

# **TOWN OF LIVINGSTON, LOUISIANA**

**Annual Financial Statements  
As of and for the Year Ended December 31, 2017**

LJC,CPA,LLC

**Town of Livingston**  
**Annual Financial Statements**  
**As of and for the Year Ended December 31, 2017**  
**With Supplemental Information Schedules**

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## **Independent Auditor's Report on the Basic Financial Statements**

The Honorable Mayor David McCreary and  
Members of the Board of Aldermen  
Town of Livingston, Louisiana

I have audited the accompanying financial statements of the governmental activities, the business-type activities and each major fund of the Town of Livingston, as of and for the year ended December 31, 2017, which collectively comprise the basic financial statements of the Town's primary government 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***

My responsibility is to express opinions on these financial statements based on my audit. I conducted my 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 I 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, I 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.

I believe that the audit evidence I have obtained is sufficient and appropriate to provide a basis for my audit opinions.

### **Opinions**

#### **Unmodified Opinion**

In my opinion, the financial statements referred to previously present fairly, in all material respects, the respective financial position of the governmental activities, the business-type activities and each major fund for the primary government of the Town of Livingston, Louisiana, as of December 31, 2017, and the respective changes in financial position and, where applicable, cash flows thereof 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 8–17 and 64–68 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. I 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 my inquiries, the basic financial statements, and other knowledge I obtained during my audit of the basic financial statements. I do not express an opinion or provide any assurance on the information because the limited procedures do not provide me with sufficient evidence to express an opinion or provide any assurance.

### *Other Information*

My audit was conducted for the purpose of forming an opinion on the financial statements as a whole. The accompanying schedule of compensation, benefits and other payments to the agency head on page 86 as required by Act 706 of 2014 , is presented for purposes of additional analysis and is not a required part of the financial statements. Such information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the financial statements. The information has been subjected to the auditing procedures applied in the audit of the financial statements and certain additional procedures, including comparing and reconciling such information directly to underlying accounting and other records used to prepare the financial statements or to the financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In my opinion, the information is fairly stated, in all material respects, in relation to the financial statements taken as a whole.

My audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the Town of Livingston's basic financial statements as a whole. The "Other Supplemental Information" as listed in the Table of Contents on pages 69-85 are presented for purposes of additional analysis and are not a required part of the basic financial statements. The "Other Supplemental 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. I have applied certain limited procedures to the "Other Supplemental Schedules" 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 my inquiries, the basic financial statements, and other knowledge I obtained during my audit of the basic financial statements. I do not express an opinion or provide any assurance on the information because the limited procedures do not provide me with sufficient evidence to express an opinion or provide any assurance.

### **Other Reporting Required by *Government Auditing Standards***

In accordance with *Government Auditing Standards*, I have also issued my report dated August 20, 2018 on my consideration of the Town of Livingston, Louisiana's internal control over financial reporting and on my 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 my 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 Town of Livingston, Louisiana's internal control over financial reporting and compliance.

*LSC, CPA, LLC*

Livingston, Louisiana

August 20, 2018

**Required Supplemental Information (Part I)**  
**Management's Discussion and Analysis**

## Town of Livingston

### Management's Discussion and Analysis As of and for the Year Ended December 31, 2017

#### Introduction

The Town of Livingston (the Town) is pleased to present its Annual Financial Statements developed in compliance with Governmental Accounting Standards Board Statement No. 34, *Basic Financial Statements - Management's Discussion and Analysis - For State and Local Governments* (GASB 34), as amended. The amendment of GASB 34, including the adoption of GASB Statement No. 63, *Financial Reporting of Deferred Outflows of Resources, Deferred Inflows of Resources, and Net Position*, and applicable standards as more fully described in the Footnote 1 – *Summary of Significant Accounting Policies*.

The Town's discussion and analysis is designed to (a) assist the reader in focusing on significant financial issues, (b) provide an overview of the Town's financial activity, (c) identify changes in the Town's financial position, (d) identify any significant variations from the Town's financial plan, and (e) identify individual fund issues or concerns.

Since Management's Discussion and Analysis (MD&A) is designed to focus on the current year's activities, resulting changes, and currently known facts, please read it in conjunction with the Town's financial statements beginning immediately following this Management's Discussion and Analysis.

#### Financial Highlights

- At December 31, 2017, the Town's assets exceeded its liabilities by \$9,126,745 (net position). Of this amount, \$826,156 (unrestricted net position) may be used to meet the Town's ongoing obligations to its citizens.
- For the year ended December 31, 2017, the Town's total net position increased by \$362,669.
- At December 31, 2017, the Town's governmental funds reported combined ending fund balances of \$560,737, an increase of \$53,799 for the year. Of this amount, \$509,588 is unassigned.
- At December 31, 2017, the Town's proprietary funds reported combined ending net position of \$6,769,493, an increase of \$507,232 for the year. Of this amount, \$887,097 or thirteen percent is available for spending at the Town's discretion (unrestricted net position).

#### Overview of the Annual Financial Report

The financial statement focus is on both the Town as a whole and on the major individual funds. Both perspectives, government-wide and major funds, allow the user to address relevant questions, broaden a basis for comparison, and enhance the Town's accountability. The statements then proceed to provide an increasingly detailed look at specific financial activities.

The MD&A is intended to serve as an introduction to the Town's basic financial statements, which consist of three components: (1) government-wide financial statements, (2) fund financial statements, and (3) notes to the financial statements. This report also contains other supplementary information in addition to the basic financial statements.

## **Town of Livingston**

### **Management's Discussion and Analysis As of and for the Year Ended December 31, 2017**

#### **Government-Wide Financial Statements**

The government-wide financial statements are designed to provide readers with a broad overview of the Town's finances in a manner similar to a private-sector business. Governmental activities, which normally are supported by taxes and intergovernmental revenues, and business-type activities, which rely to a significant extent on fees and charges for support are presented in separate columns along with a total column for the primary government. If the Town determines that presentation of a component unit (which are other governmental units for which the Town can exercise significant influences or for which the Primary Government financial statements would be misleading if component unit information is not presented) is necessary to allow the reader to determine the relationship of the component unit and primary government, the component unit information is presented in a separate column of the financial statements or in a separate footnote. Component unit information is presented separately in the notes to the financial statements.

The Statement of Net Position presents information on the Town's assets and liabilities using the accrual basis of accounting, in a manner similar to the accounting used by private business enterprises. The difference between the assets and liabilities is reported as net position. Over time, the increases or decreases in net position and changes in the components of net position may serve as a useful indicator of whether the financial position of the Town is improving or deteriorating.

The Statement of Activities presents information showing how the Town's net position changed during the most recent fiscal year, focusing on both the gross and net costs of various activities, both governmental and business-type, that are supported by the Town's general tax and other revenues. This is intended to summarize and simplify the reader's analysis of the cost of various governmental services and/or subsidy to various business-type activities.

In both of the government-wide financial statements, the Town's activities are divided into two types:

Governmental activities - Most of the Town's basic services are reported here, including general government, public safety, streets, sanitation, health and welfare, and recreation. These activities are financed primarily by property taxes, franchise taxes, sales taxes, and fines.

Business-type activities - The Town charges a fee to customers to help it cover all of the cost of the services provided. The Town's water, natural gas, and sewer utility systems are reported in this section.

As a general rule the effect of interfund activity has been eliminated from the government-wide financial statements. Exceptions to this general rule, if applicable, are payments-in-lieu of taxes and other charges between the government's enterprise operations. Elimination of these charges would distort the direct costs and program revenues reported for the various functions concerned.

#### **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 Town, like other state and local governments, uses fund accounting to ensure and demonstrate compliance with finance-related and legal requirements. The Town uses two categories of funds to account for financial transactions: governmental funds and proprietary funds. Traditional users of governmental financial statements will find the fund financial statements presentation more familiar.

Governmental funds are used to account for most of the Town's basic services. However, unlike the government-wide financial statements, governmental fund financial statements focus on how money flows

## **Town of Livingston**

### **Management's Discussion and Analysis As of and for the Year Ended December 31, 2017**

into and out of those funds and the balances that are left at year-end that are available for spending. These funds are reported using the modified accrual basis of accounting, which measures cash and all other financial assets that can readily be converted to cash. The governmental fund statements provide a detailed short-term view of the Town's general government operations and the basic services it provides. Governmental fund information helps to determine whether there are more or fewer financial resources that can be spent in the near future to finance the Town's programs.

Proprietary funds account for water, natural gas, and sewer utility services provided by the Town to its customers. Proprietary fund statements provide the same type of information as the government-wide financial statements, but the fund presentation provides more detail.

Because the focus of governmental funds is narrower than that of the government-wide financial statements, there are differences in the information presented for government funds and for governmental activities in the government-wide financial statements. Review of these differences provides the reader of the financial statements insight on the long-term impact of the Town's more immediate decisions on the current use of financial resources. Both the governmental fund Balance Sheet and the governmental fund Statement of Revenues, Expenditures and Changes in Fund Balances provide a reconciliation to facilitate this comparison between governmental funds and governmental activities.

#### **Notes to the Financial Statements**

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

## Town of Livingston

### Management's Discussion and Analysis As of and for the Year Ended December 31, 2017

#### Government-Wide Financial Analysis

As noted earlier, net position may serve over time as a useful indicator of a government's financial position. The following table provides a summary of the Town's net position for the current year as compared to the prior year. For more detailed information, see the Statement of Net Position in this report.

	<b>Net Position</b>					
	<b>2017 and 2016</b>					
	<u>Governmental Activities</u>		<u>Business-Type Activities</u>		<u>Total</u>	
	<u>2017</u>	<u>2016</u>	<u>2017</u>	<u>2016</u>	<u>2017</u>	<u>2016</u>
<b>Assets:</b>						
Current and Other Assets	\$ 845,827	\$ 848,440	\$ 1,589,112	\$ 1,343,717	\$ 2,434,939	\$ 2,192,157
Capital Assets	2,448,902	2,537,978	9,902,862	9,517,141	12,351,764	12,055,119
<b>Total Assets</b>	<u>3,294,729</u>	<u>3,386,418</u>	<u>11,491,974</u>	<u>10,860,858</u>	<u>14,786,703</u>	<u>14,247,276</u>
<b>Deferred Outflows of Resources</b>						
Pension Related	256,943	332,194	148,952	132,778	405,895	464,972
Advanced Bond Refunding	-	-	761,250	793,529	761,250	793,529
<b>Total Deferred Outflows of Resources</b>	<u>256,943</u>	<u>332,194</u>	<u>910,202</u>	<u>926,307</u>	<u>1,167,145</u>	<u>1,258,501</u>
<b>Liabilities:</b>						
Long-Term Debt Outstanding	873,741	860,257	5,060,059	5,104,443	5,933,800	5,964,700
Other Liabilities	298,717	340,933	562,796	412,713	861,513	753,646
<b>Total Liabilities</b>	<u>1,172,458</u>	<u>1,201,190</u>	<u>5,622,855</u>	<u>5,517,156</u>	<u>6,795,313</u>	<u>6,718,346</u>
<b>Deferred Inflows of Resources</b>						
Pension Related	21,962	15,607	9,828	7,748	31,790	23,355
<b>Total Deferred Inflows of Resources</b>	<u>21,962</u>	<u>15,607</u>	<u>9,828</u>	<u>7,748</u>	<u>31,790</u>	<u>23,355</u>
<b>Net Position:</b>						
Net Investment in Capital Assets	2,406,407	2,529,592	5,714,156	5,410,455	8,120,563	7,940,047
Restricted	11,786	11,786	168,240	172,363	180,026	184,149
Unrestricted	(60,941)	(39,563)	887,097	679,443	826,156	639,880
<b>Total Net Position</b>	<u>\$ 2,357,252</u>	<u>\$ 2,501,815</u>	<u>\$ 6,769,493</u>	<u>\$ 6,262,261</u>	<u>\$ 9,126,745</u>	<u>\$ 8,764,076</u>

Approximately eighty-nine percent of the Town's net position reflects its investment in capital assets (land, buildings, equipment, infrastructure, and improvements) net of any outstanding related debt used to acquire those capital assets. These capital assets are used to provide services to citizens and do not represent resources available for future spending. Although the Town's investment in its capital assets is reported net of related debt, it should be noted that the resources needed to repay this debt must be provided from other sources, since the capital assets cannot be used to liquidate these liabilities.

Two percent of the Town's net position represents resources that are subject to external restriction on how they may be used. The Town's restricted net position consists of cash reserves required by revenue bond agreements and cash for customer deposits net of corresponding liabilities.

Approximately nine percent of the Town's net position is unrestricted and may be used to meet the Town's ongoing obligations to its citizens.

At the end of the current fiscal year, the Town was able to report positive balances in all three categories of net position for business-type activities. The governmental activities reported negative balance in the unrestricted

**Town of Livingston**

**Management's Discussion and Analysis  
As of and for the Year Ended December 31, 2017**

category of net position due to the recording of the net pension liability and related deferred inflows and outflows of resources.

The Town's activities increased its total net position by \$362,669, with governmental activities decreasing net position by \$144,563 and business-type activities increasing net position by \$507,232.

In order to further understand what makes up the changes in net position, the following table provides a summary of the results of the Town's activities for the current year as compared to the prior year. An analysis of the primary sources of these changes follows the table. For more detailed information, see the Statement of Activities in this report.

## Town of Livingston

### Management's Discussion and Analysis As of and for the Year Ended December 31, 2017

#### Changes in Net Position For the years ended December 31, 2017 and 2016

	Governmental Activities		Business-Type Activities		Total	
	2017	2016	2017	2016	2017	2016
Revenues:						
Program Revenues:						
Charges for Services	\$ 756,190	\$ 799,380	\$ 2,234,378	\$ 1,961,690	\$ 2,990,568	\$ 2,761,070
Operating Grants and Contributions	101,123	92,814	10,929	9,648	112,052	102,462
Capital Grants and Contributions	9,800	30,000	306,711	120,465	316,511	150,465
General Revenues:						
Franchise Taxes	148,199	149,995	-	-	148,199	149,995
Property Taxes	66,855	48,684	-	-	66,855	48,684
Sales Taxes	592,592	520,562	-	-	592,592	520,562
Other Taxes	6,289	6,283	-	-	6,289	6,283
Interest Income	1,550	1,040	960	983	2,510	2,023
Donations	-	19,090	-	-	-	19,090
Miscellaneous	4,111	3,085	-	-	4,111	3,085
Insurance Proceeds	9,466	-	-	-	9,466	-
FEMA Reimbursement	31,330	27,121	-	-	31,330	27,121
<b>Total Revenues</b>	<b>1,727,505</b>	<b>1,698,054</b>	<b>2,552,978</b>	<b>2,092,786</b>	<b>4,280,483</b>	<b>3,790,840</b>
Expenses:						
General Government	700,521	634,114	-	-	700,521	634,114
Public Safety - Police Protection	500,409	504,852	-	-	500,409	504,852
Public Safety - Fire Protection	86,542	77,645	-	-	86,542	77,645
Public Works - Streets	250,703	258,360	-	-	250,703	258,360
Sanitation	198,373	175,197	-	-	198,373	175,197
Health and Welfare	2,510	874	-	-	2,510	874
Recreation	292,217	298,216	-	-	292,217	298,216
Capital Lease Interest	993	836	-	-	993	836
Gas, Water, and Sewer Utility	-	-	1,885,546	1,894,294	1,885,546	1,894,294
<b>Total Expenses</b>	<b>2,032,268</b>	<b>1,950,094</b>	<b>1,885,546</b>	<b>1,894,294</b>	<b>3,917,814</b>	<b>3,844,388</b>
Change in Net Assets Before Transfers and Contributions	(304,763)	(252,040)	667,432	198,492	362,669	(53,548)
Transfers (Out) In	160,200	(624,000)	(160,200)	624,000	-	-
Transfer In - Liv Intergov Comm	-	173,347	-	-	-	173,347
<b>Change in Net Position</b>	<b>(144,563)</b>	<b>(702,693)</b>	<b>507,232</b>	<b>822,492</b>	<b>362,669</b>	<b>119,799</b>
Net Position, Beginning	2,501,815	3,204,508	6,262,261	5,439,769	8,764,076	8,644,277
<b>Net Position, Ending</b>	<b>\$ 2,357,252</b>	<b>\$ 2,501,815</b>	<b>\$ 6,769,493</b>	<b>\$ 6,262,261</b>	<b>\$ 9,126,745</b>	<b>\$ 8,764,076</b>

## Town of Livingston

### Management's Discussion and Analysis As of and for the Year Ended December 31, 2017

#### Governmental Activities

The Town's governmental net position decreased by \$144,563 or six percent of the prior year ending net position of \$2,501,815.

The major differences between 2017 and 2016 revenues include a \$173,347 decrease in transfer in from Livingston Intergovernmental Commission, a \$20,200 decrease in capital grants, a \$43,190 decrease in charges for services, a \$19,090 decrease in donations, a \$72,030 increase in sales taxes, and a \$18,171 increase in property taxes.

Total Government-wide Expenses increased by four percent or \$82,174. General governmental expenditures increased \$66,407 due to increases of \$18,050 in workers compensation insurance, increases of \$15,855 in retirement expense, increases of \$15,768 in salaries, and increases of \$10,392 in dues, subscriptions, and meetings expense. Police expenditures decreased \$4,443 due to decreases in miscellaneous expenses of \$3,803. Fire expenditures increased \$8,897 due to increases of \$21,656 in vehicle expenses and with decreases in depreciation expense of \$10,515. Street expenditures decreased \$7,657 due to decreases of \$15,255 in repairs and maintenance, \$5,691 in other expenses and with increases of \$10,787 in materials and supplies and \$2,465 in salaries. Recreation expenditures decreased \$5,999 due to decreases of \$7,192 in program expenses and with increases of \$1,417 in Circle Drive Park expenses. Sanitation expenditures increased \$23,176 due an increase to garbage collection fees. Transfers in from the utility fund subsidizing governmental activities were also decreased to \$160,200 in 2017 from \$376,000 in 2016.

#### Business-Type Activities

The Town's business-type net position increased by \$507,232, or eight percent of the prior year ending net position, to \$6,769,493. Before transfers to/from the general fund, business-type net position increased \$468,940. Current year charges increased by \$272,688 to \$2,234,378 from prior year charges of \$1,961,690. Expenses for the utility systems decreased by \$8,748 (approximately less than one percent). Cost of gas sold increased \$39,183. Salaries increased by \$55,002. Depreciation expense increased by \$34,819. Professional fees increased by \$11,915. Utilities increased by \$13,641. Insurance expense increased \$5,553. Vehicle expense increased \$5,530. Bond issuance costs decreased by \$129,599, interest expense decreased by \$24,762, and repairs and maintenance decreased by about \$19,968.

#### Fund Financial Analysis

As noted earlier, the Town uses fund accounting to ensure and demonstrate compliance with finance-related legal requirements.

##### Governmental Funds

The focus of the Town's governmental funds is to provide information on near-term inflows, outflows, and balances of spendable resources. Such information is useful in assessing the Town's financing requirements. In particular, unreserved fund balance may serve as a useful measure of the Town's net resources available for spending at the end of the year. The basic governmental fund financial statements begin with "Statement C – Balance Sheet, Governmental Funds" immediately following the government-wide financial statements.

At the end of the current year, the Town's governmental funds reported combined ending fund balances of \$560,737. The unassigned fund balance was \$509,588. This represents an increase of \$53,799 after an decrease of \$631,857 in 2016. Before transfers in from the utility fund the governmental funds would have had a \$204,038 decrease in fund balance.

**Town of Livingston**

**Management's Discussion and Analysis  
As of and for the Year Ended December 31, 2017**

The general fund is the chief operating fund of the Town. At the end of the current year, the total fund balance for the general fund was \$560,737. Of this amount \$509,588 was unassigned.

**Proprietary Funds**

The Town's proprietary funds provide the same type of information found in the government-wide financial statements, but in more detail.

**General Fund Budgetary Highlights**

The General Fund had no actual expenditures and other uses over budgeted amounts resulting in unfavorable variances greater than five percent in accordance with the Local Government Budget Act for the fiscal year ended December 31, 2017. The General Fund did have actual revenues and other sources below eight percent of budgeted revenues and other sources. This was due to intergovernmental revenue that was included in the current year budget that was recorded as a receivable in the prior year. This was overlooked during the budget process.

**Capital Assets and Debt Administration**

**Capital Assets**

The Town's investment in capital assets for its governmental and business-type activities as of December 31, 2017 amounts to \$12,351,764 (net of depreciation). The total increase in the Town's investment in capital assets for the current fiscal year before allowance for depreciation was \$937,920.

The following table provides a summary of the Town's capital assets (net of depreciation) at the end of the current year as compared to the prior year. For more detailed information, see Note 8 to the financial statements in this report.

**Capital Assets (Net of Depreciation)  
2017 and 2016**

Capital Assets	Governmental Activities		Business-Type Activities		Total	
	2017	2016	2017	2016	2017	2016
Land	\$ 138,634	\$ 138,634	\$ -	\$ -	\$ 138,634	\$ 138,634
Construction in Progress	38,044	38,044	500,813	56,620	538,857	94,664
Buildings and Improvements	799,709	799,709	339,947	339,947	1,139,656	1,139,656
Parks and Improvements	1,206,846	1,167,337	-	-	1,206,846	1,167,337
Sidewalk Improvements	517,882	485,673	-	-	517,882	485,673
Vehicles	1,049,235	989,908	167,968	99,726	1,217,203	1,089,634
Machinery and Equipment	567,683	562,642	243,494	169,357	811,177	731,999
Furniture and Fixtures	27,270	27,270	15,145	14,214	42,415	41,484
Computers and Software	42,352	42,352	37,226	36,529	79,578	78,881
Infrastructure	1,064,673	1,064,673	-	-	1,064,673	1,064,673
Gas Utility System	-	-	574,654	557,714	574,654	557,714
Water Utility System	-	-	4,494,003	4,371,511	4,494,003	4,371,511
Sewer Utility System	-	-	9,772,140	9,697,938	9,772,140	9,697,938
Subtotal Capital Assets	5,452,328	5,316,242	16,145,390	15,343,556	21,597,718	20,659,798
Less: Accumulated Depreciation	(3,003,426)	(2,778,264)	(6,242,528)	(5,826,415)	(9,245,954)	(8,604,679)
<b>Capital Assets, Net</b>	<b>\$ 2,448,902</b>	<b>\$ 2,537,978</b>	<b>\$ 9,902,862</b>	<b>\$ 9,517,141</b>	<b>\$ 12,351,764</b>	<b>\$ 12,055,119</b>

**Town of Livingston**

**Management's Discussion and Analysis  
As of and for the Year Ended December 31, 2017**

Governmental Activities capital assets increased by \$136,086 before depreciation of \$225,162, with the major increases consisting of \$34,907 for park improvements, \$32,209 for sidewalk improvements at Circle Drive Park, \$31,565 for Ford Expedition for police department, \$25,276 for a Dodge Durango for the mayor's office, \$4,602 for a scoreboard, \$3,036 for tactical vests for the police department, \$2,486 for vehicle equipment for the police department, and \$2,005 for police department equipment. Capital assets for business-type activities capital assets increased by \$801,834 before depreciation of \$416,113. Significant additions included \$431,193 for construction expenditures for the water well and tower project, \$13,000 for construction expenditures for the sewer expansion project, \$113,735 for water meter change outs, \$69,641 for sewer pumps at various lift stations, \$57,985 for a Jet Rudder, \$68,242 for utility trucks, \$16,152 in equipment, \$13,465 for gas meter change outs, \$4,561 for sewer system improvements and extensions, \$8,757 for water system improvements and extensions, \$3,475 for gas extension, \$931 for furniture, and \$697 for computer equipment.

