to continue the LWF’s strategic goals to establish and support SBHCs in the service area.

Morehouse Community Medical Centers, Inc. (MCMC) - As part of the SBHC Initiative, outside of the Fall 2016 Grant Cycle, and through provisions of budgeted SBHC monies for expenses within the service area, \$66,875 was approved in funding to MCMC by the Board at its November 10, 2016, meeting, to be effective January 1, 2017. An MOU was agreed upon by both parties December 19, 2016, effective for one year January 1, 2017, through December 31, 2017. The funds were administered through a Funding Agreement and were paid out in installments over the year based upon reporting requirements, with final payment in February 2018 upon reconciliation of the funding expenses.

Delhi Community Health Center SBHC, Richland Parish Hospital – As part of the SBHC Initiative, outside of the Fall 2017 Grant Cycle, and through provisions of budgeted monies for expenses within the service area, \$20,568 was approved in funding to Delhi Community Health Center SBHC by the Board at its November 2, 2017, meeting, to be effective January 1, 2018. A Funding Agreement was implemented for funds to be paid out during 2018.

Dental Hygiene Clinics Initiative with ULM - In 2016, LWF signed a renewable 5 year MOU with ULM, effective through December 31, 2020, as a separate initiative from its grant-making activities and cycles in order to support two dental hygiene clinics operated by ULM within the service area, including a school-based dental hygiene clinic at Riser Middle/Elementary Schools, and a mobile dental hygiene unit (MDHU), both owned and operated by ULM. This initiative continued through 2017 within the budgeted \$35,000 and actual funding of \$27,714. Upon completion of some segments of the initiative, unused funds were realized as follows: \$2,796 in unused funds for January to June, 2017, reconciled August 4, 2017, and previous year’s unused funds of \$2,261 for July to December, 2016, upon reconciliation as of February 9, 2017.

Living Well Foundation
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Notes to the Financial Statements
For The Year Ended December 31, 2017

Note 7 - Retirement System

The Foundation contributes up to 3% of salaries into a SIMPLE IRA Plan, a defined contribution plan, for all full-time employees. The Foundation requires 90 days of service before an employee is added to the plan. During 2017, the Foundation contributed \$2,668 into this retirement plan.

Note 8 - Rental Expense

The Foundation leases office space for a one year term that began April 1, 2014, with four additional yearly options to renew, which date is April 1, 2019. Office rent for 2017 totaled \$9,600.

Note 9 - Related Party Transactions

The Cooperative Endeavor Agreement provides that the Foundation will pay or reimburse all reasonable and necessary District overhead expenses. Since 2009 the District has annually waived this requirement and has indicated that they plan to continue to waive this requirement for the foreseeable future. Accordingly, until notified otherwise by the District, the Foundation no longer budgets for these expenses.

Due to the active nature of the board members that serve on the Living Well Foundation board, conflicts of interest are known to exist with people serving on this board who also serve on the boards of potential grantees and/or serve in other governance capacities. In these cases, these conflicts of interest are noted in the board minutes and the board member is excused from the meeting for all discussions with respect to the grantee. The grant award must also be reviewed and approved by the District prior to the award being awarded.

Note 10 - Income Tax Status

The Foundation, a nonprofit corporation, has been granted tax-exempt status under Section 501(c)(3) of the Internal Revenue Code. The Foundation's federal form 990 for the tax years ending December 31, 2014 and after remain subject to examination by the Internal Revenue Service.

Note 11 - Subsequent Events

Management has evaluated subsequent events through May 18, 2018, the date which the financial statements were available to be issued and determined that no events occurred that require disclosure.

