

# **TOWN OF LIVINGSTON, LOUISIANA**

**Annual Financial Statements  
As of and for the Year Ended December 31, 2018  
With Supplemental Information**

**Town of Livingston**  
**Annual Financial Statements**  
**As of and for the Year Ended December 31, 2018**  
**With Supplemental Information Schedules**

**TABLE OF CONTENTS**

	<b>Statement</b>	<b>Page</b>
Independent Auditor's Report .....		5
Required Supplemental Information (Part I):		
Management's Discussion and Analysis.....		8
Basic Financial Statements:		
Government-Wide Financial Statements:		
Statement of Net Position .....	A	18
Statement of Activities .....	B	19
Fund Financial Statements:		
Governmental Funds Financial Statements:		
Balance Sheet, Governmental Funds .....	C	22
Reconciliation of the Governmental Funds Balance Sheet to the Government-Wide Financial Statement of Net Position.....	D	23
Statement of Revenues, Expenditures, and Changes in Fund Balances.....	E	24
Reconciliation of the Statement of Revenues, Expenditures, and Changes in Fund Balances of Governmental Funds to the Statement of Activities .....	F	25
Proprietary Fund Financial Statements:		
Statement of Net Position .....	G	26
Statement of Revenues, Expenses and Changes in Net Position .....	H	27
Statement of Cash Flows.....	I	28
Notes to the Financial Statements .....		31

**Town of Livingston**  
**Annual Financial Statements**  
**As of and for the Year Ended December 31, 2018**  
**With Supplemental Information Schedules**

**TABLE OF CONTENTS**

	<b>Schedule</b>	<b>Page</b>
Required Supplemental Information (Part II):		
Schedule of Revenues, Expenditures, and Changes in Fund Balances Budget (GAAP Basis) and Actual General Fund - Summary .....	1	64
Schedule of Revenues, Expenditures, and Changes in Fund Balances Budget (GAAP Basis) and Actual General Fund - Detail.....	2	65
Schedule of the Town’s Proportionate Share of the Net Pension Liability.....	3.1-3.2	69
Schedule of the Town of Livingston’s Contributions .....	4.1-4.2	71
Other Supplemental Information:		
Proprietary Funds - Utility Fund:		
Schedule of Net Position .....	5	74
Schedule of Revenues, Expenses and Changes in Net Position .....	6	75
Schedule of Cash Flows .....	7	76
Combining Schedule of Revenues, Expenses and Changes in Net Position .....	8	78
Schedule of Revenues, Expenses and Changes in Net Position Budget (GAAP Basis) and Actual – Gas Utility System.....	9	79
Schedule of Revenues, Expenses and Changes in Net Position Budget (GAAP Basis) and Actual – Water Utility System .....	10	80
Schedule of Revenues, Expenses and Changes in Net Position Budget (GAAP Basis) and Actual – Sewer Utility System.....	11	81
Schedule of Gas Sales and Purchases.....	12	82
Schedule of Gas, Water and Sewer Rates and Schedule of Number of Utility Customers.....	13	83
Schedule of Insurance .....	14	84
Schedule of Compensation Paid to Board Members.....	15	85
Schedule of Compensation, Benefits, and Other Payments to Agency Head .....	16	86

**Town of Livingston**  
**Annual Financial Statements**  
**As of and for the Year Ended December 31, 2018**  
**With Supplemental Information Schedules**

**TABLE OF CONTENTS**

	<b>Schedule</b>	<b>Page</b>
<b>Other Required Reports:</b>		
Independent Auditor’s report on Internal Control over reporting and on Compliance and Other Matters Based on an Audit of Financial Statements Performed in Accordance with Governmental Audit Standards .....	88	
Schedule of Findings and Questioned Costs .....	90	
Schedule of Prior Year Findings and Questioned Costs .....	93	
Governance Letter .....	98	

**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, 2018, 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, 2018, 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 that collectively comprise the Town of Livingston's basic financial statements. 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 June 27, 2019 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.