**Long-Term Debt**

At December 31, 2017, the Town had total debt outstanding of \$4,879,551. Of this total, \$168,877 is due within one year and \$4,710,674 is due within greater than one year. The following table provides a summary of the Town's outstanding debt at the end of the current year as compared to the prior year.

**Outstanding Debt  
2017 and 2016**

	<b>Governmental</b>		<b>Business-Type Activities</b>		<b>Total</b>	
	<b>Activities</b>					
	<u>2017</u>	<u>2016</u>	<u>2017</u>	<u>2016</u>	<u>2017</u>	<u>2016</u>
Capital Leases	\$ 42,495	\$ 8,386	\$ 78,731	\$ -	\$ 121,226	\$ 8,386
Rev Bonds / Cert of Indebt.	-	-	4,758,325	4,900,215	4,758,325	4,900,215
<b>Total Outstanding Debt</b>	<u>\$ 42,495</u>	<u>\$ 8,386</u>	<u>\$ 4,837,056</u>	<u>\$ 4,900,215</u>	<u>\$ 4,879,551</u>	<u>\$ 4,908,601</u>

During 2017, the Town entered into a lease purchase agreement for \$162,155. 35.05% of this lease is recorded within the governmental funds as a capital lease in the General Fund. The remaining 64.95% is recorded in the Enterprise Fund. For more detailed information, see Note 12 to the financial statements in this report.

Long term debt decreased related to principal payments of \$174,315. Interest rates for long-term debt range from 2% to 4%. For more detailed information, see Note 13 to the financial statements in this report.

Bonds financed for the Town require a specific debt to net income ratio of 125%. As noted in Note 13, the Town met the required ratio for the fiscal year ended December 31, 2017.

**Other Factors Affecting the Town**

The Town of Livingston's management approach is conservative. When possible, the Mayor and Aldermen attempt to provide services for the Town based on existing revenues and to finance long-term projects only when absolutely necessary. The Town actively pursues grant funds to minimize the cost of major projects to its citizens. The Town also attempts to keep utility rates at the minimum required to cover the costs of utility system operation. However, gas system rates are largely dependent on the amounts charged the Town for the cost of gas sold. In addition, the Town is required to respond to the need for sewer system improvements as mandated for municipalities by the United States Environmental Protection Agency and the Louisiana Department of Environmental Quality.

**Town of Livingston**

**Management's Discussion and Analysis  
As of and for the Year Ended December 31, 2017**

**Contacting the Town's Financial Management**

This financial report is designed to provide the Town's citizens, taxpayers, creditors and investors with a general overview of the Town's finances and show the Town's accountability for the money it receives. Questions regarding this report or requests for additional information should be addressed to the Town of Livingston at 20550 Circle Drive, Livingston, Louisiana 70754, telephone (225) 686-7773.

**Basic Financial Statements**  
**Government-Wide Financial Statements**

## Statement A

**Town of Livingston**  
**Statement of Net Position**  
**As of December 31, 2017**

	<b>Primary Government</b>		<b>Total</b>
	<b>Governmental Activities</b>	<b>Business-Type Activities</b>	
<b>Assets</b>			
Current Assets:			
Cash and Cash Equivalents	\$ 553,122	\$ 655,695	\$ 1,208,817
Investments	134,512	-	134,512
Receivables, Net:			
Accounts	-	243,524	243,524
Intergovernmental	4,540	72,170	76,710
Other	273	35,444	35,717
Taxes	102,231	-	102,231
Due From Other Funds	-	166,235	166,235
Inventory	-	3,161	3,161
Prepaid Expenses	39,363	22,286	61,649
<b>Total Current Assets</b>	<b>834,041</b>	<b>1,198,515</b>	<b>2,032,556</b>
Restricted Assets:			
Restricted Cash and Cash Equivalents	11,786	365,141	376,927
<b>Total Restricted Assets</b>	<b>11,786</b>	<b>365,141</b>	<b>376,927</b>
Capital Assets:			
Land	138,634	-	138,634
Construction in Progress	38,044	500,813	538,857
Capital Assets, Net	2,272,224	9,402,049	11,674,273
<b>Total Capital Assets</b>	<b>2,448,902</b>	<b>9,902,862</b>	<b>12,351,764</b>
Other Assets:			
Unamortized Bond Insurance Costs	-	25,456	25,456
<b>Total Assets</b>	<b>3,294,729</b>	<b>11,491,974</b>	<b>14,786,703</b>
<b>Deferred Outflows of Resources</b>			
Pension Related	256,943	148,952	405,895
Advanced Bond Refunding	-	761,250	761,250
<b>Total Deferred Outflows of Resources</b>	<b>256,943</b>	<b>910,202</b>	<b>1,167,145</b>
<b>Liabilities</b>			
Current Liabilities:			
Accounts Payable	52,135	31,701	83,836
Other Accrued Payables	66,720	193,834	260,554
Due To Other Funds	166,235	-	166,235
Customer Deposits	-	182,011	182,011
Bonds Payable	-	130,000	130,000
Capital Leases	13,627	25,250	38,877
<b>Total Current Liabilities</b>	<b>298,717</b>	<b>562,796</b>	<b>861,513</b>
Long Term Liabilities:			
Bonds Payable	-	4,628,325	4,628,325
Capital Leases	28,868	53,481	82,349
Net Pension Liability	844,873	378,253	1,223,126
<b>Total Long Term Liabilities</b>	<b>873,741</b>	<b>5,060,059</b>	<b>5,933,800</b>
<b>Total Liabilities</b>	<b>1,172,458</b>	<b>5,622,855</b>	<b>6,795,313</b>
<b>Deferred Inflows of Resources</b>			
Pension Related	21,962	9,828	31,790
<b>Total Deferred Inflows of Resources</b>	<b>21,962</b>	<b>9,828</b>	<b>31,790</b>
<b>Net Position</b>			
Net Investment in Capital Assets	2,406,407	5,714,156	8,120,563
Restricted for:			
Capital Projects and Debt Service	11,786	168,240	180,026
Unrestricted	(60,941)	887,097	826,156
<b>Total Net Position</b>	<b>\$ 2,357,252</b>	<b>\$ 6,769,493</b>	<b>\$ 9,126,745</b>

The accompanying notes are an integral part of this financial statement.

**Town of Livingston  
Statement of Activities  
For the year ended December 31, 2017**

	<u>Expenses</u>	<u>Program Revenues</u>		
		<u>Charges for Services</u>	<u>Operating Grants &amp; Contributions</u>	<u>Capital Grants &amp; Contributions</u>
<b>Governmental Activities</b>				
General Government	\$ 700,521	\$ 208,314	\$ 8,941	\$ 9,800
Public Safety - Police Protection	500,409	164,736	45,013	-
Public Safety - Fire Protection	86,542	-	47,169	-
Public Works - Streets	250,703	-	-	-
Sanitation	198,373	204,830	-	-
Health and Welfare	2,510	-	-	-
Recreation	292,217	178,310	-	-
Capital Lease Interest	993	-	-	-
<b>Total Governmental Activities</b>	<u>2,032,268</u>	<u>756,190</u>	<u>101,123</u>	<u>9,800</u>
<b>Business-type Activities</b>				
Gas	443,092	398,738	3,279	-
Water	593,396	1,119,078	4,371	290,711
Sewer	849,058	716,562	3,279	16,000
<b>Total Business-type Activities</b>	<u>1,885,546</u>	<u>2,234,378</u>	<u>10,929</u>	<u>306,711</u>
<b>Total All Activities</b>	<u>\$ 3,917,814</u>	<u>\$ 2,990,568</u>	<u>\$ 112,052</u>	<u>\$ 316,511</u>

**General Revenues:**

Taxes:

- Franchise Taxes
- Property Taxes
- Sales and Use Taxes
- Other Taxes

Intergovernmental

Interest Income

Miscellaneous

Insurance Proceeds

Reimbursement of Expenses from FEMA

Operating Transfers In (Out)

**Total General Revenues and Transfers**

**Change in Net Position**

**Net Position - Beginning**

**Net Position - Ending**

The accompanying notes are an integral part of this financial statement.

**Statement B**

<b>Net (Expenses) Revenues and Changes in Net Position</b>			
<b>Net (Expenses) Revenues</b>	<b>Governmental Activities</b>	<b>Business- Type Activities</b>	<b>Total</b>
\$ (473,466)	\$ (473,466)	\$ -	\$ (473,466)
(290,660)	(290,660)	-	(290,660)
(39,373)	(39,373)	-	(39,373)
(250,703)	(250,703)	-	(250,703)
6,457	6,457	-	6,457
(2,510)	(2,510)	-	(2,510)
(113,907)	(113,907)	-	(113,907)
(993)	(993)	-	(993)
(1,165,155)	(1,165,155)	-	(1,165,155)
(41,075)	-	(41,075)	(41,075)
820,764	-	820,764	820,764
(113,217)	-	(113,217)	(113,217)
666,472	-	666,472	666,472
\$ (498,683)	(1,165,155)	666,472	(498,683)
	148,199	-	148,199
	66,855	-	66,855
	592,592	-	592,592
	6,289	-	6,289
	-	-	-
	1,550	960	2,510
	4,111	-	4,111
	9,466	-	9,466
	31,330	-	31,330
	160,200	(160,200)	-
	1,020,592	(159,240)	861,352
	(144,563)	507,232	362,669
	2,501,815	6,262,261	8,764,076
\$ 2,357,252	\$ 2,357,252	\$ 6,769,493	\$ 9,126,745

# Basic Financial Statements

## Fund Financial Statements

Statement C

Town of Livingston  
 Balance Sheet, Governmental Funds  
 As of December 31, 2017

	<u>General Fund</u>
<b>Assets</b>	
Cash and Equivalents	\$ 564,908
Investments	134,512
Receivables, Net:	
Intergovernmental	4,540
Other	273
Taxes	102,231
Prepaid Insurance	39,363
<b>Total Assets</b>	<b>\$ 845,827</b>
<b>Total Liabilities, Deferred Inflows of Resources, and Fund Balances</b>	
Liabilities:	
Accounts Payable	\$ 52,135
Accrued Salaries	18,771
Other Accrued Liabilities	47,949
Due to Other Funds	166,235
<b>Total Liabilities</b>	<b>285,090</b>
Deferred Inflows of Resources:	
Unavailable Ad Valorem Taxes	-
<b>Total Deferred Inflows of Resources</b>	<b>-</b>
Fund Balances:	
Nonspendable	39,363
Restricted	11,786
Unassigned	509,588
<b>Total Fund Balances</b>	<b>560,737</b>
<b>Total Liabilities, Deferred Inflows of Resources, and Fund Balances</b>	<b>\$ 845,827</b>

The accompanying notes are an integral part of this financial statement.

**Town of Livingston**  
**Reconciliation of the Governmental Funds Balance Sheet**  
**to the Government-Wide Financial Statement of Net Position**  
**As of December 31, 2017**

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

<b>Fund Balances, Total Governmental Funds (Statement C)</b>	\$	560,737
<p>Capital assets used in governmental activities are not financial resources and are therefore not reported in the governmental funds.</p>		
Governmental capital assets net of depreciation		2,448,902
<p>Long-term liabilities including capital lease payable are not due and payable in the current period and, therefore, are not reported in the governmental funds.</p>		
Capital Leases Payable		(42,495)
Net Pension Liability		(844,873)
Deferred Outflows of Resources		256,943
Deferred Inflows of Resources		(21,962)
<b>Net Position of Governmental Activities (Statement A)</b>	<b>\$</b>	<b><u>2,357,252</u></b>

The accompanying notes are an integral part of this financial statement.

**Town of Livingston**  
**Statement of Revenues, Expenditures and**  
**Changes in Fund Balances**  
**For the year ended December 31, 2017**

Statement E

		<u>General Fund</u>
<b>Revenues</b>		
Taxes	\$	816,601
Licenses and Permits		208,314
Intergovernmental		110,256
Sanitation Fees		204,830
Fines and Forfeitures		164,199
Grants		13,085
Interest		1,550
Parks and Recreation		149,075
Miscellaneous		7,168
<b>Total Revenues</b>		<u>1,675,078</u>
<b>Expenditures</b>		
General Government		650,266
Public Safety:		
Police		420,625
Fire		69,431
Streets		154,560
Sanitation		198,373
Health and Welfare		2,510
Recreation		223,540
Capital Outlays		136,086
Debt Service		.
Principal		22,732
Interest		993
<b>Total Expenditures</b>		<u>1,879,116</u>
<b>Excess (Deficiency) of Revenues Over (Under)</b>		<u>(204,038)</u>
<b>Other Financing Sources (Uses)</b>		
Operating Transfers In		170,000
Operating Transfers (Out)		(9,800)
Insurance Proceeds		9,466
Capital Lease Proceeds		56,841
Federal Emergency Management Reimbursements		31,330
<b>Total Other Financing Sources (Uses)</b>		<u>257,837</u>
<b>Net Change in Fund Balances</b>		<u>53,799</u>
<b>Fund Balances, Beginning</b>		<u>506,938</u>
<b>Fund Balances, Ending</b>	\$	<u><u>560,737</u></u>

The accompanying notes are an integral part of this financial statement.

**Town of Livingston**  
**Reconciliation of the Statement of Revenues, Expenditures,**  
**and Changes in Fund Balances of Governmental Funds**  
**to the Statement of Activities**  
**For the year ended December 31, 2017**

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

**Net Change in Fund Balances, Total Governmental Funds, Statement E** \$ 53,799

Governmental funds report capital outlays as expenditures. However, in the statement of activities the costs of these assets are allocated over their estimated useful lives and reported as depreciation expense. This is the amount by which depreciation exceeded capital outlays in the current period.

Expenditures for capital assets	\$ 136,086	
Less:		
Current year depreciation	(225,162)	(89,076)

Repayment of capital lease principal is an expenditure in governmental funds but the repayment reduces long-term liabilities in the statement of net position. Proceeds received through capital leases are recorded as an other financing source in governmental funds, but as increases in a long term liability in the statement of net position.

Proceeds from capital leases	(56,841)	
Principal payments - capital leases	22,732	(34,109)

Non-employer contributions to cost-sharing pension plan		20,586
Pension Expense		(86,808)

Deferred inflows of resources for ad valorem taxes collected after year end, but not available soon enough to pay for current expenditures changed by the following amount.		(8,955)
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**Change in Net Position of Governmental Activities, Statement B** \$ (144,563)

The accompanying notes are an integral part of this financial statement.

**Town of Livingston**  
**Statement of Net Position - Proprietary Funds**  
**As of December 31, 2017**

**Statement G**

**Assets**

Current Assets:

Cash and Cash Equivalents	\$	655,695
Receivables, Net:		
Accounts		243,524
Other		35,444
Due from Other Governments		72,170
Due From Other Funds		166,235
Inventory - Natural Gas		3,161
Prepaid Expenses		22,286
Total Current Assets		1,198,515

Restricted Assets:

Restricted Cash and Cash Equivalents		365,141
Total Restricted Assets		365,141

Property, Plant, and Equipment

Construction in Progress		500,813
Property, Plant and Equipment, Net		9,402,049
Total Property, Plant, and Equipment		9,902,862

Other Assets:

Unamortized Bond Insurance Costs		25,456
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**Total Assets**

11,491,974

**Deferred Outflows of Resources**

Pension Related		148,952
Advanced Bond Refunding		761,250
<b>Total Deferred Outflows of Resources</b>		<b>910,202</b>

**Liabilities**

Current Liabilities (Payable From Current Assets):

Accounts Payable		31,701
Other Accrued Payables		193,834
Capital Lease Payable		25,250
Revenue Bonds Payable		130,000
Total Current Liabilities (Payable From Current Assets)		380,785

Current Liabilities (Payable From Restricted Assets):

Customer Deposits		182,011
Total Current Liabilities (Payable From Restricted Assets)		182,011

Long Term Liabilities:

Bonds Payable		4,628,325
Capital Lease Payable		53,481
Net Pension Liability		378,253
Total Long Term Liabilities		5,060,059

**Total Liabilities**

5,622,855

**Deferred Inflows of Resources**

Pension Related		9,828
<b>Total Deferred Inflows of Resources</b>		<b>9,828</b>

**Net Position**

Net Investment in Capital Assets		5,714,156
Restricted for:		
Capital Projects and Debt Service		168,240
Unrestricted		887,097

**Total Net Position**

\$ 6,769,493

The accompanying notes are an integral part of this financial statement.

**Town of Livingston**  
**Statement of Revenues, Expenses and**  
**Changes in Net Position - Proprietary Funds**  
**For the year ended December 31, 2017**

	<b>Business-Type Activities-</b>			<b>Total</b>
	<b>Enterprise Funds</b>			
	<b>Gas Utility System</b>	<b>Water Utility System</b>	<b>Sewer Utility System</b>	
<b>Operating Revenues</b>				
Gas Sales	\$ 383,234	\$ -	\$ -	\$ 383,234
Less Cost of Gas Sold	(120,734)	-	-	(120,734)
Gross Profit on Gas Sales	262,500	-	-	262,500
Water Sales	-	1,025,077	-	1,025,077
Sewer Service Charges	-	-	668,317	668,317
Intergovernmental	3,279	4,371	3,279	10,929
Other	15,504	94,001	48,245	157,750
<b>Total Operating Revenues</b>	<b>281,283</b>	<b>1,123,449</b>	<b>719,841</b>	<b>2,124,573</b>
<b>Operating Expenses</b>				
Bad Debts	-	-	-	-
Billing Costs	-	-	-	-
Depreciation and Amortization	25,840	123,552	267,800	417,192
Employee Benefits	60,371	80,491	60,370	201,232
Insurance	-	45,476	-	45,476
Other	30,775	63,359	111,640	205,774
Professional Fees	23,396	13,210	9,354	45,960
Repairs and Maintenance	45,355	55,911	59,106	160,372
Salaries and Wages	129,115	171,784	129,114	430,013
Supplies	7,272	11,782	6,291	25,345
Utilities	-	27,606	37,850	65,456
<b>Total Operating Expenses</b>	<b>322,124</b>	<b>593,171</b>	<b>681,525</b>	<b>1,596,820</b>
<b>Operating Income (Loss)</b>	<b>(40,841)</b>	<b>530,278</b>	<b>38,316</b>	<b>527,753</b>
<b>Nonoperating Revenues (Expenses)</b>				
Interest Income	52	430	478	960
Interest Expense	(197)	(262)	(167,533)	(167,992)
<b>Total Nonoperating Revenues (Expenses)</b>	<b>(145)</b>	<b>168</b>	<b>(167,055)</b>	<b>(167,032)</b>
<b>Income (Loss) Before Contributions and Transfers</b>	<b>(40,986)</b>	<b>530,446</b>	<b>(128,739)</b>	<b>360,721</b>
<b>Contributions and Transfers</b>				
Capital Contributions	-	290,711	16,000	306,711
Operating Transfers In	-	9,800	-	9,800
Operating Transfers Out	(51,000)	(68,000)	(51,000)	(170,000)
<b>Change in Net Position</b>	<b>(91,986)</b>	<b>762,957</b>	<b>(163,739)</b>	<b>507,232</b>
<b>Total Net Position, Beginning</b>				<b>6,262,261</b>
<b>Total Net Position, Ending</b>				<b>\$ 6,769,493</b>

The accompanying notes are an integral part of this financial statement.

**Statement I**

**Town of Livingston  
Statement of Cash Flows  
Proprietary Funds  
For the year ended December 31, 2017**

	<u><b>Enterprise Fund</b></u>
<b>Cash Flows From Operating Activities</b>	
Received From Customers	\$ 2,032,267
Received for Meter Deposit Fees	22,089
Other Receipts	85,020
(Payments for) Interfund Services	85,190
(Payments for) Operations	(580,243)
(Payments to) Employees	(595,177)
Net Cash Provided (Used) by Operating Activities	<u>1,049,146</u>
<b>Cash Flows From Noncapital Financing Activities</b>	
Transfers From (To) Other Funds	<u>(160,200)</u>
Net Cash Provided (Used) by Noncapital Financing Activities	<u>(160,200)</u>
<b>Cash Flows From Capital and Related Financing Activities</b>	
Capital Grants Received	306,711
(Payments for) Capital Acquisitions	(723,103)
Principal Proceeds from (Repayments for) Long Term Debt	(109,611)
Interest Payments for Long Term Debt	(165,855)
Net Cash Provided (Used) by Capital and Related Financing Activities	<u>(691,858)</u>
<b>Cash Flows From Investing Activities</b>	
Receipt of Interest	<u>960</u>
Net Cash Provided (Used) by Investing Activities	<u>960</u>
<b>Net Cash Increase (Decrease) in Cash and Cash Equivalents</b>	198,048
<b>Cash and Cash Equivalents, Beginning of Year</b>	<u>822,788</u>
<b>Cash and Cash Equivalents, End of Year</b>	<u><u>\$ 1,020,836</u></u>
<b>Reconciliation of Cash and Cash Equivalents to the Statement of Net Position:</b>	
Cash and Cash Equivalents, Unrestricted	\$ 655,695
Cash and Cash Equivalents, Restricted	365,141
Total Cash and Cash Equivalents	<u><u>\$ 1,020,836</u></u>

The accompanying notes are an integral part of this financial statement.

**Town of Livingston  
Statement of Cash Flows  
Proprietary Funds  
For the year ended December 31, 2017**

**Statement I**

	<u>Enterprise Fund</u>
<b>Reconciliation of Operating Income (Loss) to Net Cash Provided (Used) by Operating Activities</b>	
Operating Income (Loss)	\$ 527,753
Adjustments to Reconcile Operating Income (Loss) to Net Cash Provided by Operating Activities:	
Depreciation	417,192
(Increase) decrease in Accounts Receivable	(44,361)
(Increase) decrease in Other Receivable	(83,659)
(Increase) decrease in Prepaid Insurance	(5,596)
(Increase) decrease in Deferred Outflows of Resources	(16,174)
(Increase) decrease in Due (to) and from Other Funds	85,190
Increase (decrease) in Accounts Payable	(25,402)
Increase (decrease) in Deferred Inflows of Resources	2,080
Increase (decrease) in Accrued Expenses	170,034
Increase (decrease) in Customer Deposits	22,089
Net Cash Provided by Operating Activities	<u>\$ 1,049,146</u>

(Concluded)

The accompanying notes are an integral part of this financial statement.

# Basic Financial Statements

## Notes to the Financial Statements

**Town of Livingston**  
**Notes to the Financial Statements**  
**As of and for the Year Ended December 31, 2017**

**Introduction**

The Town of Livingston, Louisiana was incorporated November 4, 1955, under the provisions of the Lawrason Act. The Town operates under a Mayor/Board of Aldermen form of government. The Mayor and each of five aldermen are elected at large for four-year terms. The Mayor and Aldermen are compensated per diem for each meeting attended; in addition, the Mayor receives a salary. The Town is located 28 miles east of Baton Rouge, Louisiana, north of Interstate Highway 12, with U.S. Highway 190 intersecting the northern part of the Town.

The Town's total population is 1,769, as reported by the U.S. Census Bureau, Census 2010. The Town provides police and fire protection, services to maintain and develop streets, drainage, and sanitation, support of recreation activities, general and administrative services, and utilities services for area residents. The Town provides water, gas, and sewer utility services to 2,486 water customers, 618 gas customers, and 1,450 sewer customers inside and outside of the Town limits. The water distribution system provides services for Town of Livingston, Satsuma, and Brentwood. The current sewerage system consists of two separate collection systems with two separate sewerage treatment plants. The first and larger of the sewerage treatment plants is located at the Red Oak Facility in the Town of Livingston. The second is located in the subdivision of Brentwood and services the Satsuma area. The Town employs 18 full-time employees in addition to the Mayor and Board of Aldermen.