REQUIRED SUPPLEMENTAL INFORMATION
(PART B)

Living Well Foundation
(A Component Unit of Hospital Service District No. 1 of Ouachita Parish)
Schedule of Revenues, Expenditures and Changes in Fund Balances
Budget and Actual (unaudited)

Governmental Fund-General Fund

For the Year Ended December 31, 2017

	<u>Original Budget</u>	<u>Final Budget</u>	<u>Actual</u>	<u>Variance with Final Budget Positive (Negative)</u>
Budgetary fund balance, beginning of year	\$ 47,492,640	\$ 46,907,242	\$ 46,902,699	\$ (4,543)
Resources				
General Revenues				
Investment income, net	738,497	771,230	766,627	(4,603)
Contributions	1,500	1,200	-	(1,200)
Event revenue	5,000	9,025	9,025	-
Gifts and endowments	-	-	1,200	1,200
Total resources	<u>744,997</u>	<u>781,455</u>	<u>776,852</u>	<u>(4,603)</u>
Charges to appropriations				
Current				
Health & welfare				
Grants, initiatives and programs				
Grant awards-current year	185,000	311,557	311,557	-
Return of unspent grant awards	-	(27,199)	(27,199)	-
Dental hygiene clinics	35,000	27,714	27,714	-
School-based healthcare:				
Riser Middle School Health Center	100,000	-	-	-
West Monroe High School Health Center	100,000	-	-	-
Other SBHC	-	20,568	20,568	-
Grants, initiatives and programs, net	<u>420,000</u>	<u>332,640</u>	<u>332,640</u>	<u>-</u>
All other charges				
Accounting	13,500	12,150	11,989	161
Annual update event	5,000	5,398	5,398	-
Auditing	15,750	15,750	15,750	-
Community meetings	250	120	109	11
Conference/training/travel	2,500	1,425	1,413	12
Contractual services	4,000	1,875	1,690	185
Dues and subscriptions	55	51	51	-
Equipment	1,650	1,035	5,595	(4,560)
Equipment rental	3,500	3,250	3,251	(1)
Insurance	14,500	12,340	12,482	(142)
Investment fees	47,500	47,350	47,326	24
Legal fees	15,000	11,200	12,826	(1,626)
Maintenance/repair	1,500	1,350	1,320	30
Marketing/media/PR	2,500	1,350	1,306	44
Miscellaneous	3,250	3,625	3,625	-
Office rent	9,600	9,600	9,600	-
Postage and freight	500	520	490	30
Salaries and benefits	125,000	116,750	110,647	6,103
Storage	600	540	540	-
Supplies	2,500	2,100	1,424	676
Telephone and communications	4,750	5,400	4,223	1,177
Utilities	1,500	1,200	1,156	44
Total other charges	<u>274,905</u>	<u>254,379</u>	<u>252,211</u>	<u>2,168</u>
Total charges to appropriations	<u>694,905</u>	<u>587,019</u>	<u>584,851</u>	<u>2,168</u>
Excess (deficiency) of Revenues Over Expenditures	<u>50,092</u>	<u>194,436</u>	<u>192,001</u>	<u>(2,435)</u>
Fund Balance at End of Year	<u>\$ 47,542,732</u>	<u>\$ 47,101,678</u>	<u>\$ 47,094,700</u>	<u>\$ (6,978)</u>

Living Well Foundation
(A Component Unit of Hospital Service District No. 1 of Ouachita Parish)

Notes to the Budgetary Comparison Schedule
(unaudited)
For The Year Ended December 31, 2017

Budgetary Policies: A proposed budget for the ensuing year, prepared on the modified accrual basis of accounting, is prepared annually by the Board of the Foundation. This budget is prepared for planned activities in the upcoming year.

Notice of the location and availability of the proposed budget for public inspection and the date of the public hearing to be conducted on the budget are then advertised in the local newspapers, on the website, and at the office location. Prior to or as a part of the selected December meeting, the Foundation conducts a public hearing on the proposed budget(s) in order to receive comments from the citizenry.

Changes are made to the proposed budget based on the public hearing and the desires of the Foundation as a whole. The budget is then adopted during the Foundation's selected meeting, and a notice certifying completion of the required budgetary actions is published on the website and at the office location.

During the year, the Directors receive monthly financial statements that are used as a tool to control Foundation operations.