*LJC, CPA, LLC*

Livingston, Louisiana  
June 27, 2019

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, 2018

#### 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, 2018, the Town's assets exceeded its liabilities by \$9,858,929 (net position). Of this amount, \$1,366,449 (unrestricted net position) may be used to meet the Town's ongoing obligations to its citizens.
- For the year ended December 31, 2018, the Town's total net position increased by \$697,468.
- At December 31, 2018, the Town's governmental funds reported combined ending fund balances of \$754,752, an increase of \$195,862 for the year. Of this amount, \$712,357 is unassigned.
- At December 31, 2018, the Town's proprietary funds reported combined ending net position of \$7,401,767, an increase of \$610,101 for the year. Of this amount, \$1,259,826 or seventeen 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, 2018

#### 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, 2018**

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, 2018**

**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.

**Net Position  
2018 and 2017**

	<u>Governmental Activities</u>		<u>Business-Type Activities</u>		<u>Total</u>	
	<u>2018</u>	<u>2017</u> <u>(Restated)</u>	<u>2018</u>	<u>2017</u> <u>(Restated)</u>	<u>2018</u>	<u>2017</u> <u>(Restated)</u>
<b>Assets:</b>						
Current and Other Assets	\$ 1,012,898	\$ 858,370	\$ 2,024,485	\$ 1,611,285	\$ 3,037,383	\$ 2,469,655
Capital Assets	2,379,408	2,448,902	9,936,557	9,902,862	12,315,965	12,351,764
<b>Total Assets</b>	<u>3,392,306</u>	<u>3,307,272</u>	<u>11,961,042</u>	<u>11,514,147</u>	<u>15,353,348</u>	<u>14,821,419</u>
<b>Deferred Outflows of Resources</b>						
Pension Related	231,531	256,943	125,407	148,952	356,938	405,895
Advanced Bond Refunding	-	-	728,971	761,250	728,971	761,250
<b>Total Deferred Outflows of Resources</b>	<u>231,531</u>	<u>256,943</u>	<u>854,378</u>	<u>910,202</u>	<u>1,085,909</u>	<u>1,167,145</u>
<b>Liabilities:</b>						
Long-Term Debt Outstanding	864,269	873,741	4,893,635	5,060,059	5,757,904	5,933,800
Other Liabilities	254,445	298,717	502,266	562,796	756,711	861,513
<b>Total Liabilities</b>	<u>1,118,714</u>	<u>1,172,458</u>	<u>5,395,901</u>	<u>5,622,855</u>	<u>6,514,615</u>	<u>6,795,313</u>
<b>Deferred Inflows of Resources</b>						
Pension Related	47,961	21,962	17,752	9,828	65,713	31,790
<b>Total Deferred Inflows of Resources</b>	<u>47,961</u>	<u>21,962</u>	<u>17,752</u>	<u>9,828</u>	<u>65,713</u>	<u>31,790</u>
<b>Net Position:</b>						
Net Investment in Capital Assets	2,350,539	2,406,407	5,966,017	5,714,156	8,316,556	8,120,563
Restricted	-	11,786	175,924	175,685	175,924	187,471
Unrestricted	106,623	(48,398)	1,259,826	901,825	1,366,449	853,427
<b>Total Net Position</b>	<u>\$ 2,457,162</u>	<u>\$ 2,369,795</u>	<u>\$ 7,401,767</u>	<u>\$ 6,791,666</u>	<u>\$ 9,858,929</u>	<u>\$ 9,161,461</u>

Approximately eighty-four 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.

Approximately 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 fourteen 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 both business-type activities and governmental activities.

**Town of Livingston**

**Management's Discussion and Analysis  
As of and for the Year Ended December 31, 2018**

The Town's activities increased its total net position by \$697,468, with governments activities increasing net position by \$87,367 and business-type activities increasing net position by \$610,101.