Governmental Accounting Standards Board (GASB) Statement No. 14, as amended, establishes criteria for determining the reporting entity and component units that should be included within the reporting entity. Under provisions of this statement, the Town of Livingston is considered a primary government, since it is a local special purpose government that has a separately elected governing body.

**1. Summary of Significant Accounting Policies**

**A. Government-Wide and Fund Financial Statements**

The government-wide financial statements (i.e., the statement of net position and the statement of activities) report information on all nonfiduciary activities of the primary government and its component units. For the most part, the effect of interfund activity has been removed from these statements. Governmental activities, which normally are supported by taxes and intergovernmental revenues, are reported separately from business-type activities, which rely to a significant extent on fees and charges for support. Likewise, the primary government is reported separately from certain legally separate component units for which the primary government is financially accountable.

These financial statements are presented in accordance with GASB Statement No. 34, *Basic Financial Statements, Management's Discussion and Analysis, for State and Local Governments*, as amended by GASB Statements described in the following paragraphs. Statement No. 34 established standards for financial reporting, with presentation requirements originally including a statement of net position (or balance sheet), a statement of activities, and a statement of cash flows. The definition and composition of these statements, as originally defined in GASB Statement No. 34, are as amended by GASB Statements included in the following paragraphs. The District has also adopted the provisions of GASB Statement No. 33, *Accounting and Financial Reporting for Nonexchange Transactions* that require capital contributions to the District to be presented as a change in net position.

GASB Statement No. 63, *Financial Reporting of Deferred Outflows of Resources, Deferred Inflows of Resources, and Net Position*, effective for financial statement periods ending after December 15, 2012, provides guidance for reporting deferred outflows of resources, deferred inflows of resources, and net position in a statement of financial position and related disclosures. Concepts Statement No. 4, *Elements of Financial Statements*, introduced and defined *Deferred Outflows of Resources* as a consumption of net

**Town of Livingston**  
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assets by the government that is applicable to a future reporting period, and *Deferred Inflows of Resources* as an acquisition of net position by the government that is applicable to a future reporting period, respectively. Previous financial reporting standards do not include guidance for reporting those financial statement elements, which are distinct from assets and liabilities. GASB Concepts Statement 4 identifies net position as the residual of all other elements presented in a statement of financial position. This Statement amends the net asset reporting requirements in Statement No. 34, *Basic Financial Statements—and Management’s Discussion and Analysis—for State and Local Governments*, and other pronouncements by incorporating deferred outflows of resources and deferred inflows of resources into the definitions of the required components of the residual measure and by renaming that measure as net position, rather than net assets. The definition and reporting of net position is further described in *Footnote J – Net Position and Fund Equity*. As required by the Governmental Accounting Standards Board (GASB), the Town implemented GASB Statement No. 63 during the year ending December 31, 2012. The Town had deferred outflows and deferred inflows of resources related to pension and advanced bond refunding of \$1,167,145 and \$31,790, respectively, at December 31, 2017.

The Town has also adopted GASB Statement No. 65, *Items Previously Reported as Assets and Liabilities*. This Statement establishes accounting and financial reporting standards that reclassify, as deferred outflows of resources or deferred inflows of resources, certain items that were previously reported as assets and liabilities and recognizes, as outflows of resources or inflows of resources, certain items that were previously reported as assets and liabilities. The application of this standard to long-term debt offerings of the District is more fully described in *Footnote I – Long-Term Obligations*.

The statement of activities demonstrates the degree to which the direct expenses of a given function or segments are offset by program revenues. Direct expenses are those that are clearly identifiable with a specific function or segment. Program revenues include 1) charges to customers or applicants who purchase, use or directly benefit from goods, services, or privileges provided by a given function or segment and 2) grants and contributions that are restricted to meeting the operational or capital requirements of a particular function or segment. Taxes and other items not properly included among program revenues are reported instead as general revenues.

Separate financial statements are provided for governmental funds, and proprietary funds. Major individual governmental funds and major individual enterprise funds are presented as separate columns in the fund financial statements.

**B. Measurement Focus, Basis of Accounting, and Financial Statement Presentation**

The government-wide financial statements are reported using the economic resources measurement focus and the accrual basis of accounting, as are the proprietary fund and fiduciary fund financial statements. Revenues are recorded when earned and expenses are recorded when a liability is incurred, regardless of the timing of related cash flows. Property taxes are recognized as revenues in the year for which they are levied. Grants and similar items are recognized as revenue as soon as all eligibility requirements imposed by the provider have been met.

Governmental fund financial statements are reported using the current financial resources measurement focus and the modified accrual basis of accounting. Revenues are recognized as soon as they are both measurable and available. Revenues are considered to be available when they are collectible within the current period or soon enough thereafter to pay liabilities of the current period. For this purpose, the government considers revenues to be available if they are collected within 60 days of the end of the current fiscal period. Expenditures generally are recorded when a liability is incurred, as under accrual accounting. However, debt service expenditures, as well as expenditures related to compensated absences and claims and judgments, are recorded only when payment is due.

**Town of Livingston**  
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Property taxes, franchise taxes, licenses, and interest associated with the current fiscal period are all considered to be susceptible to accrual and so have been recognized as revenues of the current fiscal period. Only the portion of special assessment receivable, if any, due within the current fiscal period is considered to be susceptible to accrual as revenue of the current period. All other revenue items are considered to be measurable and available only when cash is received by the government.

The Town reports the following major governmental funds:

The *General Fund* is the Town'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 Town reports the following major proprietary fund:

The *Enterprise Funds* account for operations (a) that are financed and operated in a manner similar to private business enterprise where the intent of the governing body is that costs (expenses, including depreciation) of providing goods or services to the general public on a continuing basis be financed or recovered primarily through user fees, or (b) where the governing body has decided that periodic determination of revenues earned, expenses incurred, and/or net income is appropriate for capital maintenance, public policy, management control, accountability, or other purposes.

As a general rule, the effect of interfund activity has been eliminated from the government-wide financial statements. Exceptions to this general rule, if applicable, are payments-in-lieu of taxes and other charges between the government's enterprise operations. Elimination of these charges would distort the direct costs and program revenues reported for the various functions concerned.

Amounts reported as program revenues include 1) charges to customers or applicants for goods, services, or privileges provided, 2) operating grants and contributions, and 3) capital grants and contributions, including special assessments. Internally dedicated resources are reported as general revenues rather than as program revenues. Likewise, general revenues include all taxes.

Proprietary funds distinguish operating revenues and expenses from nonoperating items. Operating revenues and expenses generally result from providing services and producing and delivering goods in connection with a proprietary fund's principal ongoing operations. The principal operating revenues of the proprietary funds are user charges for the services provided by the enterprise funds. Operating expenses for enterprise funds and internal service funds include the cost of sales and services, administrative expenses, and depreciation on capital assets. All revenues and expenses not meeting this definition are reported as nonoperating revenues and expenses.

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

When restricted, committed, assigned, or unassigned fund balances are available for use, the Town considers amounts to have been spent first out of restricted funds, and then committed funds, then assigned funds, and finally unassigned funds as needed, unless it has been provided for otherwise in the restriction, commitment, or assignment action.

**C. Deposits and Investments**

The Town's cash and cash equivalents are considered to be cash on hand, demand deposits, time deposits, and short-term investments with original maturities of three months or less from the date of acquisition. State law and the Town's investment policy allow the Town to invest in collateralized certificates of

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deposit, government-backed securities, commercial paper, the state-sponsored investment pool, and mutual funds consisting solely of government-backed securities.

Investments for the Town are reported at fair market value. The state investment pool, LAMP, operates in accordance with state laws and regulations. The reported value of the pool is the same as the fair value of the pool shares. Investments are limited by Louisiana Revised Statute (R.S.) 33:2955 and the Town's investment policy.

**D. Receivables and Payables**

Activity between funds that are representative of lending/borrowing arrangements outstanding at the end of the fiscal year are referred to as either "due to/from other funds" (i.e., the current portion of interfund loans) or "advances to/from other funds" (i.e., the non-current portion of interfund loans). All other outstanding balances between funds are reported as "due to/from other funds." Any residual balances outstanding between the governmental activities and business-type activities are reported in the government-wide financial statements as "internal balances."

Advances between funds, as reported in the fund financial statements, are offset by a fund balance reserve account in applicable governmental funds to indicate that they are not available for appropriation and are not expendable available financial resources.

All trade and property tax receivables are shown net of an allowance for uncollectible amounts.

Property taxes are levied on a calendar year basis and become due on January 1 of each year. The following is a summary of authorized and levied ad valorem taxes:

	<b>Authorized Millage</b>	<b>Levied Millage</b>	<b>Expiration Date</b>
General Corporate Purposes	4.77 mills	4.77 mills	None

Sales and use taxes are levied at one percent for perpetuity. The proceeds of this sales and use tax are dedicated to general corporate purposes.

**E. Inventories and Prepaid Items**

All inventories are valued at cost using the first-in/first-out method. Inventories of the governmental funds are recorded as expenditures when consumed rather than when purchased. Certain payments to vendors reflect costs applicable to future accounting periods and are recorded as prepaid items in both government-wide and fund financial statements.

**F. Restricted Assets**

Certain proceeds of the enterprise fund revenue bonds, as well as certain resources set aside for their repayment, are classified as restricted assets because their use is limited by applicable bond covenants. Additionally, funds held for customer's meter deposits are also classified as restricted assets.

Certain amounts shown as governmental restricted assets are to be used for specified purposes, such as construction of capital assets and servicing capital leases. Such assets have been restricted by bond indenture, law, or contractual obligations.

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**G. Capital Assets**

Capital assets, which include property, plant, equipment, and infrastructure assets (e.g., roads, bridges, sidewalks, and similar items), are reported in the applicable governmental or business-type activities columns in the government-wide financial statements. Capital assets are capitalized at historical cost or estimated cost if historical cost is not available. Donated assets are recorded as capital assets at their estimated fair market value at the date of donation. The municipality maintains a threshold level of \$500 or more for capitalizing capital assets.

The costs of normal maintenance and repairs that do not add to the value of the asset or materially extend assets lives are not capitalized.

Major outlays for capital assets and improvements are capitalized as projects are constructed. Interest incurred during the construction phase of capital assets of business-type activities is included as part of the capitalized value of the assets constructed.

All capital assets, other than land, are depreciated using the straight-line method over the following useful lives:

<u>Description</u>	<u>Estimated Lives</u>
Buildings & Improvements	20 - 40 Years
Vehicles and Equipment	5 - 15 Years
Furniture and Fixtures	5 - 10 Years
Computers and Software	5 Years
Infrastructure	20 - 40 Years
Gas System	20 - 40 Years
Water System	20 - 40 Years
Sewer System	20 - 40 Years

**H. Compensated Absences**

The Town has the following policy related to vacation and sick leave:

All employees during their first and second year of service will receive one week paid vacation each year. One week of vacation can be taken after the first six months of the first year. Employees with two or more years of service will receive two weeks paid vacation each year. Employees with ten years or more will receive three weeks. Employees with twenty years or more will receive four weeks. Preference will be posted by January 15 of each year. Vacations will be approved by the department head and the Mayor. Vacation will be calculated on a calendar year. An employee hired after the first six months of a year will receive one week during the following calendar year. Vacation time accrued must be taken by the end of the fiscal year.

After six months employment, an employee may receive eight hours sick leave each month. After two years employment, the sick leave will increase to ten hours each month. All employees who have been employed by the Town five years or longer will receive twelve hours sick leave each month. An employee may accumulate a maximum of one thousand four hundred forty hours sick leave. No pay shall be granted for sick days if employee resigns or is terminated. No sick days shall be taken in lieu of vacations.

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In accordance with GASB-16, *Accounting for Compensated Absences*, no liability has been accrued for unused employee sick leave.

**I. Long-Term Obligations**

In the government-wide financial statements and the proprietary fund types in the fund financial statements, long-term debt and other long-term obligations are reported as liabilities in the applicable governmental activities, business-type activities, or proprietary fund type statement of net position. Bond premiums and discounts are amortized over the life of the bonds using the effective interest method. Bonds payable are reported net of the applicable bond premium or discount. Issuance costs, whether or not withheld from the actual debt proceeds received, are now expended in the period incurred under GASB 65.

The Town has implemented GASB Statement No. 65, *Items Previously Reported as Assets and Liabilities*, and with the implementation of GASB 65, the recognition of bond-related costs, including the costs related to issuance and refunding of debt, were revised. This standard was intended to compliment GASB Statement No. 63 *Financial Reporting of Deferred Outflows of Resources, Deferred Inflows of Resources, and Net Position*. Bond issuance costs, whether or not withheld from the actual debt proceeds received, are now expended in the period incurred under GASB 65. The Town did not have any bond related costs in the year ending December 31, 2017.

In the fund financial statements, governmental fund types recognize bond premiums and discounts as well as bond issuance costs during the current period. The face amount of the debt issued is reported as other financing sources. Premiums received on debt issuances are reported as other financing sources while discounts on debt issuances are reported as other financing uses. Issuance costs, whether or not withheld from the actual debt proceeds received, are reported as debt service expenditures.

**J. Net Position and Fund Equity**

GASB Statement No. 34, *Basic Financial Statements, Management's Discussion and Analysis, for State and Local Governments*, required reclassification of net assets into three separate components. GASB Statement No. 63, *Financial Reporting of Deferred Outflows of Resources, Deferred Inflows of Resources, and Net Position*, revised the terminology by incorporating deferred outflows of resources and deferred inflows of resources into the definitions of the required components of the residual measure and by renaming that measure as net position, rather than net assets. GASB Statement No. 63 requires the following components of net position:

- **Net Investment in Capital Assets Component of Net Position** – The *net investment in capital assets* component of net position includes capital assets, net of accumulated depreciation, reduced by the outstanding balance of any bonds, mortgages, notes, or other borrowings that are attributable to the acquisition, construction, or improvement of those assets. Deferred outflows of resources and deferred inflows of resources that are attributable to the acquisition, construction, or improvement of those assets or related debt also should be included in the component of net position. If there are significant unspent proceeds at year-end, the portion of the debt attributable to the unspent proceeds is not included in the calculation of invested in capital assets, net of related debt. Rather, that portion of the debt or deferred inflows or resources should be included in the same net position component (restricted or unrestricted) as the unspent amount.
- **Restricted Component of Net Position** - The *restricted* component of net position consists of restricted assets reduced by liabilities and deferred inflows of resources related to those assets. Generally, a liability relates to restricted assets if the asset results from a resource flow

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that also results in the recognition of a liability or if the liability will be liquidated with the restricted assets reported.

- **Unrestricted Component of Net Position** - The *unrestricted* component of net position is the net amount of the assets, deferred outflows of resources, liabilities, and deferred inflows of resources that are not included in the determination of net investment in capital assets or the restricted component of net position.

In the fund statements, governmental fund equity is classified as fund balance. The Town adopted GASB 54 for the year ended December 31, 2011. As such, fund balances of governmental funds are classified as follows:

- **Nonspendable.** These are amounts that cannot be spent either, because they are in a nonspendable form or because they are legally or contractually required to be maintained intact.
- **Restricted.** These are amounts that can be spent only for specific purposes, because of constitutional provisions, enabling legislation or constraints that are externally imposed by creditors, grantors, contributors, or the laws or regulations of other governments.
- **Committed.** These are amounts that can be used only for specific purposes determined by a formal decision of the Board, which is the highest level of decision making authority for the Town.
- **Assigned.** These are amounts that do not meet the criteria to be classified as restricted or committed, but are intended to be used for specific purposes based on the discretion of the Board.
- **Unassigned.** These are amounts that have not been assigned to other funds and amounts that have not been restricted, committed, or assigned to specific purposes within the general fund. Also within other governmental funds, these include expenditure amounts incurred for specific purposes which exceed the amounts restricted, committed, or assigned for those purposes.

**K. Comparative Data/Reclassifications**

Certain amounts presented in the prior year data have been reclassified in order to be consistent with the current year's presentation. All prior period adjustments recorded in the current period have been reflected in prior period data presented wherever possible.

**L. Extraordinary and Special Items**

Extraordinary items are transactions or events that are both unusual in nature and infrequent in occurrence. Special items are transactions or events within the control of the municipality, which are either unusual in nature or infrequent in occurrence.

**M. 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 amount of assets and liabilities and disclosure of contingent assets and liabilities at the date of

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the financial statements and the reported amounts of revenues and expenses during the reported period. Actual results could differ from those estimates.

**N. Reconciliations of Government-Wide and Fund Financial Statements**

Explanation of certain differences between the governmental fund balance sheet and the government-wide statement of net position is presented in Statement D of the basic financial statements. Explanation of certain differences between the governmental fund statement of revenues, expenditures, and changes in fund balances and the government-wide statement of activities is presented in Statement F of the basic financial statements.

**2. Stewardship, Compliance and Accountability**

The Town uses the following budget practices:

1. The Town Clerk prepares a proposed budget and submits same to the Mayor and Board of Aldermen no later than fifteen days prior to the beginning of each fiscal year.
2. A summary of the proposed budget is published and the public notified that the proposed budget is available for public inspection. At the same time, a public hearing is called.
3. A public hearing is held on the proposed budget at least ten days after publication of the call for the hearing.
4. After the holding of the public hearing and completion of all action necessary to finalize and implement the budget, the budget is adopted through passage of an ordinance prior to the commencement of the fiscal year for which the budget is being adopted.
5. Budgetary amendments involving the transfer of funds from one department, program or function to another or involving the increase in expenditures resulting from revenues exceeding amounts estimated require the approval of the Board of Aldermen.
6. All budgetary appropriations lapse at the end of each fiscal year.
7. Budgets for the general and enterprise funds are adopted on a basis consistent with generally accepted accounting principles (GAAP). Budgets for enterprise funds are presented on the accrual basis of accounting. Other governmental funds are presented on the modified accrual basis of accounting. Accordingly, the budgetary comparison schedules present actual expenditures in accordance with the accounting principles generally accepted in the United States on a basis consistent with the legally adopted budgets as amended. All budgetary amounts presented reflect the original budget and the amended budget (which have been adjusted for legally authorized revisions of the annual budget during the year).

The General Fund had no actual expenditures and other uses over budgeted amounts resulting in unfavorable variances greater than five percent in accordance with the Local Government Budget Act for the fiscal year ended December 31, 2017. The General Fund did have actual revenues and other sources below eight percent of budgeted revenues and other sources. This was due to intergovernmental revenue that was included in the current year budget that was recorded as a receivable in the prior year. This was overlooked during the budget process.

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**3. Cash and Cash Equivalents**

At December 31, 2017, the Town has cash and cash equivalents (book balances) as follows:

	<b>December 31, 2017</b>	<b>December 31, 2016</b>
Cash on Hand	\$ 100	\$ 100
Demand Deposits	1,585,611	1,155,661
Time and Savings	33	32
Total Cash and Cash Equivalents	1,585,744	1,155,793
<b>Other Deposits:</b>		
Louisiana Asset Management Pool (See Note 4)	134,512	133,218
Total Deposits	\$ 1,720,256	\$ 1,289,011

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.

Custodial credit risk as it relates to cash deposits is the risk that in the event of a bank failure, the government's deposits may not be returned. At December 31, 2017, the Town has \$1,634,935 in deposits (collected bank balances other than LAMP), consisting of \$1,518,024 in demand deposits and \$116,911 in time deposits. The deposits at the first bank totaling \$33 are secured from risk by the Trust Department of the respective bank, and at December 31, 2017 consisted of U.S. Treasury Obligations. The deposits at the second bank totaling \$116,878 are secured from risk by the Trust Department of the respective bank, and at December 31, 2017 consisted of U.S. Treasury Obligations. The deposits at the third bank totaling \$1,506,238 are secured from risk by \$250,000 of federal deposit insurance and \$1,256,238 of pledged securities. The \$1,256,238 is exposed to custodial credit risk because while the amount is secured by pledged securities, such securities are held by the custodial bank in the name of the fiscal agent bank (GASB Category 3). The deposits at the fourth bank totaling \$11,786 are secured from risk by \$250,000 of federal deposit insurance

Even though the pledged securities are considered uncollateralized (Category 3) under the provisions of GASB Statement 3, 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 municipality that the fiscal agent has failed to pay deposited funds upon demand.

**4. Investments**

Investments are categorized into these three categories of credit risk:

1. Insured or registered, or securities held by the town or its agent in the Town's name
2. Uninsured and unregistered, with securities held by the counterparty's trust department or agent in the Town's name
3. Uninsured and unregistered, with securities held by the counterparty, or by its trust department or agent but not in the Town's name

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All investments held by the Town fall into category 1 credit risk, defined as “insured or registered, or securities held by the Town or its agent in the Town’s name.” In accordance with GASB 31, *Accounting and Financial Reporting for Certain Investments and for External Investment Pools*, all investments are carried at fair market value, with the estimated fair market value based on quoted market prices.

*Interest Rate Risk:* The Town does not have a formal investment policy that limits investments maturities as a means of managing its exposure to fair value arising from increasing interest rates.

At December 31, 2017, the Town’s investment balances were as follows:

	<b>Carrying Amount</b>	<b>Fair Market Value</b>
Louisiana Asset Management Pool	134,512	134,512
Total	\$ 134,512	\$ 134,512

In accordance with GASB Codification Section 150.165, the investment in the Louisiana Asset Management Pool (LAMP) at December 31, 2017, is not categorized in the three risk categories provided by GASB Codification Section 150.164 because the investment is in the pool of funds and therefore not evidenced by securities that exist in physical or book entry form. The investment in LAMP is stated at the value of the pool shares, which is the same as the fair value. LAMP is administered by LAMP, Inc., a non-profit corporation organized under the laws of the State of Louisiana, which was formed by an initiative of the State Treasurer in 1993. The corporation is governed by a board of directors comprised of the State Treasurer, representatives from various organizations of local government, the Government Finance Office Association of Louisiana, and the Society of Louisiana CPAs. Only local government entities having contracted to participate in LAMP have an investment interest in its pool of assets. The primary objective of LAMP is to provide a safe environment for the placement of public funds in short-term, high quality investments. The LAMP portfolio includes only securities and other obligations in which local governments in Louisiana are authorized to invest.

LAMP is subject to the regulator oversight of the state treasurer and the board of directors. LAMP is not registered with the SEC as an investment company.

While LAMP is not required to be a registered investment company under the Investment Company Act of 1940, its investment policies are similar to those established by Rule 2a7, which governs registered money market funds. The primary objective of LAMP is to provide a safe environment for the placement of public funds in short-term, high quality investments. The LAMP portfolio includes only securities and other obligations in which local governments in Louisiana are authorized to invest in accordance with LSA-R.S. 33:2955.

GASB 40, *Deposit and Investment Risk Disclosure*, requires disclosure of credit risk, custodial credit risk, concentration of credit risk interest rate risk, and foreign currency risk for all public entity investments.

LAMP is a 2a7 – like investment pool. The following facts are relevant for 2a7 like investment pools:

1. Credit risk: LAMP is rated AAAM by Standards and Poor’s.
2. Custodial credit risk: LAMP participants’ investments in the pool are evidenced by shares of the pool. Investments in pools should be disclosed, but not categorized because they are not evidenced by securities that exist in physical or book-entry form. The public entity’s investment is with the pool, not the securities that make up the pool; therefore, no disclosure is required.
3. Concentration of credit risk: Pooled investments are excluded from the five percent disclosure requirement.