State law requires the Foundation to amend its budgets when revenues plus projected revenues within a fund are expected to fall short of budgeted revenues by five percent or more and when expenditures and other uses of a fund are expected to exceed budgeted amounts by five percent or more.

OTHER SUPPLEMENTAL INFORMATION

Living Well Foundation
(A Component Unit of Hospital Service District No. 1 of Ouachita Parish)

**Schedule of Compensation, Benefits and Other Payments
to Chief Executive Officer**

For the Year Ended December 31, 2017

Alice Prophit

	<u>Purpose</u>	<u>Amount</u>
Salary		\$ 88,941
Benefits - retirement		2,668
Travel		940
Special meals		156
		<u>\$ 92,705</u>

REPORT REQUIRED BY GOVERNMENT AUDITING STANDARDS

HUFFMAN & SOIGNIER

(A PROFESSIONAL ACCOUNTING CORPORATION)
CERTIFIED PUBLIC ACCOUNTANTS

Francis I. Huffman, CPA
David Ray Soignier, CPA, MBA, CGMA

John Herman, CPA
Lynn Andries, CPA, CGMA
Esther Atteberry, CPA
Lori Woodard, MBA, CPA, CGMA, CITP
Katie Jacola, CPA
Lesley Engolia, CPA

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

Board of Directors
Living Well Foundation
3711 Cypress Street, Suite 2
West Monroe, 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 Comptroller General of the United States, the financial statements of the governmental activities and the major fund information of **Living Well Foundation** (the Foundation), as of and for the year ended December 31, 2017, and the related notes to the financial statements, which collectively comprise the Foundation's basic financial statements, and have issued our report thereon dated May 18, 2018.

Internal Control over Financial Reporting

In planning and performing our audit, we considered the Foundation's internal control over financial reporting (internal control) to determine the audit procedures that are appropriate in the circumstances for the purpose of expressing our opinions on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of the Foundation's internal control. Accordingly, we do not express an opinion on the effectiveness of the Foundation'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

Board of Directors
Living Well Foundation
West Monroe, Louisiana

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.

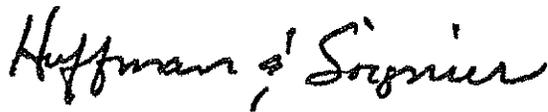
Compliance and Other Matters

As part of obtaining reasonable assurance about whether the Foundation'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 determination of financial statement amounts. However, providing an opinion on compliance with those provisions was not an objective of our audit, and accordingly, we do not express such an opinion. The results of our tests disclosed no instances of noncompliance or other matters that 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 Foundation'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 management of the Foundation, Hospital Service District No. 1 of Ouachita Parish, entities granting funds to the Foundation, and the Legislative Auditor for the State of Louisiana and is not intended to be and should not be used by anyone other than these specified parties. However, under Louisiana Revised Statute 24:513, this report is distributed by the Legislative Auditor as a public document.



(A Professional Accounting Corporation)

May 18, 2018

HUFFMAN & SOIGNIER

(A PROFESSIONAL ACCOUNTING CORPORATION)
CERTIFIED PUBLIC ACCOUNTANTS

Francis I. Huffman, CPA
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INDEPENDENT ACCOUNTANT'S REPORT ON APPLYING AGREED-UPON PROCEDURES

To the Living Well Foundation
and the Louisiana Legislative Auditor

We have performed the procedures enumerated below, which were agreed to by the Living Well Foundation (the Foundation) 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 January 1, 2017 through December 31, 2017. The Board'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 to 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.

Results: The following exceptions were noted during the review of policies and procedures:

- Purchasing – The entity does not have a written policy for this area.
- Contracting – The entity does not have a written policy for this area.
- Travel and Expense Reimbursement-The travel policy does not specify a dollar threshold for lodging.