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, 2018**

**Changes in Net Position  
For the years ended December 31, 2018 and 2017**

	Governmental Activities		Business-Type Activities		Total	
	2018	2017	2018	2017	2018	2017
Revenues:		(Restated)		(Restated)		(Restated)
Program Revenues:						
Charges for Services	\$ 894,118	\$ 756,190	\$ 2,533,845	\$ 2,234,378	\$ 3,427,963	\$ 2,990,568
Operating Grants and Contributions	97,587	101,123	11,677	10,929	109,264	112,052
Capital Grants and Contributions	-	9,800	226,288	306,711	226,288	316,511
General Revenues:						
Franchise Taxes	155,198	148,199	-	-	155,198	148,199
Property Taxes	57,825	66,855	-	-	57,825	66,855
Sales Taxes	563,282	592,592	-	-	563,282	592,592
Other Taxes	9,843	6,289	-	-	9,843	6,289
Intergovernmental	-	-	71,018	-	71,018	-
Interest Income	2,817	1,550	3,026	960	5,843	2,510
Miscellaneous	8,409	4,111	-	-	8,409	4,111
Insurance Proceeds	-	9,466	-	-	-	9,466
FEMA Reimbursement	-	31,330	-	-	-	31,330
<b>Total Revenues</b>	<b>1,789,079</b>	<b>1,727,505</b>	<b>2,845,854</b>	<b>2,552,978</b>	<b>4,634,933</b>	<b>4,280,483</b>
Expenses:						
General Government	700,306	700,521	-	-	700,306	700,521
Public Safety - Police Protection	519,513	500,409	-	-	519,513	500,409
Public Safety - Fire Protection	91,887	86,542	-	-	91,887	86,542
Public Works - Streets	220,441	250,703	-	-	220,441	250,703
Sanitation	190,493	198,373	-	-	190,493	198,373
Health and Welfare	6,307	2,510	-	-	6,307	2,510
Recreation	334,112	292,217	-	-	334,112	292,217
Capital Lease Interest	1,653	993	-	-	1,653	993
Gas, Water, and Sewer Utility	-	-	1,872,753	1,885,546	1,872,753	1,885,546
<b>Total Expenses</b>	<b>2,064,712</b>	<b>2,032,268</b>	<b>1,872,753</b>	<b>1,885,546</b>	<b>3,937,465</b>	<b>3,917,814</b>
Change in Net Assets Before Transfers and Contributions	(275,633)	(304,763)	973,101	667,432	697,468	362,669
Transfers (Out) In	363,000	160,200	(363,000)	(160,200)	-	-
Change in Net Position	87,367	(144,563)	610,101	507,232	697,468	362,669
Net Position, Beginning	2,357,252	2,501,815	6,769,493	6,262,261	9,126,745	8,764,076
Prior Period Adjustments	12,543	12,543	22,173	22,173	34,716	34,716
<b>Net Position, Ending</b>	<b>\$ 2,457,162</b>	<b>\$ 2,369,795</b>	<b>\$ 7,401,767</b>	<b>\$ 6,791,666</b>	<b>\$ 9,858,929</b>	<b>\$ 9,161,461</b>

## Town of Livingston

### Management's Discussion and Analysis As of and for the Year Ended December 31, 2018

#### Governmental Activities

The Town's governmental net position increased by \$87,367 or approximately four percent of the prior year ending net position of \$2,369,795.

The major differences between 2018 and 2017 revenues include a \$137,928 increase in charges for services, a \$31,330 decrease in FEMA reimbursements, a \$29,310 decrease in sales taxes, a \$9,800 decrease in capital grants, a \$9,466 decrease in insurance proceeds, and a \$9,030 decrease in property taxes.