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4. Interest rate risk: 2a7-like investment pools are excluded from this disclosure requirement per paragraph 15 of the GASB 40 statement. However, LAMP prepares its own interest rate risk disclosure using the weighted average maturity (WAM) method. The WAM of LAMP assets is restricted to not more than 60 days, and consists of no securities with a maturity in excess of 397 days. The WAM for LAMP's total investments, as provided by LAMP, is 43 days as of December 31, 2017.
5. Foreign currency risk: Not applicable to 2a7-like pools.

LAMP is designed to be highly liquid to give its participants immediate access to their account balances. The investments in LAMP are stated at fair value based on quoted market rates. The fair value is determined on a weekly basis by LAMP and the value of the position in the external investment pool is the same as the net asset value of the pool shares.

LAMP, Inc. is subject to the regulatory oversight of the state treasurer and the board of directors. LAMP is not registered with the SEC as an investment company. LAMP, Inc., issues an annual publicly available financial report that includes financial statements and required supplementary information for LAMP, Inc. That report may be obtained by calling (800) 249-5267.

**5. Receivables**

Major receivables balances for the governmental activities include sales taxes, franchise taxes, occupational licenses, and fines. Business-type activities report utilities earnings as their major receivable.

In the fund financial statements, material receivables in governmental funds include revenue accruals such as sales tax, franchise taxes, occupational licenses, fines, and other similar intergovernmental revenues since they are usually both measurable and available. Utility accounts receivable comprise the majority of proprietary fund receivables.

Proprietary fund revenues consist of all revenues earned at year-end and not yet received. Utility accounts receivable comprise the majority of proprietary fund receivables. Allowances for uncollectible accounts receivable are based upon historical trends and the periodic aging and write-off of accounts receivable.

The Governmental Fund receivables at December 31, 2017 consist of the following:

<b>Government Receivables</b>	<b>General Fund</b>
Taxes:	
Ad Valorem	\$ 28,378
Public Utility Franchise	36,521
Sales and Use Tax	37,332
Intergovernmental:	
State of Louisiana, Beer Tax Distribution	1,527
FEMA	3,013
Royalties	273
<b>Total Government Receivables</b>	<b>\$ <u>107,044</u></b>

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The Enterprise Fund accounts receivable at December 31, 2017 consists of the following:

	<u>Enterprise Fund</u>
Accounts Receivable	
Current	\$ 216,313
31 - 60 Days	54,967
61 - 90 Days	15,325
Over 90 Days	<u>67,501</u>
Subtotal	354,106
Less Allowance for Bad Debt	<u>(110,582)</u>
Accounts Receivables, Net	243,524
Accrued Billings	<u>-</u>
Total Accounts Receivable	<u><u>\$ 243,524</u></u>

For the fiscal year ended December 31, 2017, there was no bad debt expense recorded. The uncollectible allowance was in excess of the receivables due over 90 days. During the fiscal year, the Town evaluated and improved the utility billing procedures. The Town is still analyzing some past due accounts to determine the collectability.

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**6. Interfund Receivables/Payables**

The following is a detailed list of inter-fund balances reported in the fund financial statements on December 31, 2017:

<b>Interfund Balances</b>	<b>Due From Other Funds</b>	<b>Due To Other Funds</b>
General Fund	\$ -	\$ (166,235)
Enterprise Fund	166,235	-
<b>Total Interfund Balances</b>	<b>\$ 166,235</b>	<b>\$ (166,235)</b>

The balance due between funds represents credit card collections of the General Fund due the Enterprise Fund at December 31, 2017.

**7. Restricted Assets**

Restricted assets for the Governmental Funds and Enterprise Fund at December 31, 2017 and 2016 were as follows:

	<b>December 31, 2017</b>	<b>December 31, 2016</b>
<b>Restricted Cash and Cash Equivalents</b>		
<b>Governmental Funds</b>		
Deutsche Lease Account	\$ 11,786	\$ 11,786
<b>Enterprise Fund</b>		
Customer Deposits	182,011	159,922
Bond Reserve Account	-	1,011
Bond Sinking Account	175,685	171,352
Unspent Capital Lease Proceeds	7,445	-
<b>Total Restricted Assets</b>	<b>\$ 376,927</b>	<b>\$ 344,071</b>

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**8. Capital Assets**

Capital assets and depreciation activity as of and for the year ended December 31, 2017 for governmental activities is as follows:

<b>Governmental Activities Capital Assets:</b>	<b>Beginning Balance</b>	<b>Increases</b>	<b>Decreases</b>	<b>Adjustments</b>	<b>Ending Balance</b>
<b>Capital Assets Not Being Depreciated:</b>					
Land	\$ 138,634	\$ -	\$ -	\$ -	\$ 138,634
Construction in Progress	38,044	-	-	-	38,044
<b>Total Capital Assets Not Being Depreciated</b>	<b>176,678</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>176,678</b>
<b>Capital Assets Being Depreciated:</b>					
Buildings and Improvements	799,709	-	-	-	799,709
Parks and Improvements	1,167,337	39,509	-	-	1,206,846
Sidewalk Improvements	485,673	32,209	-	-	517,882
Vehicles	989,908	59,327	-	-	1,049,235
Machinery and Equipment	562,642	5,041	-	-	567,683
Furniture and Fixtures	27,270	-	-	-	27,270
Computers and Software	42,352	-	-	-	42,352
Infrastructure	1,064,673	-	-	-	1,064,673
<b>Total Capital Assets Being Depreciated</b>	<b>5,139,564</b>	<b>136,086</b>	<b>-</b>	<b>-</b>	<b>5,275,650</b>
<b>Less Accumulated Depreciation for:</b>					
Buildings and Improvements	474,235	24,335	-	-	498,570
Parks and Improvements	598,946	43,500	-	-	642,446
Sidewalk Improvements	236,926	25,760	-	(540)	262,146
Vehicles	845,274	42,072	-	-	887,346
Machinery and Equipment	438,197	34,861	-	(5,575)	467,483
Furniture and Fixtures	20,205	229	-	5,578	26,012
Computers and Software	38,292	2,299	-	-	40,591
Infrastructure	126,189	52,106	-	537	178,832
<b>Total Accumulated Depreciation</b>	<b>2,778,264</b>	<b>225,162</b>	<b>-</b>	<b>-</b>	<b>3,003,426</b>
<b>Total Capital Assets Being Depreciated, Net</b>	<b>2,361,300</b>	<b>(89,076)</b>	<b>-</b>	<b>-</b>	<b>2,272,224</b>
<b>Total Governmental Activities Capital Assets, Net</b>	<b>\$ 2,537,978</b>	<b>\$ (89,076)</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ 2,448,902</b>

Depreciation was charged to governmental functions as follows:

General Government	\$ 12,330
Public Safety - Police Protection	30,901
Public Safety - Fire Protection	17,111
Public Works - Streets	96,143
Parks and Recreation	68,677
	<b>\$ 225,162</b>

Governmental Activities capital assets increased by \$136,086 before depreciation of \$225,162, with the major increases consisting of \$34,907 for park improvements, \$32,209 for sidewalk improvements at Circle Drive Park, \$31,565 for Ford Expedition for police department, \$25,276 for a Dodge Durango for

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the mayor's office, \$4,602 for a scoreboard, \$3,036 for tactical vests for the police department, \$2,486 for vehicle equipment for the police department, and \$2,005 for police department equipment.

Included in vehicles are Ford Expedition and a Dodge Durango acquired during the current fiscal period financed under a capital lease in the gross amount of \$56,841 with related accumulated depreciation of \$2,842.

Capital assets and depreciation activity as of and for the year ended December 31, 2017 for business-type activities is as follows:

<b>Business - Type Activities Capital Assets:</b>	<b>Beginning Balance</b>	<b>Increases</b>	<b>Decreases</b>	<b>Adjustments</b>	<b>Ending Balance</b>
<b>Capital Assets Not Being Depreciated:</b>					
Construction in Progress	\$ 56,620	\$ 444,193	\$ -	\$ -	\$ 500,813
<b>Total Capital Assets Not Being Depreciated</b>	<b>56,620</b>	<b>444,193</b>	<b>-</b>	<b>-</b>	<b>500,813</b>
<b>Capital Assets Being Depreciated:</b>					
Buildings and Improvements	339,947	-	-	-	339,947
Vehicles	99,726	68,242	-	-	167,968
Machinery and Equipment	169,357	74,137	-	-	243,494
Furniture and Fixtures	14,214	931	-	-	15,145
Computers and Software	36,529	697	-	-	37,226
Gas Utility System	557,714	16,940	-	-	574,654
Water Utility System	4,371,511	122,492	-	-	4,494,003
Sewer Utility System	9,697,938	74,202	-	-	9,772,140
<b>Total Capital Assets Being Depreciated</b>	<b>15,286,936</b>	<b>357,641</b>	<b>-</b>	<b>-</b>	<b>15,644,577</b>
<b>Less Accumulated Depreciation for:</b>					
Buildings and Improvements	91,741	9,380	-	-	101,121
Vehicles	70,551	17,700	-	1	88,252
Machinery and Equipment	145,605	6,665	-	5,132	157,402
Furniture and Fixtures	13,740	332	-	-	14,072
Computers and Software	34,631	1,123	-	-	35,754
Gas Utility System	343,253	15,296	-	(1,398)	357,151
Water Utility System	1,813,031	109,420	-	(3,733)	1,918,718
Sewer Utility System	3,313,863	256,197	-	(2)	3,570,058
<b>Total Accumulated Depreciation</b>	<b>5,826,415</b>	<b>416,113</b>	<b>-</b>	<b>-</b>	<b>6,242,528</b>
<b>Total Capital Assets Being Depreciated, Net</b>	<b>9,460,521</b>	<b>(58,472)</b>	<b>-</b>	<b>-</b>	<b>9,402,049</b>
<b>Total Business - Type Activities Capital Assets, Net</b>	<b>\$ 9,517,141</b>	<b>\$ 385,721</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ 9,902,862</b>

Capital assets for business-type activities capital assets increased by \$801,834 before depreciation of \$416,113. Significant additions included \$431,193 for construction expenditures for the water well and tower project, \$13,000 for construction expenditures for the sewer expansion project, \$113,735 for water meter change outs, \$69,641 for sewer pumps at various lift stations, \$57,985 for a Jet Rudder, \$68,242 for utility trucks, \$16,152 in equipment, \$13,465 for gas meter change outs, \$4,561 for sewer system improvements and extensions, \$8,757 for water system improvements and extensions, \$3,475 for gas extension, \$931 for furniture, and \$697 for computer equipment.

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Included in vehicles are two Dodge Rams acquired during the current fiscal period financed under a capital lease in the gross amount of \$39,884 with related accumulated depreciation of \$1,994. Included in equipment is a Jet Rudder acquired in a previous fiscal period financed under a capital lease in the gross amount of \$57,985 with related accumulated depreciation of \$966.

**9. Interfund Transfers**

<b>Interfund Transfers</b>	<u><b>Transfers In</b></u>	<u><b>Transfers Out</b></u>
<b>General Fund</b>		
Enterprise Fund	\$ 170,000	\$ 9,800
<b>Enterprise Fund</b>		
General Fund	<u>9,800</u>	<u>170,000</u>
<b>Total Interfund Transfers</b>	<u>\$ 179,800</u>	<u>\$ 179,800</u>

The primary reason for the transfers between the General Fund and the Enterprise Fund was to fund operating requirements per budget approvals.

**10. Accounts, Salaries, and Other Payables**

Fund payables at December 31, 2017 are as follows:

	<u><b>General Fund</b></u>	<u><b>Enterprise Fund</b></u>	<u><b>Total</b></u>
Accounts	\$ 52,135	\$ 31,701	\$ 83,836
Accrued Salaries	18,771	10,164	28,935
Construction Payable	-	99,294	99,294
Employee Benefits	47,949	-	47,949
Customers	-	5,655	5,655
Accrued Interest	-	62,521	62,521
Retainage Payable	-	21,051	21,051
State Tax	-	(4,851)	(4,851)
	<u>\$ 118,855</u>	<u>\$ 225,535</u>	<u>\$ 344,390</u>

**11. Short-Term Debt**

The Town had no short-term debt outstanding at December 31, 2017, other than the current portion of revenue bonds payable and capital leases.

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**12. Leases**

The Town records items under capital leases as an asset and an obligation in the accompanying financial statements. At December 31, 2017, the Town had the following capital lease.

	<b>Capital Lease Payable End of Year</b>	<b>Due Within One Year</b>
<p>The Town entered into a lease purchase agreement to purchase the following items - 2017 Dodge Durango, 2017 Ford Expedition, (2) Dodge Rams, Jet Rodder, and a Push Camera for a total lease amount of \$162,155. The lease is payable in four annual payments of \$43,592.40 on the fifteenth day of every October. The assets are being depreciated over their estimated useful lives of five years, except for the Rodder which has an estimated useful life of ten years. 35.05% of this lease is recorded within the governmental funds as a capital lease in the General Fund. The remaining 64.95% is recorded in the Enterprise Fund.</p>	\$ 121,226	\$ 38,877
	\$ 121,226	\$ 38,877

The Town of Livingston has an operating lease on a copier for sixty months beginning in March 3, 2016 for 60 months at a monthly minimum payment of \$467.

**13. Long-Term Obligations**

The following is a summary of long-term obligation transactions for the year ended December 31, 2017:

	<b>Governmental Activities</b>		<b>Business-Type Activities</b>		<b>Total Long-Term Obligations</b>
	<b>Capital Leases</b>	<b>Rev Bonds / Cert of Indebt.</b>	<b>Capital Leases</b>	<b>Rev Bonds / Cert of Indebt.</b>	
Beginning Balance	\$ 8,386	\$ -	\$ -	\$ 4,485,000	\$ 4,493,386
Additions	56,841	-	105,314	-	162,155
Deletions	(22,732)	-	(26,583)	(125,000)	(174,315)
Total Debt	42,495	-	78,731	4,360,000	4,481,226
Less: Unamortized Premium (Discount)	-	-	-	398,325	398,325
Total Long Term Debt	\$ 42,495	\$ -	\$ 78,731	\$ 4,758,325	\$ 4,879,551

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The following is a summary of the current (due in one year or less) and the long-term (due in more than one year) portions of the long-term obligations:

	<u>Governmental Activities</u>		<u>Business-Type Activities</u>		<u>Total</u> <u>Long-Term</u> <u>Obligations</u>
	<u>Capital</u> <u>Leases</u>	<u>Rev Bonds /</u> <u>Cert of Indebt.</u>	<u>Capital</u> <u>Leases</u>	<u>Rev Bonds /</u> <u>Cert of Indebt.</u>	
Current Portion	\$ 13,627	\$ -	\$ 25,250	\$ 130,000	\$ 168,877
Long-Term Portion	28,868	-	53,481	4,230,000	4,312,349
	<u>\$ 42,495</u>	<u>\$ -</u>	<u>\$ 78,731</u>	<u>\$ 4,360,000</u>	<u>\$ 4,481,226</u>

Bonds Payable as of December 31, 2017 are as follows:

	<u>Bonds Payable</u> <u>End of Year</u>	<u>Due Within One</u> <u>Year</u>
Business Type Fund: \$ 4,485,000 Series 2016 Utility Revenue Refunding Bonds Dated 8/10/2016 due in annual installments of principal ranging from \$125,000 in 2017 to \$265,000 in 2041 and sixty semiannual installments of interest averaging \$48,043 at rates of interest ranging from 2.0 to 4.0%	\$ 4,360,000	\$ 130,000
	<u>\$ 4,360,000</u>	<u>\$ 130,000</u>

The annual requirements to amortize all debt outstanding at December 31, 2017, are presented below. Remaining interest payments of \$2,262,950 are included.

<u>Year Ending</u> <u>12/31/17</u>	<u>Series 2016</u> <u>Revenue</u> <u>Bonds</u>	<u>Capital</u> <u>Leases</u>	<u>Total</u>
	<u>\$ 4,485,000</u>	<u>\$162,155</u>	
2018	\$ 280,050	\$ 43,592	\$ 323,642
2019	277,450	43,592	321,042
2020	274,850	43,592	318,442
2021	277,250	-	277,250
2022	273,200	-	273,200
2023 to 2027	1,376,800	-	1,376,800
2028 to 2032	1,376,850	-	1,376,850
2033 to 2037	1,382,900	-	1,382,900
2038 to 2041	1,094,050	-	1,094,050
	<u>\$ 6,613,400</u>	<u>\$ 130,776</u>	<u>\$ 6,744,176</u>

**14. Flow of Funds, Restrictions on Use – Enterprise Fund and Government Fund Bonds**

During the fiscal year ending December 31, 2011, all existing debt was refunded as part of the issuance of the \$4,725,000 Series 2011 Utility Revenue Bond. The Series 2011 Utility Revenue Bonds provided funding for new construction and refunding of existing debt, as recapped in the Total Issue Resources and Uses Statement below, restated and presented for the final year of construction improvements.

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\$3,700,000 of this bond was pledged for construction. At December 31, 2017, all of the pledged funds for construction had been used for construction purposes, including \$554,360 for construction period interest to date. Remaining uses of funds included \$433,722 for refunding of the Series 2006 Certificates of Indebtedness, \$310,204 to fully fund the Series 2011 Debt Reserve Fund, with the remaining \$264,612 reserved for bond issuance costs.

The 2011 Series Revenue Bonds provided funding “to construct and acquire improvements to the combined utility systems owned and operated by the Issuer, including the necessary sites, rights-of-ways, machinery and equipment, to provide sufficient funds to refund the outstanding principal amount of the Certificates of Indebtedness, Series 2006, to provide funds to pay the cost of issuance and to fund a reserve.

During 2016, the Town issued \$4,485,000 in Utility Systems Revenue Refunding Bonds, Series 2016 at a premium of \$422,253 for the purpose of refunding the outstanding Series 2011 bonds which totaled \$4,270,000 and paying the costs of issuance of the bonds. \$4,749,662 of the bond proceeds and \$310,204 of reserve funds were used to purchase US government securities. These securities were deposited in an irrevocable trust with an escrow agent to provide for the 2018 to 2041 debt service payments on the 2016 utility revenue bonds. These bonds maturing August 1, 2022 and thereafter will be called on August 1, 2021 at a price equal to the principal amount thereof (\$3,760,000) plus accrued interest to the call date. As a result, the \$4,270,000 of Series 2011 revenue bonds were considered in-substance defeased and the liability for those bonds was removed from the Town’s books at December 31, 2016.

The Series 2016 bonds are payable solely from and secured by an irrevocable pledge and dedication of the Town’s revenues collected by the Town from the fees and service charges levied by the Town through its operation of the Sewer System, Waterworks System, and Natural Gas System, and such revenues, after the payment of all operation and maintenance expenses with respect to the Sewer System, Waterworks System, and Natural Gas System, and do not constitute an indebtedness or pledge of the general credit of the issuer within the meaning of any constitutional or statutory provision relating to the incurring of indebtedness. Total interest expense on all water revenue bonds, for the fiscal year ending December 31, 2017, equaled \$167,533. The gross utility systems revenue recognized in the current period was \$2,076,628.

Under the terms of the bond, a “Sinking Fund” must be maintained with the paying agent for the outstanding bonds, sufficient in amount to pay promptly and fully the principal of and the interest on the bonds. This Town must deposit funds into the sinking fund, on or before the twentieth (20<sup>th</sup>) day of each month, a sum equal to one-sixth of the amount required to pay the interest payable and one-twelfth of the amount required to pay the principal due on the Bonds on the next payment date to the sinking fund each month. At December 31, 2017 the Sinking Fund was fully-funded at \$175,685. Following any draw on the Reserve Fund, the Town must also transfer an amount equal to one-twelfth of the amount necessary to cause the amount of cash in the Reserve Fund to equal the Reserve Requirement in twelve months.

The Reserve Fund shall be held by the paying agent and used to receive funds in an amount, or a debt service reserve fund surety policy, which meets the Reserve Fund requirement. The deposits in the Reserve Fund shall be held in trust as security for the payment of principal and interest on the Bonds. The Town obtained a Municipal Bond Debt Service Reserve Insurance Policy at the time of the bond closing. This policy meets the Reserve Fund requirement; therefore, there is no Reserve Fund required.

The Issuer, through its Governing Authority by the Ordinance has covenanted to fix, establish, maintain, and collect such rates, fees, rents, or other charges for the services and facilities of the Utility Systems, and all parts thereof, and to revise the same from time to time whenever necessary, as will always provide revenues in each Fiscal Year sufficient to pay operation and maintenance expense of the Utility Systems in each Fiscal Year and as will provide Pledged Revenues at least equal to 125% of the maximum Annual

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Principal and Interest Requirements, for the Bonds falling due in such year plus the payment on all bonds or other obligations payable from the Utility Systems and as will provide revenues at least sufficient to pay all reserve or sinking funds or other payments required for such Fiscal Year by the Ordinance and all obligations or indebtedness payable out of the Pledged Revenues during such year, and that such rates, fees, rents, or other charges shall not at any time be reduced as to be insufficient to provide adequate Pledged Revenues for such purposes. For the fiscal year ending December 31, 2017, Net Revenues were computed to be above the 125% threshold of the average annual debt service requirements on all bonds held outstanding for the system at a computed ratio of 396 percent.

### **15. Retirement Systems**

Substantially all employees of the Town of Livingston are members of the following statewide retirement systems: Municipal Employees Retirement System of Louisiana or Municipal Police Employees Retirement System of Louisiana. These systems are a cost-sharing, multiple-employer public employee retirement system (PERS), controlled and administered by a separate board of trustees.

The Town implemented Governmental Accounting Standards Board (GASB) Statement 68 on *Accounting and Financial Reporting for Pensions* and Statement 71 on *Pension Transition for Contributions Made Subsequent to the Measurement Date* –an amendment of GASB 68. These standards require the Town to record its proportional share of each of the pension plans' net pension liability and report the following disclosures:

#### **A. Municipal Employee Retirement System of Louisiana (System)**

*Plan Description.* The System was established and provided for by R.S. 11:1731 of the Louisiana Revised Statutes (LRS). The System provides retirement benefits to employees of all incorporated villages, towns, and cities within the State which do not have their own retirement system and which elect to become members of the system.

Membership is mandatory as a condition of employment beginning on the date employed if the employee is on a permanent basis working at least thirty-five hours per week. Those individuals paid jointly by a participating employer and the parish are not eligible for membership in the System with exceptions as outlined in the statutes.

The System is composed of two distinct plans, Plan A and Plan B, with separate assets and benefit provisions. All employees of the municipality are members of Plan B.

#### Retirement Benefits:

Benefit provisions are authorized within Act 356 of the 1954 regular session and amended by LRS 11:1756-11:1785. The following brief description is of the plan and its benefits and is provided for general information purposes only. Participants should refer to the appropriate statutes for more complete information.

Any member of Plan B who commenced participation in the System prior to January 1, 2013 can retire providing he meets one of the following criteria:

1. Any age with thirty (30) years of creditable service.
2. Age 60 with a minimum of ten (10) or more years of creditable service.
3. Under age 60 with ten (10) years of creditable service eligible for disability benefits.
4. Survivor's benefits require five (5) years creditable service at death of member.

Generally, the monthly amount of the retirement allowance for any member of Plan B shall consist of an amount equal to two percent of the member's monthly average final compensation multiplied by his years

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of creditable service. However, under certain conditions as outlined in the statutes, the benefits are limited to specified amounts.