Management's Response:

- Purchasing – Purchases as defined are those items that are not grants, payroll, travel, credit cards, or routine bills approved for payment, and are extremely minimal. They are discussed with the Board or appropriate committee prior to commitment of funds. Therefore, the production of written policies and procedures would not be warranted or cost-effective, and management believes other internal controls are sufficient to address any issues in not having written policies and procedures for this area.
- Contracting - Contracts are comprised of leases, employment contracts and insurance policies and are approved by the Board. Contracts beyond these areas are extremely rare and are always Board approved. Therefore, the production of written policies and procedures would not be cost effective and management believes other internal controls are sufficient to address any issues in not having written policies and procedures for these areas.
- Travel and Expense Reimbursement - The Employee Manual, which is approved by the Board, defines the terms and procedure for travel and expense reimbursement. Typically, room rates have been approved at reasonable and customary rates based on appropriateness per the Employee Manual, or as pre-approved through a conference rate. Any conference attendance is pre-approved by the appropriate committee. Therefore, the production of further written policies and procedures would not be warranted or cost effective and management believes other internal controls are sufficient to address any issues in not having further defined written policies and procedures for this area.

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.
 - 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).
 - 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.
 - c) Determine 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.

Results: No exceptions were noted as a result of applying agreed-upon procedures.

Bank Reconciliations

3. Obtain a listing of client bank accounts from management and management's representation that the listing is complete.
4. Using the listing provided by management, we selected the Foundation's only bank account and we obtained bank statements and reconciliations for all months in the fiscal period and determined whether:
 - a) Bank reconciliations have been prepared;
 - 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
 - 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.

Results: No exceptions were noted as a result of applying agreed-upon procedures.

Collections

5. Obtain a listing of cash/check/money order (cash) collection locations and management's representation that the listing is complete.
6. Using the listing provided by management, we selected the entity's only cash collection location. **For the cash collection:**

- a) Obtain existing written documentation (e.g. insurance policy, policy manual, job description) in order to determine 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.
 - b) Obtained existing written documentation (e.g. sequentially numbered receipts, system report, reconciliation worksheets, policy manual) in order to determine 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.
 - 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, traced daily collections to the deposit date on the corresponding bank statement and determined whether the deposits were made within one day of collection. If deposits were not made within one day of collection, we determined the number of days from receipt to deposit for each day at each collection location.
 - Using sequentially numbered receipts, system reports, or other related collection documentation, we verified that daily cash collections are completely supported by documentation and report any exceptions.
7. Obtain existing written documentation (e.g. policy manual, written procedure) in order to determine 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.

Results: Regarding procedure 6.a) written documentation does not require each person responsible for collecting cash to (1) be bonded, (2) be responsible for depositing the cash in the bank, recording the related transaction, or reconciling the related bank account or (3) be required to share the same cash register or drawer with another employee.

Management's Response:

No cash or money orders, outside of checks for deposit at one time of the year for the annual event luncheon sponsors, are handled in the office. The policy for deposits defines terms and timeframes for handling those checks. Due to the small staff size of the entity and very limited amounts of collections in the forms of checks, management does not consider further policies to be cost effective. Management believes that other internal controls are sufficient to address any issues in not having additional written policies and procedures for this area.

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

8. Obtain the general ledger and sorted/filtered for entity disbursements. Obtain management's representation that the listing or general ledger population is complete.
9. Using the disbursement population from #8 above, we randomly selected twenty-five disbursements, excluding credit card/debit card/fuel card/P-card purchases or payments. Obtain supporting documentation for each transaction and determined 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.
 - b) Purchase orders, or an electronic equivalent, were approved by a person who did not initiate the purchase.
 - 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.
10. Using entity documentation (e.g. electronic system control documentation, policy manual, written procedure), we determined whether the person responsible for processing payments is prohibited from adding vendors to the entity's purchasing/disbursement system.
11. Using entity documentation (e.g. electronic system control documentation, policy manual, written procedure), determine whether the persons with signatory authority or who make the final authorization for disbursements have no responsibility for initiating or recording purchases.
12. Inquire of management and observed 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 reported any exceptions. Alternately, if the checks are electronically printed on blank check stock, review entity documentation (electronic system control documentation) and determine whether the persons with signatory authority have system access to print checks.
13. If a signature stamp or signature machine is used, we inquired 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.