Total Government-wide Expenses increased by less than two percent or \$32,444. General governmental expenditures remained consistent from the prior year. Police expenditures increased \$19,104 due to increases in salaries of \$19,742 and auto expenses of \$19,493 with decreases of \$14,950 in depreciation expense. Fire expenditures increased \$5,345 due to decreases of \$15,096 in vehicle expenses and with increases in salaries of \$11,493 and miscellaneous expenses of \$9,244. Street expenditures decreased \$30,262 due to decreases of \$31,033 in materials and supplies. Recreation expenditures increased \$41,895 due to increases of \$15,264 in salaries, \$13,326 in program expenses, \$8,546 in depreciation, and \$5,012 in Circle Drive Park repairs and maintenance expenses. Sanitation expenditures decreased \$7,880 due a decrease in garbage collection fees. Transfers in from the utility fund subsidizing governmental activities were also increased to \$363,000 in 2018 from \$160,200 in 2017.

#### Business-Type Activities

The Town's business-type net position increased by \$610,101, or nine percent of the prior year ending net position, to \$7,401,767. Before transfers to/from the general fund, business-type net position increased \$973,101. Current year charges increased by \$299,467 to \$2,533,845 from prior year charges of \$2,234,378. Expenses for the utility systems decreased by \$12,793 (approximately less than one percent). Cost of gas sold increased \$15,015. Professional fees increased by \$8,339. Insurance expense increased \$9,404. Other expenses increased \$35,914. Repairs and maintenance decreased by \$53,041, salaries decreased by \$15,605, and employee benefits decreased by about \$16,038.

#### 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 \$754,752. The unassigned fund balance was \$712,357. This represents an increase of \$202,769 after an increase of \$53,799 in 2017. Before transfers in from the utility fund the governmental funds would have had a \$167,138 decrease in fund balance.

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 \$754,752. Of this amount \$712,357 was unassigned.

**Town of Livingston**

**Management's Discussion and Analysis  
As of and for the Year Ended December 31, 2018**

**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 revenues and other sources nor 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, 2018.

**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, 2018 amounts to \$12,315,965 (net of depreciation). The total decrease in the Town's investment in capital assets for the current fiscal year before allowance for depreciation was \$35,799.

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)  
2018 and 2017**

Capital Assets	Governmental Activities		Business-Type Activities		Total	
	2018	2017	2018	2017	2018	2017
Land	\$ 138,634	\$ 138,634	\$ -	\$ -	\$ 138,634	\$ 138,634
Construction in Progress	38,044	38,044	42,000	500,813	80,044	538,857
Buildings and Improvements	914,213	799,709	339,947	339,947	1,254,160	1,139,656
Parks and Improvements	1,214,046	1,206,846	-	-	1,214,046	1,206,846
Sidewalk Improvements	517,882	517,882	-	-	517,882	517,882
Vehicles	1,049,235	1,049,235	167,968	167,968	1,217,203	1,217,203
Machinery and Equipment	591,988	567,683	338,185	243,494	930,173	811,177
Furniture and Fixtures	27,270	27,270	15,145	15,145	42,415	42,415
Computers and Software	45,852	42,352	37,226	37,226	83,078	79,578
Infrastructure	1,064,673	1,064,673	-	-	1,064,673	1,064,673
Gas Utility System	-	-	574,654	574,654	574,654	574,654
Water Utility System	-	-	5,267,405	4,494,003	5,267,405	4,494,003
Sewer Utility System	-	-	9,815,392	9,772,140	9,815,392	9,772,140
Subtotal Capital Assets	5,601,837	5,452,328	16,597,922	16,145,390	22,199,759	21,597,718
Less: Accumulated Depreciation	(3,222,429)	(3,003,426)	(6,661,365)	(6,242,528)	(9,883,794)	(9,245,954)
<b>Capital Assets, Net</b>	<b>\$ 2,379,408</b>	<b>\$ 2,448,902</b>	<b>\$ 9,936,557</b>	<b>\$ 9,902,862</b>	<b>\$ 12,315,965</b>	<b>\$ 12,351,764</b>

Governmental Activities capital assets increased by \$149,509 before depreciation of \$219,003, with increases consisting of \$7,200 for park improvements, \$23,095 for equipment for recreation, \$114,504 for recreation building improvements, \$3,500 for police tablets, and \$1,209 for police department equipment.