Any member of Plan B Tier 2 shall be eligible for retirement if he meets one of the following requirements:

1. Seven years or more of service, at age sixty-seven or thereafter.
2. Ten years or more of service, at age sixty-two, or thereafter.
3. Thirty years or more of service, at age fifty-five or thereafter.
4. Twenty-five years of service credit at any age, exclusive of military service and unused annual sick leave.

The monthly amount of the retirement allowance for any member of Plan B Tier 2 shall consist of an amount equal to two percent of the member's final compensation multiplied by his years of creditable service. Final average compensation is the average monthly earnings during the highest sixty consecutive months, or joined months if service was interrupted.

Survivor Benefits:

Upon death of any member of Plan B with five (5) or more years of creditable service, not eligible for normal retirement, the plan provides for benefits for the surviving spouse as outlined in the statutes.

1. Surviving spouse who is not eligible for social security survivorship or retirement benefits, married no less than twelve (12) months immediately preceding death of member, shall be paid a monthly benefit equal to thirty percent of the member's final compensation, payable when the surviving spouse attains the age of sixty years or becomes disabled and payable for as long as the surviving spouse lives, or
2. A monthly benefit equal to the actuarial equivalent of the benefit described above, but not less than fifteen percent of the member's final compensation, payable upon the death of the member and payable for as long as the surviving spouse lives. Selecting this benefit precludes the survivor from eligibility for the thirty-percent benefit payable when the surviving spouse attains the age of sixty years.

Any member of Plan B who is eligible for normal retirement at time of death and who leaves a surviving spouse will be deemed to have retired and selected Option 2 benefits on behalf of the surviving spouse on the date of death. Such benefits will begin only upon proper application and are paid in lieu of any other survivor benefits.

Any member of Plan A or Plan B who had not withdrawn their accumulated contributions and had at least twenty years of service credit at time of death, surviving spouse shall receive benefits for as long as he/she lives as outlined in the statutes.

DROP Benefits:

In lieu of terminating employment and accepting a service retirement allowance, any member of Plan A or B who is eligible to retire may elect to participate in the deferred retirement option plan (DROP) for up to three years and defer the receipt of benefits. During participation in the plan, employer contributions are payable but employee contributions cease. The monthly retirement benefits that would be payable, had the person elected to cease employment and receive a service retirement allowance, are paid into the DROP Fund. Interest is earned when the member has completed DROP participation. Interest earnings are based upon the actual rate of return on the investments identified as DROP funds for the period. In addition, no cost-of-living increases are payable to participants until employment which made them eligible to become members of the System has been terminated for at least one full year.

Upon termination of employment prior to or at the end of the specified period of participation, a participant in the DROP may receive, at his option, a lump sum from the account equal to the payments

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into the account, a true annuity based upon his account balance in that fund, or any other method of payment if approved by the board of trustees. If a participant dies during the participation in the DROP, a lump sum equal to the balance in his account shall be paid to his named beneficiary or, if none, to his estate. If employment is not terminated at the end of the three years, payments into the DROP fund cease and the person resumes active contributing membership in the System.

Disability Benefits:

For Plan B, a member shall be eligible to retire and receive a disability benefit if he has at least ten years of creditable service; in which he would receive a regular retirement under retirement provisions. A member shall be eligible to retire and receive a disability benefit if he has at least ten years of creditable service, is not eligible for normal retirement, and has been officially certified as disabled by the State Medical Disability Board. Upon retirement caused by disability, a member of Plan B shall be paid a disability benefit equal to the lesser of thirty percent of his final average compensation or two percent of his final average compensation multiplied by his years of creditable service, whichever is greater; or an amount equal to two percent of the member's final average compensation multiplied by his years of creditable service, projected to his earliest normal retirement age.

Cost of Living Increases:

The System is authorized under state law to grant a cost of living increase to members who have been retired for at least one year. The adjustment cannot exceed 2% of the retiree's original benefit for each full calendar year since retirement and may only be granted if sufficient funds are available from investment income in excess of normal requirements. State law allows the System to grant an additional cost of living increase to all retirees and beneficiaries who are age sixty-five and above equal to 2% of the benefit being received on October 1, 1977, or the original benefit, if retirement commenced after that date.

Deferred Benefits:

Both Plans provide for deferred benefits for members who terminate before being eligible for retirement. Once the member reaches the appropriate age for retirement; benefits become payable. Benefits are based on statutes in effect at time of withdrawal.

The System issues an annual publicly available financial report that includes financial statements and required supplemental information for the System. That report may be obtained by writing to the Municipal Employees Retirement System of Louisiana, 7937 Office Park Boulevard, Baton Rouge, Louisiana 70809, or calling (225) 925-4810 or at [www.mersla.com](http://www.mersla.com).

*Funding Policy.* Under Plan B, members are required by state statute to contribute five percent of their annual covered salary and the Town of Livingston is required to contribute at an actuarially determined rate. The current rate is 11 percent of annual covered payroll. Contributions to the System also include one-fourth of one percent (except Orleans) of the taxes shown to be collectible by the tax rolls of each parish. Tax monies are apportioned between Plan A and Plan B in proportion to salaries of plan participants. Tax monies received from East Baton Rouge Parish are apportioned between the Municipal Employees' Retirement System and the Employees' Retirement System of the City of Baton Rouge. The System also receives revenue sharing funds each year as appropriated by the Legislature. These additional sources of income are used as additional employer contributions and considered support from non-employer contributing entities, but are not considered special funding situations. Non-employer contributions are recognized as revenue and excluded from pension expense for the year ended June 30, 2017. During the year ending December 31, 2017, the Town recognized revenue as a result of support received from non-employer contributing entities of \$19,870 for its participation in MERS-Plan B.

The Town of Livingston contributions to the System under Plan B for the years ending December 31, 2017 and 2016 were \$158,059, and \$115,078, respectively, equal to the required contributions for each year.

**Town of Livingston**  
**Notes to the Financial Statements**  
**As of and for the Year Ended December 31, 2017**

*Pension Liabilities, Pension Expense, and Deferred Outflows of Resources and Deferred Inflows of Resources Related to Pensions:* At December 31, 2017, the Town reported a liability of \$690,570 for its proportionate share of the net pension liability of the System. The net pension liability was measured as of June 30, 2017 and the total pension liability used to calculate the net pension liability was determined by an actuarial valuation as of that date. The Town's proportion of the net pension liability was based on a projection of the Town's long-term share of contributions to the pension plan relative to the projected contribution of all participating, actuarially determined. At June 30, 2017, the Town's proportion was 0.795039%, which was an increase of 0.069465% from its proportion measured as of June 30, 2016.

For the year ended December 31, 2017, the Town recognized pension expense for the MERS System of \$158,059 representing its proportionate share of the System's net expense, including amortization of deferred amounts.

At December 31, 2017, the Town reported deferred outflows of resources and deferred inflows of resources related to the MERS pension system from the following sources:

	Deferred Outflows of Resources	Deferred Inflows of Resources
Differences between expected and actual experience	\$ 3,617	\$ (14,991)
Changes of Assumptions	30,406	-
Net difference between projected and actual earnings on pension plan investments	145,502	-
Changes in proportion and differences between Employer contributions and proportionate share of contributions	51,706	(2,756)
Employer contributions subsequent to the measurement date	40,783	-
Total	\$ 272,014	\$ (17,747)

The Town reported a total of \$40,783 as deferred outflow of resources related to pension contributions made subsequent to the measurement period of June 30, 2017 which will be recognized as a reduction in net pension liability in the year ended December 31, 2018.

Other amounts reported as deferred outflows of resources and deferred inflows of resources related to pensions will be recognized in pension expense as follows:

<u>Year</u>	
2018	\$ 82,529
2019	\$ 81,265
2020	\$ 42,743
2021	\$ 6,547
	\$ 213,084

*Actuarial Assumptions.* A summary of the actuarial methods and assumptions used in determining the total pension liability as of June 30, 2017 is as follows:

Valuation Date	June 30, 2017
Actuarial Cost Method	Entry Age Normal Cost
Expected Remaining Service Lives	4 years (Plan B)

**Town of Livingston**  
**Notes to the Financial Statements**  
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Investment Rate of Return	7.400%
Inflation Rate	2.775%
Salary Increases, including Inflation and merit increases	5.000%
Annuitant and beneficiary mortality	RP-2000 Healthy Annuitant Sex Distinct Mortality Table set forward 2 years for males and set forward 1 year for females projected to 2028 using scale AA.
Employee mortality	RP-2000 Employees Sex Distinct Table set back 2 years for males and females.
Disabled lives mortality	RP-2000 Disabled Lives Mortality Tables for disabled annuitants (set back 5 years for males and 3 years for females)

The long-term expected rate of return on pension plan investments was determined using a building-block method in which best-estimates ranges of expected future real rates of return (expected returns, net of pension plan investment expense and inflation) are developed for each major asset class. These ranges are combined to produce the long-term expected rate of return by weighting the expected future real rates of return by the target asset allocation percentage and by adding expected inflation and an adjustment for the effect of rebalancing/diversification.

Best estimates of arithmetic real rates of return for each major asset class included in the System's target asset allocation as of June 30, 2017 are summarized in the following table:

Asset Class	Target Asset Allocation	Long-Term Expected Portfolio Real Rate of Return
Public Equity	50%	2.30%
Public Fixed Income	35%	1.60%
Alternatives	15%	0.70%
Totals	100%	4.60%
Inflation		2.60%
Expected Arithmetic Nominal Rate		7.20%

The discount rate used to measure the total pension liability was 7.4% for the year ended June 30, 2017. The projection of cash flows used to determine the discount rate assumed that contributions from plan members will be made at the current contribution rates and that contributions from participating employers will be made at the actuarially determined rates, which are calculated in accordance with relevant statutes and approved by the Board of Trustees and the PRSAC. Based on those assumptions, the System's fiduciary net position was projected to be available to make all projected future benefit payments of current plan members. Therefore, the long-term expected rate of return on pension plan investments was applied to all periods of projected benefit payments to determine the total pension liability.

**Town of Livingston**  
**Notes to the Financial Statements**  
**As of and for the Year Ended December 31, 2017**

The effects of certain other changes in the net pension liability are required to be included in pension expense over the current and future periods. The effects on the total pension liability of (1) changes of economic and demographic assumptions or of other inputs and (2) differences between expected and actual experience are required to be included in pension expense in a systematic and rational manner over a closed period equal to the average of the expected remaining service lives of all employees that are provided with benefits through the pension plan (active employees and inactive employees), determined as of the beginning of the measurement period. The effect on net pension liability of differences between the projected earnings on pension plan investments and actual experience with regard to those earnings is required to be included in pension expense in a systematic and rational manner over a closed period of five years, beginning with the current period. The Expected Remaining Service Lives (ERSL) for 2017 is 4 years for Plan B.

*Sensitivity of the Employer's Proportionate Share of the Net Pension Liability to Changes in the Discount Rate.* The following presents the net pension liability of the participating employers calculated using the discount rate of 7.4%, as well as what the employers' net pension liability would be if it were calculated using a discount rate that is one percentage point lower, or one percentage point higher than the current rate as of June 30, 2017:

	<u>1% Decrease</u>	<u>Current Discount Rate</u>	<u>1% Increase</u>
Rates	6.40%	7.40%	8.40%
Town of Livingston Share of NPL	\$ 893,520	\$ 690,570	\$ 517,380

**B. Municipal Police Employees Retirement System of Louisiana (System)**

*Plan Description.* The Municipal Police Employees' Retirement System (System) is a cost-sharing multiple-employer defined benefit pension plan established by Act 189 of 1973 to provide retirement, disability, and survivor benefits to municipal police officers in Louisiana.

Membership is mandatory for any full-time police officer employed by a municipality of the State of Louisiana and engaged in law enforcement, empowered to make arrest, providing he does not have to pay social security and providing he meets the statutory criteria.

Retirement Benefits:

Benefit provisions are authorized within Act 189 of 1973 and amended by LRS 11:2211-11:2233. The following is a brief description of the plan and its benefits and is provided for general information purposes only. Participants should refer to the appropriate statutes for more complete information.

Membership Prior to January 1, 2013: A member is eligible for regular retirement after he has been a member of the System and has 25 years of creditable service at any age or has 20 years of creditable service and is age 50 or has 12 years creditable service and is age 55. A member is eligible for early retirement after he has been a member of the System for 20 years of creditable service at any age with an actuarially reduced benefit.

Benefit rates are three and one-third percent of average final compensation (average monthly earnings during the highest 36 consecutive months or joined months if service was interrupted) per number of years of creditable service not to exceed 100% of final salary.

Upon the death of an active contributing member, or disability retiree, the plan provides for surviving spouses and minor children. Under certain conditions outlined in the statutes, the benefits range from forty to sixty percent of the member's average final compensation for the surviving spouse. In addition,

**Town of Livingston**  
**Notes to the Financial Statements**  
**As of and for the Year Ended December 31, 2017**

each child under age eighteen receives benefits equal to ten percent of the member's average final compensation or \$200 per month, whichever is greater.

Membership Commencing January 1, 2013: Member eligibility for regular retirement, early retirement, disability and survivor benefits are based on Hazardous Duty and Non Hazardous Duty sub plans. Under the Hazardous Duty sub plan, a member is eligible for regular retirement after he has been a member of the System and has 25 years of creditable service at any age or has 12 years of creditable service at age 55.

Under the Non Hazardous Duty sub plan, a member is eligible for regular retirement after he has been a member of the System and has 30 years of creditable service at any age, 25 years of creditable service at age 55, or 10 years of creditable service at age 60. Under both sub plans, a member is eligible for early retirement after he has been a member of the System for 20 years of creditable service at any age, with an actuarially reduced benefit from age 55.

Under the Hazardous and Non Hazardous Duty sub plans, the benefit rates are three percent and two and a half percent, respectively, of average final compensation (average monthly earnings during the highest 60 consecutive months or joined months if service was interrupted) per number of years of creditable service not to exceed 100% of final salary.

Upon death of an active contributing member, or disability retiree, the plan provides for surviving spouses and minor children. Under certain conditions outlined in the statutes, the benefits range from twenty-five to fifty-five percent of the member's average final compensation for the surviving spouse. In addition, each child under age eighteen receives ten percent of average final compensation or \$200 per month whichever is greater. If deceased member had less than ten years of service, beneficiary will receive a refund of employee contributions only.

Cost of Living Adjustments:

The Board of Trustees is authorized to provide annual cost-of-living adjustments computed on the amount of the current regular retirement, disability, beneficiary or survivor's benefit, not to exceed 3% in any given year. The Board is authorized to provide an additional 2% COLA, computed on the member's original benefit, to all regular retirees, disability, survivors and beneficiaries who are 65 years of age or older on the cut-off date which determines eligibility.

No regular retiree, survivor or beneficiary shall be eligible to receive a cost-of-living adjustment until benefits have been received at least one full fiscal year and the payment of such COLA, when authorized, shall not be effective until the lapse of at least one-half of the fiscal year. Members who elect early retirement are not eligible for a cost of living adjustment until they reach regular retirement age.

Deferred Retirement Option Plan:

A member is eligible to elect to enter the deferred retirement option plan (DROP) when he is eligible for regular retirement based on the members' sub plan participation. Upon filing the application for the program, the employee's active membership in the System is terminated. At the entry date into the DROP, the employee and employer contributions cease. The amount to be deposited into the DROP account is equal to the benefit computed under the retirement plan elected by the participant at date of application. The duration of participation in the DROP is thirty six months or less. If employment is terminated after the three-year period the participant may receive his benefits by lump sum payment or a true annuity. If employment is not terminated, active contributing membership into the System shall resume and upon later termination, he shall receive additional retirement benefit based on the additional service. For those eligible to enter DROP prior to January 1, 2004, DROP accounts shall earn interest subsequent to the termination of DROP participation at a rate of half of one percentage point below the percentage rate of return of the System's investment portfolio as certified by the actuary on an annual basis but will never

**Town of Livingston**  
**Notes to the Financial Statements**  
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lose money. For those eligible to enter DROP subsequent to January 1, 2004, an irrevocable election is made to earn interest based on the System's investment portfolio return or a money market investment return. This could result in a negative earnings rate being applied to the account. If the member elects a money market investment return, the funds are transferred to a government money market account and earn interest at the money market rate.

**Initial Benefit Option Plan:**

In 1999, the State Legislature authorized the System to establish an Initial Benefit Option program. Initial Benefit Option is available to members who are eligible for regular retirement and have not participated in DROP. The Initial Benefit Option program provides both a one-time single sum payment of up to 36 months of regular monthly retirement benefit, plus a reduced monthly retirement benefit for life. Interest is computed on the balance based on same criteria as DROP.

The System issues an annual publicly available financial report that includes financial statements and required supplemental information for the System. That report may be obtained by writing to the Municipal Police Employees Retirement System of Louisiana, 8401 United Plaza Boulevard, Baton Rouge, Louisiana 70809-2250, or by calling (225) 929-7411 or at [www.lampers.org](http://www.lampers.org).

*Funding Policy.* According to state statute, the Town of Livingston is required to contribute at an actuarially determined rate but cannot be less than 9% of the employee's earnable compensation excluding overtime but including state supplemental pay. For the year ended June 30, 2017, total contributions due for employers and employees were 41.75%. The employer and employee contribution rates for members hired prior to January 1, 2013 and Hazardous Duty members hired after January 1, 2013 were 31.75% and 10%, respectively. The employer and employee contribution rates for all Non Hazardous Duty members hired after January 1, 2013 were 31.5% and 8%, respectively. The employer and employee contribution rates for members whose earnable compensation is less than or equal to poverty guidelines issued by the U.S. Department of Health and Human Services were 34.25% and 7.5%, respectively.

The System also receives insurance premium tax monies as additional employer contributions and considered support from a non-contributing entity. This tax is appropriated by the legislature each year based on an actuarial study. This additional source of income is used as additional employer contributions and considered support from non-employer contributing entities, but is not considered a special funding situation. Non-employer contributions are recognized as revenue and excluded from pension expense for the year ended June 30, 2017. During the year ending December 31, 2017, the Town recognized revenue as a result of support received from non-employer contributing entities of \$11,645 for its participation in MPERS.

The Town of Livingston contributions to the System under Plan B for the years ending December 31, 2017 and 2016 were \$104,128 and \$108,249, respectively, equal to the required contributions for each year.

*Pension Liabilities, Pension Expense, and Deferred Outflows of Resources and Deferred Inflows of Resources Related to Pensions:* At December 31, 2017, the Town reported a liability of \$532,556 for its proportionate share of the net pension liability of the System. The net pension liability was measured as of June 30, 2017 and the total pension liability used to calculate the net pension liability was determined by an actuarial valuation as of that date. The Town's proportion of the net pension liability was based on a projection of the Town's long-term share of contributions to the pension plan relative to the projected contribution of all participating, actuarially determined. At June 30, 2017, the Town's proportion was 0.061000%, which was a decrease of 0.259693% from its proportion measured as of June 30, 2016.

**Town of Livingston**  
**Notes to the Financial Statements**  
**As of and for the Year Ended December 31, 2017**

For the year ended December 31, 2017, the Town recognized pension expense for the MPERS System of \$104,128 representing its proportionate share of the System's net expense, including amortization of deferred amounts.

At December 31, 2017, the Town reported deferred outflows of resources and deferred inflows of resources related to the MPERS pension system from the following sources:

	Deferred Outflows of Resources	Deferred Inflows of Resources
Differences between expected and actual experience	\$ 3,487	\$ (4,093)
Changes of Assumptions	37,894	-
Net difference between projected and actual earnings on pension plan investments	23,313	-
Changes in proportion and differences between Employer contributions and proportionate share of contributions	40,980	(9,950)
Employer contributions subsequent to the measurement date	28,207	-
Total	\$ 133,881	\$ (14,043)

The Town reported a total of \$28,207 as deferred outflow of resources related to pension contributions made subsequent to the measurement period of June 30, 2017 which will be recognized as a reduction in net pension liability in the year ended December 31, 2018.

Other amounts reported as deferred outflows of resources and deferred inflows of resources related to pensions will be recognized in pension expense as follows:

<u>Year</u>	
2018	\$ 44,712
2019	\$ 43,659
2020	\$ 15,756
2021	\$ (11,777)
	\$ 92,350

*Actuarial Assumptions.* A summary of the actuarial methods and assumptions used in determining the total pension liability as of June 30, 2017 is as follows:

Valuation Date	June 30, 2017	
Actuarial Cost Method	Entry Age Normal Cost	
Investment Rate of Return	7.325%, net of investment expense	
Expected Remaining Service Lives	4 years	
Inflation Rate	2.70%	
Salary increases, including inflation & merit	Years of Service	Salary Growth Rate
	1-2	9.75%
	3-23	4.75%
	Over 23	4.25%

**Town of Livingston**  
**Notes to the Financial Statements**  
**As of and for the Year Ended December 31, 2017**

Mortality RP-2000 Combined Healthy with Blue Collar Adjustment Sex Distinct Tables projected to 2029 by Scale AA (set back 1 year for females) for healthy annuitants and beneficiaries.

RP-2000 Disabled Lives Table set back 5 years for males and set back 3 years for females for disabled annuitants.

RP-2000 Employee Table set back 4 years for males and 3 years for females for active members.

Cost of Living Adjustments The present value of future retirement benefits is based on benefits currently being paid by the System and includes previously granted cost-of-living increases. The present values do not include provisions for potential future increases not yet authorized by the Board of Trustees.

The mortality rate assumption used was set based upon an experience study performed by the prior actuary on plan data for the period July 1, 2009 through June 30, 2014 and review of similar law enforcement mortality. The data was then assigned credibility weighting and combined with a standard table to produce current levels of mortality. This mortality was then projected forward to a period equivalent to the estimated duration of the System's liabilities. Annuity values calculated based on this mortality were compared to those produced by using a setback of standard tables. The result of the procedure indicated that these tables would produce liability values approximating the appropriate generational mortality tables.

Best estimates of arithmetic nominal rates of return for each major asset class included in the System's target asset allocation as of June 30, 2017 are summarized in the following table:

<u>Asset Class</u>	<u>Target Asset Allocation</u>	<u>Long-Term Expected Portfolio Real Rate of Return</u>
Equity	53%	3.66%
Fixed Income	21%	0.52%
Alternatives	20%	1.10%
Other	6%	0.16%
Totals	<u>100%</u>	<u>5.44%</u>
Inflation		<u>2.75%</u>
Expected Arithmetic Nominal Rate		<u>8.19%</u>

The discount rate used to measure the total pension liability was 7.325%. The projection of cash flows used to determine the discount rate assumed that contributions from plan members will be made at the current contribution rates and that contributions from participating employers will be made at the actuarially determined rates approved by PRSAC taking into consideration the recommendation of the System's actuary. Based on those assumptions, the System's fiduciary net position was projected to be available to make all projected future benefit payments of current plan members. Therefore, the long-term expected rate of return on pension plan investments was applied to all periods of projected benefit payments to determine the total pension liability.

**Town of Livingston**  
**Notes to the Financial Statements**  
**As of and for the Year Ended December 31, 2017**

*Sensitivity of the Employer's Proportionate Share of the Net Pension Liability to Changes in the Discount Rate.* The following presents the net pension liability of the participating employers calculated using the discount rate of 7.325%, as well as what the employers' net pension liability would be if it were calculated using a discount rate that is one percentage point lower, or one percentage point higher than the current rate as of June 30, 2017:

	<u>1% Decrease</u>	<u>Current Discount Rate</u>	<u>1% Increase</u>
Rates	6.325%	7.325%	8.325%
Town of Livingston Share of NPL	\$ 735,777	\$ 532,556	\$ 362,068

**16. Restricted Fund Balances/Net Position**

At December 31, 2017, the General Fund had nonspendable fund balance of \$39,363 created from prepaid insurance. Restricted fund balance of the General Fund equaled \$11,786 due to restricted cash from capital lease proceeds.