Results: No exceptions were noted as a result of applying agreed-upon procedures.

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. We obtained management's representation that the listing is 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 that was used during the fiscal period. If there is a change in practitioners, the new practitioner is not bound to follow the rotation established by the previous practitioner.

Obtained the monthly statements, or combined statements if multiple cards ore on 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 statements, 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 constraining the legal authority of certain public officials (e.g., mayor of a Lawrason Act municipality); these instances should not be reported.
 - b) Report whether finance charges and/or late fees were assessed on the selected statements.
16. Using the monthly statements or combined statements selected under #15 above, obtain supporting documentation for all transactions for each of the 10 cards for the cards selected.
 - a) For each transaction, we determined whether the transaction is supported by:
 - An original itemized receipt (i.e., identifies precisely what was purchased)
 - Documentation of the business/public purpose. For meal charges, there should also be documentation of the individuals participating.
 - Other documentation that may be required by written policy.
 - 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.
 - 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.

Results: No exceptions were noted as a result of applying agreed-upon procedures.

Travel and Expense Reimbursement

17. Obtain from management a listing of all travel and related expense reimbursements, by person, during the fiscal period, or alternatively, obtain the general ledger and sort/filter for travel reimbursements. Obtain management's representation that the general ledger is 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 reported any amounts that exceed GSA rates.
19. Using the listing or general ledger from #17 above, we selected both employees. We chose the largest travel expense for each person to review in detail. For both travel expenses selected:
 - a) Compare expense documentation to written policies and determined 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, compared to the GSA rates (#18 above) and reported each reimbursement that exceeded those rates.
 - 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.]
 - Documentation of the business/public purpose (Note: For meal charges, there should also be documentation of the individuals participating).
 - Other documentation as may be required by written policy (e.g., authorization for travel, conference brochure, certificate of attendance)
 - 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.
 - d) Determine whether each expense and related documentation was reviewed and approved, in writing, by someone other than the person receiving reimbursement.

Results: No exceptions were noted as a result of applying agreed-upon procedures.

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.

21. Not applicable.

Results: The list provided by management contained no items that would classify as a contract for the purposes of these agreed-upon procedures. Our audit work further indicated no items requiring contracts. Therefore, we consider the contracts section to be not applicable to this client.

Payroll and Personnel

22. Obtain a listing of employees (and elected officials, if applicable) with their related salaries, and obtained management's representation that the listing is complete. Randomly selected both employees/officials, obtained their employee contracts, and:
- 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.
 - b) Review changes made to hourly pay rates/salaries during the fiscal period and reported whether those changes were approved in writing and in accordance with written policy.
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, select both employees/officials 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.)
 - b) Report whether there is written documentation that supervisors approved, electronically or in writing, the attendance and leave of the selected employees/officials.
 - 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.
24. Confirm with management that no employees were terminated during the period.
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.

Results: No exceptions were noted as a result of applying agreed-upon procedures.

Other

31. Inquire of management whether the entity had any misappropriations of public funds or assets. If so, obtain/review supporting documentation and reported whether the entity reported the

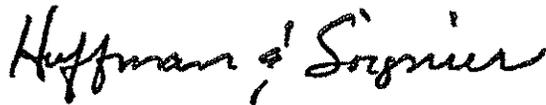
misappropriation to the legislative auditor and the district attorney of the parish in which the entity is domiciled.

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.la.gov/hotline) concerns the reporting of misappropriation, fraud, waste, or abuse of public funds.
33. If the practitioner observes or otherwise identified any exceptions regarding management's representations in the procedures above, report the nature of each exception.

Results: No exceptions were noted as a result of applying agreed-upon procedures.

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.



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May 18, 2017