At December 31, 2017, the proprietary fund had restricted net position of \$168,240, representing the Town's funds restricted by revenue bond debt covenants and contracts with customers for meter deposits, net of the related liability.

**17. Risk Management**

The Town is exposed to various risks of loss related to theft, damage, or destruction of assets, torts, injuries, natural disasters, and many other unforeseeable events. The Town purchases commercial insurance policies and bonds for any and all claims related to the aforementioned risks. The Town's payment of the insurance policy deductible is the only liability associated with these policies and bonds. There has been no significant decrease in insurance coverage from the prior year, and the amount of settlements has not exceeded the insurance coverage for the past three fiscal years.

**18. Contingent Liabilities**

At December 31, 2017, the Town was not involved in any outstanding litigation warranting accrual.

**19. On-Behalf Payments for Fringe Benefits and Salaries**

For the fiscal year ended December 31, 2017, the State of Louisiana made on behalf payments in the form of supplemental pay to the Town's policemen and the fire chief. In accordance with GASB 24, the Town recorded \$33,983 of on behalf payments as revenue and as expenditures in the General Fund.

**20. Fire Insurance Rebate**

The Town maintains an active certified volunteer fire department as defined by Louisiana R. S. 22:1580 and is eligible for and receives a pro rata share of the fire insurance tax collected by the State. The amounts received by the fire department are based on the population in the Town and unincorporated areas that it serves. In accordance with the Revised Statutes, such money shall be used only for the purpose of rendering more efficient and efficacious the active volunteer fire department as the Town shall direct.

**Town of Livingston**  
**Notes to the Financial Statements**  
**As of and for the Year Ended December 31, 2017**

**21. Oil, Gas, and Mineral Lease**

On January 4, 1983, the Town leased all of its lands, streets, alleys, public ways and places containing 141.60 acres, more or less to Callon Petroleum Company (high bidder) of Natchez, Mississippi, for the purpose of exploring by any method, including but not limited to, geophysical and geological exploration for formations of structures and prospecting and drilling for, mining, and producing sulfur, potash, oil, gas and any other liquid or gaseous hydrocarbon minerals.

The rights herein granted are limited as to depth and said rights extend only from the surface of the earth to 100 feet below the base of the Wilcox formation, or its stratigraphic equivalent. All rights for minerals lying below said depth to the center of the earth are expressly reserved to the lessor.

The Town's 25 percent royalty rights under the above lease are currently assigned to TMR Exploration, Inc. During the fiscal year ending December 31, 2017, the Town of Livingston recorded \$2,946 in royalty income. The royalties received under the oil, gas, and mineral leases are reported in the Town's general fund.

**22. Construction Commitments**

In 2010, the Town entered in an agreement with Alvin Fairburn and Associates for engineering costs related to the Sidewalk project. The agreement for engineering costs equaled \$37,238. As of the current fiscal year end, \$23,274 in engineering costs had been incurred and capitalized. The amount remaining on the engineering contract at the fiscal year end is \$13,964. The construction contract of this project will be bid and awarded during 2018.

In 2017, the Town entered in an agreement with Griner Drilling Service, Inc. for construction costs related to the Water Well project. The agreement for construction costs equaled \$671,403, including change orders. As of the current fiscal year end, \$399,969 in construction costs had been incurred and capitalized. The amount remaining on the construction contract at the fiscal year end is \$271,434, including retainage.

**23. Subsequent Events**

Subsequent events have been evaluated by management through June 11, 2018, the date the financial statements were available to be issued and these financial statements considered subsequent events through such date. No events were noted that require recording or disclosure in the financial statements for the fiscal year ending December 31, 2017.

## Required Supplemental Information (Part II)

**Town of Livingston**  
**Schedule of Revenues, Expenditures, and Changes in Fund Balances - Budget (GAAP Basis) and Actual**  
**General Fund - Summary**  
**For the year ended December 31, 2017**

	Budgeted Amounts		Actual Amounts GAAP Basis	Variance Favorable (Unfavorable)
	Original	Final		
<b>Revenues</b>				
Taxes	\$ 760,000	\$ 836,000	\$ 816,601	\$ (19,399)
Licenses and Permits	165,060	192,300	208,314	16,014
Intergovernmental	278,900	283,500	110,256	(173,244)
Sanitation Fees	200,000	200,000	204,830	4,830
Fines and Forfeitures	150,000	153,000	164,199	11,199
Grants	41,500	12,500	13,085	585
Interest	1,000	1,300	1,550	250
Parks and Recreation	200,000	145,000	149,075	4,075
Miscellaneous	6,700	6,500	7,168	668
<b>Total Revenues</b>	<u>1,803,160</u>	<u>1,830,100</u>	<u>1,675,078</u>	<u>(155,022)</u>
<b>Expenditures</b>				
General Government	655,450	693,100	650,266	42,834
Public Safety:				
Police	412,100	429,500	420,625	8,875
Fire	48,400	60,000	69,431	(9,431)
Streets	151,600	152,500	154,560	(2,060)
Sanitation	196,000	199,000	198,373	627
Health and Welfare	2,000	1,000	2,510	(1,510)
Recreation	284,000	246,500	223,540	22,960
Capital Outlays	129,000	152,900	136,086	16,814
Debt Service				
Principal	-	22,920	22,732	188
Interest	-	1,040	993	47
<b>Total Expenditures</b>	<u>1,878,550</u>	<u>1,958,460</u>	<u>1,879,116</u>	<u>79,344</u>
<b>Excess Revenues (Expenditures)</b>	<u>(75,390)</u>	<u>(128,360)</u>	<u>(204,038)</u>	<u>(75,678)</u>
<b>Other Financing Sources (Uses)</b>				
Operating Transfers In	226,000	170,000	170,000	-
Operating Transfers (Out)	(150,000)	(9,800)	(9,800)	-
FEMA Reimbursements	-	55,500	31,330	(24,170)
Insurance Proceeds	-	-	9,466	9,466
Capital Lease Proceeds	-	56,800	56,841	41
<b>Total Other Financing Sources (Uses)</b>	<u>76,000</u>	<u>272,500</u>	<u>257,837</u>	<u>(14,663)</u>
<b>Net Change in Fund Balances</b>	<u>610</u>	<u>144,140</u>	<u>53,799</u>	<u>(90,341)</u>
<b>Fund Balances, Beginning</b>	<u>110,905</u>	<u>506,938</u>	<u>506,938</u>	<u>-</u>
<b>Fund Balances, Ending</b>	<u>\$ 111,515</u>	<u>\$ 651,078</u>	<u>\$ 560,737</u>	<u>\$ (90,341)</u>

**Town of Livingston**  
**Schedule of Revenues, Expenditures, and Changes in Fund Balances - Budget (GAAP Basis)**  
**and Actual**  
**General Fund - Detail**  
**For the year ended December 31, 2017**

Revenues	Budgeted Amounts		Actual Amounts GAAP Basis	Variance
	Original	Final		Favorable (Unfavorable)
<b>Taxes</b>				
Ad Valorem	\$ 90,000	\$ 51,000	\$ 75,810	\$ 24,810
Franchise Taxes	165,000	150,000	148,199	(1,801)
Sales Taxes	505,000	635,000	592,592	(42,408)
<b>Total Taxes</b>	<u>760,000</u>	<u>836,000</u>	<u>816,601</u>	<u>(19,399)</u>
<b>Licenses and Permits</b>				
Beer Permits	60	300	295	(5)
Building Licenses	15,000	22,000	23,063	1,063
Business Licenses	150,000	170,000	184,956	14,956
<b>Total Licenses and Permits</b>	<u>165,060</u>	<u>192,300</u>	<u>208,314</u>	<u>16,014</u>
<b>Intergovernmental</b>				
Chiefs Supplemental Pay	3,900	3,600	3,900	300
Livingston Parish Fire Protection District 12	30,000	31,600	31,621	21
Louisiana Fire Insurance Rebate	9,000	9,100	9,128	28
Louisiana Alcoholic Beverage Tax	6,000	6,200	6,289	89
Recreation District 5	50,000	30,000	29,235	(765)
State Supplemental Pay	30,000	30,000	30,083	83
<b>Total Intergovernmental</b>	<u>128,900</u>	<u>110,500</u>	<u>110,256</u>	<u>(244)</u>
<b>Grants</b>				
Louisiana Law Enforcement Grant	1,500	2,700	3,285	585
LGAP Grant	40,000	9,800	9,800	-
<b>Total Grants</b>	<u>41,500</u>	<u>12,500</u>	<u>13,085</u>	<u>585</u>
<b>Other Revenues</b>				
Court Fees	1,200	500	537	37
Fines and Forfeitures	150,000	153,000	164,199	11,199
Fire Department	2,000	2,500	2,520	20
Interest	1,000	1,300	1,550	250
Miscellaneous Income	1,000	1,000	1,165	165
Oil, Gas, and Mineral Royalties	2,500	2,500	2,946	446
Parks and Recreation	200,000	145,000	149,075	4,075
Sanitation Fees	200,000	200,000	204,830	4,830
<b>Total Other Revenues</b>	<u>557,700</u>	<u>505,800</u>	<u>526,822</u>	<u>21,022</u>
<b>Total Revenues</b>	<u>1,653,160</u>	<u>1,657,100</u>	<u>1,675,078</u>	<u>17,978</u>

(Continued)

See independent auditor's report.

**Town of Livingston**  
**Schedule of Revenues, Expenditures, and Changes in Fund Balances - Budget (GAAP Basis) and Actual**  
**General Fund - Detail**  
**For the year ended December 31, 2017**

Expenditures	Budgeted Amounts		Actual Amounts GAAP Basis	Variance Favorable (Unfavorable)
	Original	Final		
<b>General Government</b>				
Salaries				
Mayor and Aldermen	96,000	96,800	97,691	(891)
Town Clerk	66,000	63,000	62,726	274
Court Clerk	2,400	2,200	2,368	(168)
Part-Time Office	35,000	27,500	27,739	(239)
Benefits				
Health Insurance (All Departments)	122,000	103,000	97,395	5,605
Retirement (All Departments, except Police)	24,000	33,000	32,901	99
Payroll Taxes (All Departments)	52,600	60,700	49,719	10,981
Unemployment (All Departments)	1,500	1,500	1,309	191
Insurance				
Insurance (All Departments)	80,000	100,000	79,540	20,460
Workers Compensation (All Departments)	41,000	54,000	54,100	(100)
Other operating				
Advertising	-	-	-	-
Dues, Subscriptions, and Meeting	18,000	25,000	25,497	(497)
Miscellaneous	31,200	37,400	29,252	8,148
Professional Fees	55,000	55,000	53,823	1,177
Repairs and Maintenance	10,750	9,500	14,814	(5,314)
Supplies				
Copier Lease	-	-	-	-
Office Expense	14,000	20,000	16,994	3,006
Telephone	6,000	4,500	4,398	102
<b>Total General Government</b>	<b>655,450</b>	<b>693,100</b>	<b>650,266</b>	<b>42,834</b>
<b>Public Safety:</b>				
Police				
Salaries	299,000	310,500	310,444	56
Benefits				
Retirement	54,600	58,000	55,245	2,755
Other operating	20,000	20,000	19,692	308
Supplies	6,000	5,000	4,306	694
Vehicle Expense				
Automobile Expenses	7,500	10,000	4,747	5,253
Fuel	25,000	26,000	26,191	(191)
<b>Total Police</b>	<b>412,100</b>	<b>429,500</b>	<b>420,625</b>	<b>8,875</b>
Fire				
Salaries	28,900	29,000	29,496	(496)
Other operating	19,500	31,000	39,935	(8,935)
<b>Total Fire</b>	<b>48,400</b>	<b>60,000</b>	<b>69,431</b>	<b>(9,431)</b>
<b>Total Public Safety</b>	<b>460,500</b>	<b>489,500</b>	<b>490,056</b>	<b>(556)</b>

(Continued)

See independent auditor's report.

**Town of Livingston**  
**Schedule of Revenues, Expenditures, and Changes in Fund Balances - Budget (GAAP Basis)**  
**and Actual**  
**General Fund - Detail**  
**For the year ended December 31, 2017**

	<u>Budgeted Amounts</u>		<u>Actual Amounts</u>	<u>Variance</u>
	<u>Original</u>	<u>Final</u>	<u>GAAP Basis</u>	<u>Favorable (Unfavorable)</u>
<b>Highways and Streets</b>				
Salaries	69,600	73,000	73,181	(181)
Other operating				
Equipment Operating Expense	5,000	5,000	5,760	(760)
Miscellaneous	15,000	14,500	14,728	(228)
Uniform Expense	2,000	500	-	500
Repairs and Maintenance	10,000	1,000	800	200
Supplies	25,000	35,000	36,998	(1,998)
Utilities - Street Lights	25,000	23,500	23,093	407
<b>Total Highways and Streets</b>	<u>151,600</u>	<u>152,500</u>	<u>154,560</u>	<u>(2,060)</u>
<b>Sanitation</b>				
Collection Fees	196,000	199,000	198,373	627
<b>Total Sanitation</b>	<u>196,000</u>	<u>199,000</u>	<u>198,373</u>	<u>627</u>
<b>Health and Welfare</b>				
Other operating	2,000	1,000	2,510	(1,510)
<b>Total Health and Welfare</b>	<u>2,000</u>	<u>1,000</u>	<u>2,510</u>	<u>(1,510)</u>
<b>Recreation</b>				
Salaries	80,000	71,500	70,978	522
Other operating	-	-	2,739	(2,739)
Program Expense	152,000	150,000	130,745	19,255
Repairs and Maintenance	36,000	10,000	4,999	5,001
Utilities	16,000	15,000	14,079	921
<b>Total Recreation</b>	<u>284,000</u>	<u>246,500</u>	<u>223,540</u>	<u>22,960</u>
<b>Capital Outlays</b>				
General Government	7,000	37,300	25,276	12,024
Public Safety - Police Protection	5,000	36,600	39,092	(2,492)
Public Safety - Fire Protection	5,000	4,000	-	4,000
Public Works - Streets	12,000	-	-	-
Recreation	100,000	75,000	71,718	3,282
<b>Total Capital Outlays</b>	<u>129,000</u>	<u>152,900</u>	<u>136,086</u>	<u>16,814</u>

(Continued)

See independent auditor's report.

**Town of Livingston**  
**Schedule of Revenues, Expenditures, and Changes in Fund Balances - Budget (GAAP Basis) and Actual**  
**General Fund - Detail**  
**For the year ended December 31, 2017**

	<b>Budgeted Amounts</b>		<b>Actual Amounts GAAP Basis</b>	<b>Variance Favorable (Unfavorable)</b>
	<b>Original</b>	<b>Final</b>		
<b>Debt Service</b>				
Principal				
Capital Leases				
General Government - Mayor	-	6,400	6,381	19
Public Safety -Police Cars	-	14,000	13,835	165
Streets - Truck and Tractor	-	2,520	2,516	4
Total Principal Payments	-	22,920	22,732	188
Interest				
Capital Leases				
General Government - Mayor	-	420	415	5
Public Safety -Police Cars	-	600	560	40
Streets - Truck and Tractor	-	20	18	2
Total Interest Payments	-	1,040	993	47
<b>Total Expenditures</b>	<b>1,878,550</b>	<b>1,958,460</b>	<b>1,879,116</b>	<b>79,344</b>
<b>Excess Revenues (Expenditures)</b>	<b>(225,390)</b>	<b>(301,360)</b>	<b>(204,038)</b>	<b>97,322</b>
<b>Other Financing Sources (Uses)</b>				
Operating Transfers In	226,000	170,000	170,000	-
Operating Transfers (Out)	(150,000)	(9,800)	(9,800)	-
Transfers In from Livingston Intergovernmental Commission	150,000	173,000	-	(173,000)
FEMA Reimbursements	-	55,500	31,330	(24,170)
Insurance Proceeds	-	-	9,466	9,466
Capital Lease Proceeds	-	56,800	56,841	41
<b>Total Other Financing Sources (Uses)</b>	<b>226,000</b>	<b>445,500</b>	<b>257,837</b>	<b>(187,663)</b>
<b>Net Change in Fund Balances</b>	<b>610</b>	<b>144,140</b>	<b>53,799</b>	<b>(90,341)</b>
<b>Fund Balances, Beginning</b>	<b>110,905</b>	<b>506,938</b>	<b>506,938</b>	<b>-</b>
<b>Fund Balances, Ending</b>	<b>\$ 111,515</b>	<b>\$ 651,078</b>	<b>\$ 560,737</b>	<b>\$ (90,341)</b>

(Concluded)

**Town of Livingston**  
**Schedule of the Town's Proportionate Share of the Net Pension Liability - MERS**  
**Plan B**  
**Last 10 Fiscal Years\***

## Municipal Employees' Retirement System

	<u>2015</u>	<u>2016</u>	<u>2017</u>
Employer's Proportion of the Net Pension Liability (Assets)	0.655337%	0.725574%	0.798813%
Employer's Proportionate Share of the Net Pension Liability (Asset)	\$ 445,398	\$ 601,434	\$ 690,570
Employer's Covered-Employee Payroll	\$ 438,698	\$ 539,127	\$ 592,412
Employer's Proportionate Share of the Net Position Liability (Asset) as a Percentage of its Covered-Employee Payroll	101.527247%	111.557017%	116.569212%
Plan Fiduciary Net Position as a Percentage of the Total Pension Liability	68.713552%	62.110276%	63.490937%

\* The amounts presented for each fiscal year were determined as of 6/30 within the fiscal year.

*Schedule is intended to show information for 10 years. Additional years will be displayed as they become available.*

See independent auditor's report.

**Town of Livingston**  
**Schedule of the Town's Proportionate Share of the Net Pension Liability - MPERS**  
**Last 10 Fiscal Years\***

## Municipal Police Employees' Retirement System

	<u>2015</u>	<u>2016</u>	<u>2017</u>
Employer's Proportion of the Net Pension Liability (Assets)	0.054592%	0.062740%	0.061000%
Employer's Proportionate Share of the Net Pension Liability (Asset)	\$ 427,671	\$ 588,051	\$ 532,556
Employer's Covered-Employee Payroll	\$ 149,358	\$ 175,749	\$ 157,520
Employer's Proportionate Share of the Net Position Liability (Asset) as a Percentage of its Covered-Employee Payroll	286.3395%	334.5971%	338.0879%
Plan Fiduciary Net Position as a Percentage of the Total Pension Liability	70.7303%	66.0422%	70.0815%

\* The amounts presented for each fiscal year were determined as of 6/30 within the fiscal year.

*Schedule is intended to show information for 10 years. Additional years will be displayed as they become available.*

See independent auditor's report.

**Town of Livingston**  
**Schedule of the Town's Contributions - MERS Plan B**  
**For the year ended December 31, 2017**

## Municipal Employees' Retirement System

	<u>2015</u>	<u>2016</u>	<u>2017</u>
Contractually required contribution	\$ 47,466	\$ 57,496	\$ 74,408
Contributions in relation to contractually required contributions	<u>47,466</u>	<u>57,496</u>	<u>74,408</u>
Contribution deficiency (excess)	-	-	-
Employer's Covered Employee Payroll	\$ 508,586	\$ 553,820	\$ 613,474
Contributions as a % of Covered Employee Payroll	9.3329%	10.3817%	12.1290%

*Schedule is intended to show information for 10 years. Additional years will be displayed as they become available.*

See independent auditor's report.

**Town of Livingston**  
**Schedule of the Town's Contributions - MPERS**  
**For the year ended December 31, 2017**

## Municipal Police Employees' Retirement System

	<u>2015</u>	<u>2016</u>	<u>2017</u>
Contractually required contribution	\$ 52,717	\$ 54,388	\$ 56,569
Contributions in relation to contractually required contributions	<u>52,717</u>	<u>54,388</u>	<u>56,569</u>
Contribution deficiency (excess)	-	-	-
Employer's Covered Employee Payroll	\$ 172,672	\$ 176,302	\$ 180,955
Contributions as a % of Covered Employee Payroll	30.5301%	30.8493%	31.2614%

*Schedule is intended to show information for 10 years. Additional years will be displayed as they become available*

See independent auditor's report.

## Other Supplemental Information

Town of Livingston  
Schedule of Net Position  
Proprietary Fund Type  
For the year ended December 31, 2017  
(With Comparative Totals for the Year Ended December 31, 2016)

	Enterprise Funds	
	2017	2016
<b>Assets</b>		
Current Assets:		
Cash and Cash Equivalents	\$ 655,695	\$ 490,503
Receivables, Net :		
Accounts	243,524	199,163
Other	35,444	23,955
Due from Other Governments	72,170	-
Due From General Fund	166,235	251,425
Inventory - Natural Gas	3,161	3,161
Prepaid Expenses	22,286	16,690
Total Current Assets	<u>1,198,515</u>	<u>984,897</u>
Restricted Assets:		
Restricted Cash and Cash Equivalents	365,141	332,285
Total Restricted Assets	<u>365,141</u>	<u>332,285</u>
Property, Plant, and Equipment		
Construction in Progress	500,813	56,620
Property, Plant and Equipment, Net	9,402,049	9,460,521
Total Property, Plant, and Equipment	<u>9,902,862</u>	<u>9,517,141</u>
Other Assets:		
Unamortized Bond Insurance Costs	25,456	26,535
<b>Total Assets</b>	<u>11,491,974</u>	<u>10,860,858</u>
<b>Deferred Outflows of Resources</b>		
Pension Related	148,952	132,778
Advanced Bond Refunding	761,250	793,529
<b>Total Deferred Outflows of Resources</b>	<u>910,202</u>	<u>926,307</u>
<b>Liabilities</b>		
Current Liabilities (Payable From Current Assets):		
Accounts Payable	31,701	57,103
Other Accrued Payables	193,834	70,688
Capital Lease Payable	25,250	-
Revenue Bonds Payable	130,000	125,000
Total Current Liabilities (Payable From Current Assets)	<u>380,785</u>	<u>252,791</u>
Current Liabilities (Payable From Restricted Assets):		
Customer Deposits	182,011	159,922
Total Current Liabilities (Payable From Restricted Assets)	<u>182,011</u>	<u>159,922</u>
Long Term Liabilities:		
Bonds Payable	4,628,325	4,775,215
Capital Lease Payable	53,481	-
Net Pension Liability	378,253	329,228
Total Long Term Liabilities	<u>5,060,059</u>	<u>5,104,443</u>
<b>Total Liabilities</b>	<u>5,622,855</u>	<u>5,517,156</u>
<b>Deferred Inflows of Resources</b>		
Pension Related	9,828	7,748
<b>Total Deferred Inflows of Resources</b>	<u>9,828</u>	<u>7,748</u>
<b>Net Position</b>		
Investment in Capital Assets	5,714,156	5,410,455
Restricted for:		
Capital Projects and Debt Service	168,240	172,363
Unrestricted	887,097	679,443
<b>Total Net Position</b>	<u>\$ 6,769,493</u>	<u>\$ 6,262,261</u>

See independent auditor's report.

**Town of Livingston**  
**Schedule of Revenues, Expenses, and Changes in Net Position**  
**Proprietary Fund Type**  
**For the year ended December 31, 2017**  
**(With Comparative Totals for the Year Ended December 31, 2016)**

	<b>Enterprise Funds</b>	
	<b>2017</b>	<b>2016</b>
<b>Operating Revenues</b>		
Gas Sales	\$ 383,234	\$ 349,361
Less Cost of Gas Sold	(120,734)	(81,551)
Gross Profit on Gas Sales	262,500	267,810
Water Sales	1,025,077	901,330
Sewer Service Charges	668,317	587,340
Intergovernmental	10,929	9,648
Other	157,750	123,659
<b>Total Operating Revenues</b>	<b>2,124,573</b>	<b>1,889,787</b>
<b>Operating Expenses</b>		
Bad Debts	-	-
Depreciation	417,192	382,373
Employee Benefits	201,232	193,729
Insurance	45,476	39,923
Other	205,774	209,128
Professional Fees	45,960	34,045
Repairs and Maintenance	160,372	180,340
Salaries and Wages	430,013	375,011
Supplies	25,345	24,026
Utilities	65,456	51,815
<b>Total Operating Expenses</b>	<b>1,596,820</b>	<b>1,490,390</b>
<b>Operating Income (Loss)</b>	<b>527,753</b>	<b>399,397</b>
<b>Nonoperating Revenues (Expenses)</b>		
Interest Income	960	983
Interest Expense	(167,992)	(192,754)
Bond Issuance Costs	-	(129,599)
<b>Total Nonoperating Revenues (Expenses)</b>	<b>(167,032)</b>	<b>(321,370)</b>
<b>Income (Loss) Before Contributions</b>	<b>360,721</b>	<b>78,027</b>
<b>Contributions and Transfers</b>		
Capital Contributions	306,711	120,465
Operating Transfers In	9,800	1,000,000
Operating Transfers Out	(170,000)	(376,000)
<b>Change in Net Position</b>	<b>507,232</b>	<b>822,492</b>
<b>Total Net Position, Beginning</b>	<b>6,262,261</b>	<b>5,439,769</b>
<b>Total Net Position, Ending</b>	<b>\$ 6,769,493</b>	<b>\$ 6,262,261</b>

See independent auditor's report.

**Town of Livingston**  
**Schedule of Cash Flows**  
**Proprietary Fund Type**  
**For the year ended December 31, 2017**  
**(With Comparative Totals for the Year Ended December 31, 2016)**

	<u>Enterprise Funds</u>	
	<u>2017</u>	<u>2016</u>
<b>Cash Flows From Operating Activities</b>		
Received From Customers	\$ 2,032,267	\$ 1,801,336
Received for Meter Deposit Fees	22,089	21,669
Other Receipts	85,020	132,493
(Payments) for Interfund Services	85,190	154,326
Payments for Operations	(580,243)	(1,196,999)
Payments to Employees	(595,177)	(538,351)
Net Cash Provided by Operating Activities	<u>1,049,146</u>	<u>374,474</u>
<b>Cash Flows From Noncapital Financing Activities</b>		
Transfers From (To) Other Funds	(160,200)	624,000
Net Cash Provided (Used) by Noncapital Financing Activities	<u>(160,200)</u>	<u>624,000</u>
<b>Cash Flows From Capital and Related Financing Activities</b>		
Capital Contributions Received	306,711	120,465
(Payments) for Capital Acquisitions	(723,103)	(872,967)
(Payments) for Debt Issue Costs	-	(129,599)
Principal Proceeds from (Repayments for) Long Term Debt	(109,611)	(262,792)
Interest Payments for Long Term Debt	(165,855)	(222,059)
Net Cash (Used) by Capital and Related Financing Activities	<u>(691,858)</u>	<u>(1,366,952)</u>
<b>Cash Flows From Investing Activities</b>		
Receipt of Interest	960	983
Proceeds from Sale (Payments) for Investments	-	-
Net Cash Provided by Investing Activities	<u>960</u>	<u>983</u>
<b>Net Cash Increase (Decrease) in Cash and Cash Equivalents</b>	198,048	(367,495)
<b>Cash and Cash Equivalents, Beginning of Year</b>	<u>822,788</u>	<u>1,190,283</u>
<b>Cash and Cash Equivalents, End of Year</b>	<u>\$ 1,020,836</u>	<u>\$ 822,788</u>
<b>Reconciliation of Cash and Cash Equivalents to the Statement of Net Assets:</b>		
Cash and Cash Equivalents, Unrestricted	\$ 655,695	\$ 490,503
Cash and Cash Equivalents, Restricted	<u>365,141</u>	<u>332,285</u>
Total Cash and Cash Equivalents	<u>\$ 1,020,836</u>	<u>\$ 822,788</u>

(Continued)

See independent auditor's report.

**Town of Livingston**  
**Schedule of Cash Flows**  
**Proprietary Fund Type**  
**For the year ended December 31, 2017**  
**(With Comparative Totals for the Year Ended December 31, 2016)**

	<u>Enterprise Funds</u>	
	<u>2017</u>	<u>2016</u>
<b>Reconciliation of Operating Income (Loss) to Net Cash Provided (Used)</b>		
<b>by Operating Activities</b>		
Operating Income (Loss)	\$ 527,753	\$ 399,397
Adjustments to Reconcile Operating Income (Loss) to Net Cash Provided		
by Operating Activities:		
Depreciation	417,192	382,373
(Increase) decrease in Accounts Receivable	(44,361)	(36,695)
(Increase) decrease in Other Receivable	(83,659)	(814)
(Increase) decrease in Prepaid Expenses	(5,596)	(133)
(Increase) decrease in Deferred Outflows of Resources	(16,174)	(59,303)
(Increase) decrease in Due (to) and from Other Funds	85,190	154,326
Increase (decrease) in Accounts Payable	(25,402)	(271)
Increase (Decrease) in Deferred Inflows of Resources	2,080	(3,594)
Increase (decrease) in Accrued Expenses	170,034	(482,481)
Increase (decrease) in Customer Deposits	22,089	21,669
Net Cash Provided by Operating Activities	<u>\$ 1,049,146</u>	<u>\$ 374,474</u>

(Concluded)

See independent auditor's report.

**Town of Livingston**  
**Combining Schedule of Revenues, Expenses and Changes in Net Position**  
**Proprietary Fund Type, Utility Funds**  
**For the year ended December 31, 2017**

	<u>Gas</u>	<u>Water</u>	<u>Sewer</u>	<u>Total</u>
<b>Operating Revenues</b>				
Gas Sales	\$ 383,234	\$ -	\$ -	\$ 383,234
Less Cost of Gas Sold	<u>(120,734)</u>	<u>-</u>	<u>-</u>	<u>(120,734)</u>
Gross Profit on Gas Sales	262,500	-	-	262,500
Water Sales	-	1,025,077	-	1,025,077
Sewer Service Charges	-	-	668,317	668,317
Intergovernmental	3,279	4,371	3,279	10,929
Other	<u>15,504</u>	<u>94,001</u>	<u>48,245</u>	<u>157,750</u>
<b>Total Operating Revenues</b>	<u>281,283</u>	<u>1,123,449</u>	<u>719,841</u>	<u>2,124,573</u>
<b>Operating Expenses</b>				
Bad Debts	-	-	-	-
Depreciation & Amortization	25,840	123,552	267,800	417,192
Employee Benefits	60,371	80,491	60,370	201,232
Insurance	-	45,476	-	45,476
Other	30,775	63,359	111,640	205,774
Professional Fees	23,396	13,210	9,354	45,960
Repairs and Maintenance	45,355	55,911	59,106	160,372
Salaries and Wages	129,115	171,784	129,114	430,013
Supplies	7,272	11,782	6,291	25,345
Utilities	<u>-</u>	<u>27,606</u>	<u>37,850</u>	<u>65,456</u>
<b>Total Operating Expenses</b>	<u>322,124</u>	<u>593,171</u>	<u>681,525</u>	<u>1,596,820</u>
<b>Operating Income (Loss)</b>	<u>(40,841)</u>	<u>530,278</u>	<u>38,316</u>	<u>527,753</u>
<b>Nonoperating Revenues (Expenses)</b>				
Interest Income	52	430	478	960
Interest Expense	<u>(197)</u>	<u>(262)</u>	<u>(167,533)</u>	<u>(167,992)</u>
<b>Total Nonoperating Revenues (Expenses)</b>	<u>(145)</u>	<u>168</u>	<u>(167,055)</u>	<u>(167,032)</u>
<b>Income (Loss) Before Contributions and Transfers</b>	<u>(40,986)</u>	<u>530,446</u>	<u>(128,739)</u>	<u>360,721</u>
<b>Contributions and Transfers</b>				
Contributions	-	290,711	16,000	306,711
Operating Transfers In	-	9,800	-	9,800
Operating Transfers Out	<u>(51,000)</u>	<u>(68,000)</u>	<u>(51,000)</u>	<u>(170,000)</u>
<b>Change in Net Position</b>	(91,986)	762,957	(163,739)	507,232
<b>Total Net Position, Beginning</b>				<u>6,262,261</u>
<b>Total Net Position, Ending</b>				<u>\$ 6,769,493</u>

See independent auditor's report.

**Town of Livingston**  
**Schedule of Revenues, Expenses and Changes in Net Position**  
**Budget (GAAP Basis) and Actual, Proprietary Fund Type, Gas Utility System**  
**For the year ended December 31, 2017**

	<u>Budget</u>	<u>Actual</u>	<u>Variance Favorable (Unfavorable)</u>
<b>Operating Revenues</b>			
Gas Sales	\$ 345,000	\$ 383,234	\$ 38,234
Less Cost of Gas Sold	(130,000)	(120,734)	9,266
Gross Profit on Gas Sales	<u>215,000</u>	<u>262,500</u>	<u>47,500</u>
Other			
Delinquent Charges	5,200	5,364	164
Miscellaneous	-	-	-
Service Connection Charges	10,000	10,140	140
Intergovernmental	-	3,279	3,279
<b>Total Operating Revenues</b>	<u>230,200</u>	<u>281,283</u>	<u>51,083</u>
<b>Operating Expenses</b>			
Bad Debts	-	-	-
Depreciation	28,200	25,840	2,360
Employee Benefits			
Health Insurance	24,000	24,757	(757)
Payroll Taxes	8,700	9,443	(743)
Retirement	12,000	26,171	(14,171)
Other	35,000	30,775	4,225
Professional Fees	30,000	23,396	6,604
Repairs and Maintenance	58,000	45,355	12,645
Salaries and Wages			
Maintenance	100,800	110,015	(9,215)
Office	19,000	19,100	(100)
Supplies	7,000	7,272	(272)
<b>Total Operating Expenses</b>	<u>322,700</u>	<u>322,124</u>	<u>576</u>
<b>Operating Income (Loss)</b>	<u>(92,500)</u>	<u>(40,841)</u>	<u>51,659</u>
<b>Nonoperating Revenues (Expenses)</b>			
Interest Income	100	52	(48)
Interest Expense	(200)	(197)	3
<b>Total Nonoperating Revenues (Expenses)</b>	<u>(100)</u>	<u>(145)</u>	<u>(45)</u>
<b>Income (Loss) Before Contributions and Transfers</b>	<u>(92,600)</u>	<u>(40,986)</u>	<u>51,614</u>
<b>Contributions and Transfers</b>			
Capital Contributions	-	-	-
Operating Transfers In	-	-	-
Operating Transfers Out	(51,000)	(51,000)	-
<b>Change in Net Position</b>	<u>\$ (143,600)</u>	<u>\$ (91,986)</u>	<u>\$ 51,614</u>

See independent auditor's report.

**Town of Livingston**  
**Schedule of Revenues, Expenses and Changes in Net Position**  
**Budget (GAAP Basis) and Actual, Proprietary Fund Type, Water Utility System**  
**For the year ended December 31, 2017**

	<u>Budget</u>	<u>Actual</u>	<u>Variance Favorable (Unfavorable)</u>
<b>Operating Revenues</b>			
Water Sales	\$ 1,025,000	\$ 1,025,077	\$ 77
Other			
Delinquent Charges	24,800	24,946	146
Miscellaneous	4,500	4,839	339
Service Connection Charges	43,000	40,080	(2,920)
DHH Fees Collected	30,000	24,136	(5,864)
Intergovernmental	-	4,371	4,371
<b>Total Operating Revenues</b>	<u>1,127,300</u>	<u>1,123,449</u>	<u>(3,851)</u>
<b>Operating Expenses</b>			
Bad Debts	-	-	-
Depreciation	128,000	123,552	4,448
Employee Benefits			
Health Insurance	32,000	33,009	(1,009)
Payroll Taxes	12,100	12,589	(489)
Retirement	15,000	34,893	(19,893)
Insurance	40,000	45,476	(5,476)
Other			
Contract Services	30,000	28,150	1,850
Miscellaneous	19,000	9,343	9,657
Safe Drinking Water Fees	30,000	16,206	13,794
Vehicle Expense	12,000	9,660	2,340
Professional Fees	20,000	13,210	6,790
Repairs and Maintenance	109,000	55,911	53,089
Salaries and Wages			
Maintenance	134,000	146,317	(12,317)
Office	25,500	25,467	33
Supplies	13,000	11,782	1,218
Utilities	31,000	27,606	3,394
<b>Total Operating Expenses</b>	<u>650,600</u>	<u>593,171</u>	<u>57,429</u>
<b>Operating Income (Loss)</b>	<u>476,700</u>	<u>530,278</u>	<u>53,578</u>
<b>Nonoperating Revenues (Expenses)</b>			
Interest Income	500	430	(70)
Interest Expense	(270)	(262)	8
<b>Total Nonoperating Revenues (Expenses)</b>	<u>230</u>	<u>168</u>	<u>(62)</u>
<b>Income (Loss) Before Contributions and Transfers</b>	<u>476,930</u>	<u>530,446</u>	<u>53,516</u>
<b>Contributions and Transfers</b>			
Capital Contributions	275,000	290,711	15,711
Operating Transfers In	9,800	9,800	-
Operating Transfers Out	(68,000)	(68,000)	-
<b>Change in Net Position</b>	<u>\$ 693,730</u>	<u>\$ 762,957</u>	<u>\$ 69,227</u>

See independent auditor's report.

**Town of Livingston**  
**Schedule of Revenues, Expenses and Changes in Net Position**  
**Budget (GAAP Basis) and Actual, Proprietary Fund Type, Sewer Utility System**  
**For the year ended December 31, 2017**

	<u>Budget</u>	<u>Actual</u>	<u>Variance Favorable (Unfavorable)</u>
<b>Operating Revenues</b>			
Sewer Charges	\$ 664,000	\$ 668,317	\$ 4,317
Other			
Delinquent Charges	20,200	20,223	23
Licenses and Permits	5,000	4,111	(889)
Miscellaneous	-	-	-
Sewer Impact Fees	26,000	23,911	(2,089)
Intergovernmental	-	3,279	3,279
<b>Total Operating Revenues</b>	<u>715,200</u>	<u>719,841</u>	<u>4,641</u>
<b>Operating Expenses</b>			
Bad Debts	-	-	-
Depreciation & Amortization	277,000	267,800	9,200
Employee Benefits			
Health Insurance	24,000	24,758	(758)
Payroll Taxes	8,700	9,443	(743)
Retirement	12,000	26,169	(14,169)
Other			
Contract Services	35,000	31,430	3,570
Miscellaneous	15,000	12,611	2,389
Sewer Expense	84,000	67,599	16,401
Professional Fees	15,000	9,354	5,646
Repairs and Maintenance	71,000	59,106	11,894
Salaries and Wages			
Maintenance	100,800	110,014	(9,214)
Office	19,000	19,100	(100)
Supplies	7,000	6,291	709
Utilities	39,000	37,850	1,150
<b>Total Operating Expenses</b>	<u>707,500</u>	<u>681,525</u>	<u>25,975</u>
<b>Operating Income (Loss)</b>	<u>7,700</u>	<u>38,316</u>	<u>30,616</u>
<b>Nonoperating Revenues (Expenses)</b>			
Interest Income	100	478	378
Interest Expense	(151,300)	(167,533)	(16,233)
<b>Total Nonoperating Revenues (Expenses)</b>	<u>(151,200)</u>	<u>(167,055)</u>	<u>(15,855)</u>
<b>Income (Loss) Before Contributions and Transfers</b>	<u>(143,500)</u>	<u>(128,739)</u>	<u>14,761</u>
<b>Contributions and Transfers</b>			
Capital Contributions	45,000	16,000	(29,000)
Operating Transfers In	-	-	-
Operating Transfers Out	(51,000)	(51,000)	-
<b>Change in Net Position</b>	<u>\$ (149,500)</u>	<u>\$ (163,739)</u>	<u>\$ (14,239)</u>

See independent auditor's report.

**Town of Livingston**  
**Schedule of Gas Sales and Purchases**  
**Proprietary Fund Type**  
**For the years ended December 31, 2017 and 2016**

	<u>2017</u>	<u>2016</u>
<b>Gas Sales and Purchases (Dollars)</b>		
Gas Sales		
Volume mcf (Thousand Cubic Feet)	26,348	24,320
Dollar Amount	\$ 383,234	\$ 349,361
Cost of Gas Sold		
Volume mcf (Thousand Cubic Feet)	31,057	29,163
Dollar Amount	\$ (120,734)	\$ (81,551)
Gross Profit on Gas Sales	<u>\$ 262,500</u>	<u>\$ 267,810</u>
Gross Profit Percentage of Sales	68%	77%
<b>Gas Unaccounted For</b>		
Volume mcf (Thousand Cubic Feet)	4,709	4,843
Average Cost of Unaccounted for Gas	\$ 18,305	\$ 13,544
Percentage of Purchases	15%	17%
<b>Number of Customers</b>		
In Service		
Residential	600	587
Commercial	17	15
Industrial	1	1
<b>Total Number of Customers</b>	<u>618</u>	<u>603</u>
<b>Computed Amounts per Customer (per mcf (Thousand Cubic Feet))</b>		
Gas Sales	\$ 14.54	\$ 14.37
Gas Purchases	-3.89	-2.80
Subtotal	<u>10.65</u>	<u>11.57</u>
Unaccounted for Gas Purchases	-0.59	-0.46
Gross Profit	<u>\$ 10.06</u>	<u>\$ 11.11</u>

See independent auditor's report.

**Town of Livingston**  
**Schedule of Gas, Water and Sewer Rates**  
**Proprietary Fund Type**  
**For the year ended December 31, 2017**

<b>Residential Rates</b>		<b>Commercial</b>	<b>Industrial</b>	
<b>In Town</b>	<b>Out of Town</b>	<b>In or Out of Town</b>	<b>In or Out of Town</b>	
			\$ 15.00	(Flat Fee)
\$ 10.50	\$ 13.00	\$ 13.00	\$ 16.45	- First 1,000 Cubic Feet (Flat Fee)
\$ 11.95	\$ 14.60	\$ 14.60	\$ 16.45	- Per 1,000 Cubic Feet for Next 3,000 Cubic Feet
\$ 13.30	\$ 16.15	\$ 16.15	\$ 16.45	- Per 1,000 Cubic Feet for all over 4,000 Cubic Feet

<b>Residential Rates</b>		<b>Commercial</b>	<b>Industrial</b>	
<b>In Town</b>	<b>Out of Town</b>	<b>In or Out of Town</b>	<b>In or Out of Town</b>	
\$ 18.00				- First 3,000 Gallons (Flat Fee)
\$ 2.50				- Per 1,000 Gallons for all over 3,000 Gallons
	\$ 22.00			- First 2,000 Gallons (Flat Fee)
	\$ 2.75			- Per 1,000 Gallons for all over 2,000 Gallons
		\$ 90.00	\$ 90.00	- First 50,000 Gallons (Flat Fee)
		\$ 2.75	\$ 2.75	- Per 1,000 Gallons for all over 50,000 Gallons

<b>Residential</b>		<b>Commercial</b>	<b>Industrial</b>	
<b>In Town</b>	<b>Out of Town</b>	<b>In or Out of Town</b>	<b>In or Out of Town</b>	
\$ 28.00	\$ 30.50			- (Flat Fee)
		\$ 38.00		- First 10,000 Gallons (Flat Fee)
		\$ 4.00		- Per 1,000 Gallons for all over 10,000 Gallons
			\$ 90.00	- First 10,000 Gallons (Flat Fee)
			\$ 3.10	- Per 1,000 Gallons for all over 10,000 Gallons

**Schedule of Number of Utility Customers**  
**Proprietary Fund Type**  
**For the year ended December 31, 2017**

	<b>Residential</b>	<b>Commercial</b>	<b>Industrial</b>	<b>Total</b>
Gas	600	17	1	618
Water	2,456	28	2	2,486
Sewer	1,423	26	1	1,450
Total	4,479	71	4	4,554

See independent auditor's report.

**Town of Livingston  
Schedule of Insurance  
For the year ended December 31, 2017**

<u>Insurance Company / Policy Number</u>	<u>Coverage</u>	<u>Amount</u>	<u>Period</u>
Lloyd's London LMA1700070	Commercial Auto Physical Damage Auto Physical Damage	\$ 436,849	5/25/2017 to 5/25/2018
LMA1700071	Commercial Auto Physical Damage - Fire Department Auto Physical Damage	420,000	5/25/2017 to 5/25/2018
EMC Insurance Company T224447	Government Crime Policy Employee Theft	25,000	1/23/2017 to 1/23/2018
2A41022	Business Protection Building Personal Property	675,040 50,688	12/10/2017 to 12/10/2018
S089816	Fidelity Bond	300,000	9/22/2017 to 9/22/2018
1X2-09-15-18	Business Protection Building Personal Property Inland Marine	181,654 40,000 103,110	12/10/2017 to 12/10/2018
Louisiana Municipal Management Agency 100-0195-16407	Auto Liability Commercial General Liability Occurrence Aggregate Law Enforcement Officers' Comprehensive Liability Public Officials' Errors & Omissions Liability	500,000 500,000 500,000 500,000 500,000	5/23/2017 to 5/23/2018

See independent auditor's report.

**Town of Livingston**  
**Schedule of Compensation Paid to Board Members**  
**For the year ended December 31, 2017**

Name and Title / Contact Number	Address	Compensation Received
David McCreary, Mayor (225) 686-2305	P.O. Box 383 Livingston, LA 70754	\$ 66,750
Joey Sibley, Alderman (225) 686-7533	P.O. Box 643 Livingston, LA 70754	6,000
Percy Edler, Alderman (225) 445-3301	P.O. Box 1476 Livingston, LA 70754	6,000
Duane May, Alderman (225) 363-7474	P.O. Box 485 Livingston, LA 70754	6,000
Jessie "Dusty" Glascock, Alderman (225) 313-9526	P.O. Box 651 Livingston, LA 70754	6,000
Wade Wilson, Alderman (225) 686-2385	P.O. Box 154 Livingston, LA 70754	6,000
		\$ 96,750

The schedule of compensation paid board members is presented in compliance with House Concurrent Resolution Number 54 of the 1979 Session of the Louisiana Legislature.

**Schedule 16**

**Town of Livingston**  
**Schedule of Compensation, Benefits, and Other Payments to Agency Head**  
**For the year ended December 31, 2017**

**Agency Head Name: David McCreary, Mayor**

<b>Purpose</b>	<b>Amount</b>
Salary	\$ 60,750
Benefits-Insurance	476
Benefits-Retirement	7,366
Employer Paid Medicare & Social Security	5,106
Per Diem - Board Meetings	6,000
Telephone Reimbursements	900
Registration Fees	248
Conference Travel	687
Fuel Expense	528
Business Meals	115
Other Miscellaneous Supplies	30
	<u>\$ 82,206</u>

See independent auditor's report.

## Other Required Reports

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

Honorable Mayor David McCreary and  
Board of Aldermen  
Town of Livingston, Louisiana

I 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 governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of Town of Livingston, Louisiana, as of and for the year ended December 31, 2017, and the related notes to the financial statements, which collectively comprise Town of Livingston basic financial statements and have issued my report thereon dated August 20, 2018.

**Internal Control Over Financial Reporting**

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

My consideration of internal control was for the limited purpose described in the preceding paragraph and was not designed to identify all deficiencies in internal control that might be material weaknesses or significant deficiencies and therefore, material weaknesses or significant deficiencies may exist that were not identified. However, as described in the accompanying schedule of findings and questioned costs, I identified certain deficiencies in internal control that I consider to be material weaknesses and/or significant deficiencies.

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. I consider the deficiencies described in the accompanying schedule of findings and questioned costs to be material weaknesses as 2017-1.

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. I did not identify any deficiencies in internal control that I consider significant deficiencies. I consider the deficiencies described in the accompanying schedule of findings and questioned costs to be significant deficiencies as 2017-2.

**Compliance and Other Matters**

As part of obtaining reasonable assurance about whether Town of Livingston financial statements are free from material misstatement, I 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 my audit, and accordingly, I do not express such an opinion. The results of my tests disclosed instances of noncompliance or other matters that are required to be reported under Government Auditing Standards and which are described in the accompanying schedule of findings and questioned costs as items 2017-3, 2017-4, 2017-5, 2017-6.

### **Town of Livingston Response to Findings**

The Town of Livingston's response to the findings identified in my audit is described in the accompanying schedule of findings and questioned costs. The Town of Livingston's response was not subjected to the auditing procedures applied in the audit of the financial statements and, accordingly, I express no opinion on it.

### **Purpose of this Report**

The purpose of this report is solely to describe the scope of my 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.

*LJC, CPA, LLC*

Livingston, Louisiana  
August 20, 2018

**Town of Livingston, Louisiana**

Schedule of Findings and Questioned Costs  
Summary of Audit Results  
For the Year Ended December 31, 2017

I have audited, in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in Government Auditing Standards, issued by the Comptroller General of the United States, the financial statements of the governmental activities, business-type activities, each major fund and the aggregate remaining fund information of the Town of Livingston, Louisiana, as of and for the year ended December 31, 2017, and the related notes to the financial statements, which collectively comprise the Town's basic financial statements, and have issued my report thereon dated August 20, 2018. My audit of the financial statements resulted in an unmodified opinion.

**Section I Summary of Auditor's Reports**

Internal Control

Material Weakness  Yes  No      Significant Deficiency  Yes  No

Compliance

Non-compliance Material to the Financial Statements  Yes  No

Federal Awards  Not Applicable

Material Weakness  Yes  No      Significant Weakness  Yes  No

Compliance Findings  Yes  No

**Town of Livingston, Louisiana**

Schedule of Findings and Questioned Costs (Continued)  
Summary of Audit Results  
For the Year Ended December 31, 2017

**Section II Financial Statement Findings**

**Finding 2017-1 Lack of Segregation of Duties (Material Weakness)**  
**Prior Year Finding 2013-1, 2014-1, 2015-1, 2016-1**

Criteria: Proper segregation of incompatible duties requires that there be different individuals responsible for authorizing transactions, recording transactions, preparing reconciliations and maintaining custody of related assets.

Condition: Incompatible duties are being performed by the town's utility billing clerk and the town clerk.

Cause: The Town's staff is not of sufficient size to allow for proper and appropriate segregation of duties.

Effect: Without segregation of incompatible duties, the Town is exposed to many risks including, but not limited to, the risk of improper or unauthorized transactions; misappropriation of assets, and incomplete, inaccurate or fraudulent financial reporting. The lack of segregation of incompatible duties represents a material weakness in the design of the internal controls over financial reporting.

Recommendation: The Town should immediately evaluate and redesign its internal control system such that no one individual is responsible for authorizing transactions, recording transactions, preparing reconciliations and maintaining custody of related assets.

Management's Response: While the Town has maintained certain entity level controls and compensating control activities as part of its internal controls system, the Town recognizes the need to design and implement effective internal control activities related to utility billings. The Mayor and the Town clerk are working with the Town's accountants and are active in redesigning the Town's internal control system surrounding utility billings.

Current Year Status: The Town has provided additional training and has improved the segregation of responsibilities within the parameters allowed by the small staff size of the Town. However, the size of the Town's staff does not allow for complete segregation of incompatible responsibilities. The Town and its professional accounting firm continue to search for opportunities to improve and modify the system and to install compensating controls.

**Town of Livingston, Louisiana**

Schedule of Findings and Questioned Costs (Continued)

Summary of Audit Results

For the Year Ended December 31, 2017

**Finding 2017-2 Lack of Timely Review of Bank Reconciliations(Significant Deficiency)**

Criteria: Proper segregation of incompatible duties requires that there be different individuals responsible for authorizing transactions, recording transactions, preparing reconciliations and maintaining custody of related assets including proper oversight.

Condition: Incompatible duties are being performed by the town's utility billing clerk and the town clerk. Bank reconciliations are an integral part of the Town's control system. There is no evidence that there is managerial oversight of the completion of the bank reconciliation process.

Cause: The Town's staff is not of sufficient size to allow for proper and appropriate segregation of duties.

Effect: Without segregation of incompatible duties, the Town is exposed to many risks including, but not limited to, the risk of improper or unauthorized transactions; misappropriation of assets, and incomplete, inaccurate or fraudulent financial reporting. The lack of segregation of incompatible duties represents a significant deficiency in the design of the internal controls over financial reporting. Oversight of completed bank reconciliation by management is important to the control process.

Recommendation: The Town should immediately evaluate and redesign its internal control system such that no one individual is responsible for authorizing transactions, recording transactions, preparing reconciliations and maintaining custody of related assets. Where there is not the opportunity to segregate those functions, managerial oversight is important as a compensating control.

Management's Response: While the Town has maintained certain entity level controls and compensating control activities as part of its internal controls system, the Town recognizes the need to design and implement effective internal control activities related to utility billings. The Mayor and the Town clerk are working with the Town's accountants and are active in redesigning the Town's internal control system.

**Finding 2017-3 Unclaimed Property (Non Compliance)**

Criteria: Louisiana Revised Statute 9:151 requires that unclaimed property must be reported and tendered to the Louisiana State Treasurer .

## **Town of Livingston, Louisiana**

### Schedule of Findings and Questioned Costs (Continued)

#### Summary of Audit Results

For the Year Ended December 31, 2017

Condition: The Town's bank reconciliations report many checks that have been unclaimed for over two years.

Cause: The Town's staff is not researching, and when necessary, sending unclaimed property to the State Treasurer.

Effect: The Town is not complying with unclaimed property laws.

#### Recom

mendation: The Town should research old outstanding checks and either cancel, reissue or transmit to the State Treasurer.

#### Management's

Response: The Town agrees and will begin researching the outstanding checks.

### **Finding 2017-4 Local Government Budget Act (Non Compliance)**

Criteria: Louisiana Revised Statute 39:1311 requires that the budget must be amended when actual revenues fail to meet budgeted revenue by five percent or more.

Condition: The Town's actual revenue as of December 31, 2017 was only 92% of final budgeted revenue as of December 31, 2017.

Cause: The final amended budget did not accurately predict actual revenue..

Effect: The Town has not complied with the Local Government Budget Act.

#### Recom

mendation: The Town should more carefully monitor revenues and expenditures so that budget amendments can accurately be made in a timely manner.

#### Management's

Response: The Town agrees and will begin monitoring the budget more carefully.

### **Finding 2017-5 Timely Filing of the Audit Report (Non Compliance)**

Criteria: Louisiana Revised Statute 24:513 requires that the annual audit and agreed upon procedures report be filed with the Legislative Auditor within six months of the end of the fiscal year.

## **Town of Livingston, Louisiana**

### Schedule of Findings and Questioned Costs (Concluded) Summary of Audit Results For the Year Ended December 31, 2017

**Condition:** The Town failed to file the above reports within six months however, the Legislative Auditor granted a two month extension.

**Cause:** The Town was not able to adjust and close the financial records in time to complete and timely file the audit and agreed upon procedures report.

**Effect:** The Town has not complied with the Louisiana Revised Statute 24:513.

**Recom  
mendation:** The Town should timely file future reports.

**Management's  
Response:** The Town agrees and will complete the records earlier.

### **Finding 2017-6 Failure To Complete and Adopt the Louisiana Compliance Questionnaire (Non Compliance)**

**Criteria:** Louisiana Governmental Audit Guide requires that the Town must complete and formally adopt the Compliance Questionnaire annually.

**Condition:** The Town failed to complete and adopt the questionnaire.

**Cause:** Unknown.

**Effect:** The Town has not complied with the Louisiana Revised Statute 24:513.

**Recom  
mendation:** The Town should timely complete and adopt the Louisiana Compliance Questionnaire annually.

**Management's  
Response:** The Town agrees and will complete and adopt the questionnaire.

### **Section III Federal Awards Findings and Questioned Costs**

No section III findings.

## **Town of Livingston, Louisiana**

### **Schedule of Prior Year Findings and Questioned Costs For the Year Ended December 31, 2017**

#### **Section II Financial Statement Findings (Prior Year)**

##### **Finding 2013-1, 2014-1, 2015-1, 2016-1, and 2017-1 Lack of Segregation of Duties (Material Weakness)**

Criteria: Proper segregation of incompatible duties requires that there be different individuals responsible for authorizing transactions, recording transactions and maintaining custody of related assets.

Condition: Incompatible duties are being performed by the Town's Utility Billing Clerk and the Town Clerk.

Cause: At the end of fiscal year 2010, the Town installed and began operating a new utility billing system. The Town failed to effectively redesign its internal control system surrounding utility billings. Additionally, the Town's staff is not of sufficient size to allow for proper and appropriate segregation of duties.

Effect: Without segregation of incompatible duties, the Town is exposed to many risks including, but not limited to, the risk of improper or unauthorized transactions, misappropriation of assets, and incomplete, inaccurate or fraudulent financial reporting. The lack of segregation of incompatible duties represents a material weakness in the design of the internal controls over financial reporting.

Recommendation: The Town should immediately redesign its internal control system related to utility billings such that no one individual is responsible for authorizing transactions, recording transactions and maintaining custody of related assets. The Town should obtain additional training on the utility billing system for all employees so that there is adequate personnel to effectively operate the redesigned internal control system.

Management's Response: While the Town has maintained certain entity level controls and compensating control activities as part of its internal controls system, the Town recognizes the need to design and implement effective internal control activities related to utility billings. The Mayor and the Town clerk are working with the Town's accountants and are active in redesigning the Town's internal control system surrounding utility billings.

Current Year Status: The Town has provided additional training and has improved the segregation of responsibilities within the parameters allowed by the small staff size of the Town. However, the size of the Town's staff does not allow for complete segregation of incompatible responsibilities. The Town and its professional accounting firm continue to search for opportunities to improve and modify the system and to install compensating controls. This finding is partially resolved and is continued as current year finding 2017-1.

The Honorable David McCreary and  
Members of the Board of Aldermen  
Town of Livingston, Louisiana

I have audited the financial statements of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of Town of Livingston for the year ended December 31, 2017. Professional standards require that I provide you with information about my responsibilities under generally accepted auditing standards, as well as certain information related to the planned scope and timing of my audit. I have communicated such information in my letter to you dated July 10, 2017. Professional standards also require that I communicate to you the following information related to my audit.

### **Significant Audit Findings**

#### *Qualitative Aspects of Accounting Practices*

Management is responsible for the selection and use of appropriate accounting policies. The significant accounting policies used by Town of Livingston are described in Note 1 to the financial statements. No new accounting policies were adopted and the application of existing policies was not changed during 2017. I noted no transactions entered into by the governmental unit during the year for which there is a lack of authoritative guidance or consensus. All significant transactions have been recognized in the financial statements in the proper period.

Accounting estimates are an integral part of the financial statements prepared by management and are based on management's knowledge and experience about past and current events and assumptions about future events. Certain accounting estimates are particularly sensitive because of their significance to the financial statements and because of the possibility that future events affecting them may differ significantly from those expected. The most sensitive estimate affecting the Town of Livingston's financial statements was:

Management's estimate of the useful lives and the resulting depreciation expense is based on policy guidelines consistent with the Governmental Accounting Standards Board parameters. I evaluated the key factors and assumptions used to develop the capitalization and depreciation policy in determining that it is reasonable in relation to the financial statements taken as a whole.

Certain financial statement disclosures are particularly sensitive because of their significance to financial statement users. The most sensitive disclosures affecting the financial statements are:

The disclosure of the fair value of the Louisiana Asset Management Pool (LAMP) in Note 4 to the financial statements. The values presented are quoted market rates determined weekly by LAMP.

GASB 68 disclosures relating to the Town's proportional share of the net pension liability for retirement systems in which the Town's employees are enrolled.

#### *Difficulties Encountered in Performing the Audit*

I encountered no significant difficulties in dealing with management in performing and completing my audit.

#### *Corrected and Uncorrected Misstatements*

Professional standards require me to accumulate all known and likely misstatements identified during the audit, other than those that are clearly trivial, and communicate them to the appropriate level of management. Management has corrected all such misstatements. In addition, none of the misstatements detected as a result of

The Honorable David McCreary and  
Members of the Board of Aldermen  
Town of Livingston, Louisiana

(Continued)

audit procedures and corrected by management where material, either individually or in the aggregate, to each opinion unit's financial statements taken as a whole.

#### Disagreements with Management

For purposes of this letter, a disagreement with management is a financial accounting, reporting, or auditing matter, whether or not resolved to my satisfaction, that could be significant to the financial statements or the auditor's report. I am pleased to report that no such disagreements arose during the course of my audit.

#### *Management Representations*

I have requested certain representations from management of the Town of Livingston, Louisiana, that are included in the management representation letter dated August 20, 2018.

#### *Management Consultations with Other Independent Accountants*

In some cases, management may decide to consult with other accountants about auditing and accounting matters, similar to obtaining a "second opinion" on certain situations. If a consultation involves application of an accounting principle to the governmental unit's financial statements or a determination of the type of auditor's opinion that may be expressed on those statements, my professional standards require the consulting accountant to check with me to determine that the consultant has all the relevant facts. To my knowledge, there were no such consultations with other accountants.

#### *Other Audit Findings or Issues*

I generally discuss a variety of matters, including the application of accounting principles and auditing standards, with management each year prior to retention as the governmental unit's auditors. However, these discussions occurred in the normal course of my professional relationship and my responses were not a condition to my retention.

#### **Other Matters**

With respect to the supplementary information accompanying the financial statements, I made certain inquiries of management and evaluated the form, content, and methods of preparing the information to determine that the information complies with accounting principles generally accepted in the United States of America, the method of preparing it has not changed from the prior period, and the information is appropriate and complete in relation to my audit of the financial statements. I compared and reconciled the supplementary information to the underlying accounting records used to prepare the financial statements or to the financial statements themselves.

This information is intended solely for the use of the Mayor, Board of Aldermen and management of Town of Livingston and is not intended to be, and should not be, used by anyone other than these specified parties.

Very truly yours,

*LJC, CPA, LLC*

Livingston, Louisiana  
August 20, 2018

# **TOWN OF LIVINGSTON, LOUISIANA**

**Statewide Agreed Upon Procedures Report  
For the Year Ended December 31, 2017**

LJC,CPA,LLC

## INDEPENDENT ACCOUNTANT'S REPORT ON APPLYING AGREED-UPON PROCEDURES

The Honorable David McCreary, Mayor and  
Members of the Board of Aldermen  
Town of Livingston, Louisiana

I have performed the procedures enumerated below, which were agreed to by the Town of Livingston (Entity) 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 calendar year ended December 31, 2017. The Entity's management is responsible for those C/C areas identified in the SAUP's.

This agreed-upon procedures engagement was performed in accordance with attestation standards established by the American Institute of Certified Public Accountants and applicable standards of *Governmental Auditing Standards*. The sufficiency of these procedures is solely the responsibility of the specified users of this report. Consequently, I 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

*Written policies and procedures were obtained and address the functions noted above.*

- 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.

*Written policies and procedures were obtained and address the functions noted above, except how vendors are added to the vendor list in that the same person(s) that enter bills may also add vendors to the master file.*

- c) **Disbursements**, including processing, reviewing, and approving

*Written policies and procedures were obtained and address the functions noted above.*

- d) **Receipts**, including receiving, recording, and preparing deposits

*Written policies and procedures were obtained and address the functions noted above, except how collections are received, controlled and recorded for general government collections, police citations, and athletic complex activities.*

- e) **Payroll/Personnel**, including (1) payroll processing, and (2) reviewing and approving time and attendance records, including leave and overtime worked.

*Written policies and procedures were obtained and address the functions noted above, except that policies do not require approval of standard time worked by neither the employee nor a supervisor. However, the policy and procedure manual requires that time sheets for overtime must be signed by the employee and the immediate supervisor.*

- 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

*Written policies and procedures were obtained and address the functions noted above, except that the written policies do not address which services require written contracts.*

- 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

*Written policies and procedures were obtained and address the functions noted above.*

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

*Written policies and procedures were obtained and address the functions noted above.*

- 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.

*Written policies and procedures were obtained and address the functions noted above, except that the written policies do not require an annual attestation from each employee and official that they have read the entity's ethics policy.*

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

*Written policies and procedures were obtained and address the functions noted above.*

***Board (or Finance Committee, if applicable)***

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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, with a quorum, at least monthly based on review of the minutes.*

- 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).

*Based on the review of the minutes, the Board reviewed and accepted a "financial report" however, the financial report was not made a part of the official minutes and it was not possible to determine that budget and actual comparisons were presented.*

- c) 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.

*Because of item 2,b) above, it was not possible for the Board to evaluate if there was the potential for deficit spending.*

- d) 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.

*Based on the review of the minutes there were many instances of discussions of non budgetary information including, but not limited to, approval of the list of vendor payments, approval of contractual commitments and other business matters.*

***Bank Reconciliations***

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

*Obtained a listing of client bank accounts from management and management's representation that the listing is 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 bank accounts noting that reconciliations have been prepared for all months in which a bank statement was produced by the bank.*

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

*The bank reconciliations do not have evidence of management review.*

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 was no evidence that management researched checks outstanding for more than six months.*

### Collections

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

*Obtained a listing of cash collection locations and management's representation that the listing is 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.

*For the locations selected all employees who collect cash are bonded. There are employees who*

*collect cash and that also make deposits and there are occasions when more than one employee uses the same cash drawer on the same day.*

- 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.

*Written documentation was obtained and addresses the functions noted above.*

- c) Select the highest (dollar) week of cash collections from the general ledger or other accounting records during the fiscal period and:
  - 1) 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.

*For all collection locations deposits were made within one business day with the exception of two instances of a deposit made on the second business day and one instance of a deposit made on the third business day.*

- 2) 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.

*Daily collections are supported by collection documentation.*

- 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.

*Written documentation was obtained and addresses the functions noted above, except that the manual does not address general government collections, police citations collections and athletic complex collections. However, there are control, reconciliation and managerial review procedures in place.*

**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.

*The listing of disbursements and management's representation that the listing is complete was obtained.*

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.

*Examined supporting documentation for each of the twenty-five disbursements selected and found that purchase orders were not required as a matter of policy for most disbursements. However, for the disbursements tested that purchase orders were required, initiation and approval functions were separate.*

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

*Examined supporting documentation for each of the twenty-five disbursements selected and found that purchase orders were not required as a matter of policy for most disbursements. However, for the disbursements tested that required purchase orders, initiation and approval functions for purchases are separate functions.*

- 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.

*Examined supporting documentation for each of twenty-five disbursements selected and found that purchase orders were not required as a matter of policy for most disbursements. However, all disbursements did include proper supporting documentation. Initiation and approval functions were separate. Invoices are approved by the governing body in a list form before checks are issued for payment. Invoices serve as receiving reports in the supporting documentation for these disbursements.*

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.

*Due to the size of the accounting and administrative staff the same person primarily approves transactions, enters the transactions for payment, reviews the supporting documentation packets, prints and mails the checks and has the ability to add vendors to the master list. However, as a compensating control the Mayor and governing board review the supporting documentation and formally approve the disbursements prior to the issuance of the payments.*

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.

*Due to the size of the accounting and administrative staff the same person primarily approves transactions, enters the transactions for payment, reviews the supporting documentation packets, prints and mails the checks. This person does not ordinarily initiate transactions but does have the authority to sign checks. However, as a compensating control the Mayor and governing board review the supporting documentation and formally approve the disbursements prior to the issuance of the payments.*

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.

*Inquiry and observation noted no exceptions.*

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.

*Based on inquiry, a signature stamp is not used.*

#### **Credit Cards/Debit Cards/Fuel Cards/P-Cards**

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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.

*Listing of all credit cards and fuel cards, including account numbers and the name of the person who is in possession of the card and management's representation that the listing is complete was obtained.*

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.

*Listing was obtained and ten cards were selected.*

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.)]

*Monthly statements were obtained and supporting documentation was approved 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 nor late payment fees were noted.*

- 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:
  - 1) An original itemized receipt (i.e., identifies precisely what was purchased)
  - 2) Documentation of the business/public purpose. For meal charges, there should also be documentation of the individuals participating.
  - 3) Other documentation that may be required by written policy (e.g., purchase order, written authorization.)

*No exceptions noted.*

- 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.

*No exceptions noted.*

- 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 exceptions noted.*

### ***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.

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

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](http://www.gsa.gov)) and report any amounts that exceed GSA rates.

*Policies were obtained. No amounts exceed GSA amounts.*

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.

*No exceptions noted.*

- b) Report whether each expense is supported by:

- 1) 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.]
- 2) Documentation of the business/public purpose (Note: For meal charges, there should also be documentation of the individuals participating).

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

*No exceptions noted for items 1, 2 nor 3 above.*

- 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.

*No exceptions noted.*

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

*No exceptions noted.*

## ***Contracts***

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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.

*Listing of all contracts in effect and management's representation that the listing is complete was obtained.*

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.

*No exceptions noted.*

- 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:

- 1) 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)

*One contract, entered into in a prior year, did not comply with the above requirements.*

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

*The contract was not amended.*

- 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.

*The Contract terms were adhered to.*

- 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. Lawrason Act or Home Rule Charter).

*The contract was approved by the board in a previous year.*

### ***Payroll and Personnel***

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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:

- 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.

*No exceptions noted.*

- 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.

*No exceptions noted.*

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.)

*No exceptions noted.*

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

*There was no indication that employees nor supervisors attested or approved time and attendance records with the exception of overtime claimed.*

- 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.

*No exceptions noted.*

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.

*No exceptions noted.*

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.

*No exceptions noted.*

### ***Ethics (excluding nonprofits)***

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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.

*Documentation of ethics training was provided however, employees did not sign an attestation that they have read the Town's ethics policy.*

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 asserted that they have received no allegations during the fiscal period.*

### ***Debt Service (excluding nonprofits)***

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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 for this fiscal period.*

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.

*No exceptions noted.*

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***

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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 the entity did not have any misappropriations of public funds nor 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](http://www.la.gov/hotline)) concerns the

reporting of misappropriation, fraud, waste, or abuse of public funds

*Required notice was posted on the premises however, not on the 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.

*No exceptions noted.*

I was 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, I do not express such an opinion or conclusion. Had I performed additional procedures, other matters might have come to my 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.

*LJC, CPA, LLC*

Livingston, Louisiana

August 15, 2018