**Town of Livingston**

**Management's Discussion and Analysis  
As of and for the Year Ended December 31, 2018**

Capital assets for business-type activities capital assets increased by \$452,532 before depreciation of \$418,837. Significant additions included \$273,708 for construction expenditures for the water well and tower project, \$29,000 for construction expenditures for the sewer expansion project, \$11,880 for water meter change outs, \$94,690 for generators at various lift stations, and \$43,253 for sewer system improvements. The water well and chlorination phase of the water well and tower project was completed for a total cost of \$761,522. This was removed from construction in progress and recorded as water utility system.

**Long-Term Debt**

At December 31, 2018, the Town had total debt outstanding of \$4,693,790. Of this total, \$170,389 is due within one year and \$4,523,401 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  
2018 and 2017**

	Governmental		Business-Type Activities		Total	
	Activities					
	2018	2017	2018	2017	2018	2017
Capital Leases	\$ 28,869	\$ 42,495	\$ 53,486	\$ 78,731	\$ 82,355	\$ 121,226
Rev Bonds / Cert of Indebt.	-	-	4,611,435	4,758,325	4,611,435	4,758,325
<b>Total Outstanding Debt</b>	<b>\$ 28,869</b>	<b>\$ 42,495</b>	<b>\$ 4,664,921</b>	<b>\$ 4,837,056</b>	<b>\$ 4,693,790</b>	<b>\$ 4,879,551</b>

Long term debt decreased related to principal payments of \$168,871. 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 14, the Town met the required ratio for the fiscal year ended December 31, 2018.

**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.

**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, 2018**

	Primary Government		Total
	Governmental Activities	Business-Type Activities	
<b>Assets</b>			
Current Assets:			
Cash and Cash Equivalents	\$ 720,803	\$ 1,088,670	\$ 1,809,473
Investments	137,108	-	137,108
Receivables, Net:			
Accounts	489	288,742	289,231
Intergovernmental	2,355	85,005	87,360
Other	250	24,645	24,895
Taxes	109,498	-	109,498
Due From Other Funds	-	116,175	116,175
Inventory	-	3,161	3,161
Prepaid Expenses	42,395	23,282	65,677
<b>Total Current Assets</b>	<b>1,012,898</b>	<b>1,629,680</b>	<b>2,642,578</b>
Restricted Assets:			
Restricted Cash and Cash Equivalents	-	370,428	370,428
<b>Total Restricted Assets</b>	<b>-</b>	<b>370,428</b>	<b>370,428</b>
Capital Assets:			
Land	138,634	-	138,634
Construction in Progress	38,044	42,000	80,044
Capital Assets, Net	2,202,730	9,894,557	12,097,287
<b>Total Capital Assets</b>	<b>2,379,408</b>	<b>9,936,557</b>	<b>12,315,965</b>
Other Assets:			
Unamortized Bond Insurance Costs	-	24,377	24,377
<b>Total Assets</b>	<b>3,392,306</b>	<b>11,961,042</b>	<b>15,353,348</b>
<b>Deferred Outflows of Resources</b>			
Pension Related	231,531	125,407	356,938
Advanced Bond Refunding	-	728,971	728,971
<b>Total Deferred Outflows of Resources</b>	<b>231,531</b>	<b>854,378</b>	<b>1,085,909</b>
<b>Liabilities</b>			
Current Liabilities:			
Accounts Payable	33,989	43,238	77,227
Other Accrued Payables	90,125	108,291	198,416
Due To Other Funds	116,175	-	116,175
Customer Deposits	-	194,504	194,504
Bonds Payable	-	130,000	130,000
Capital Leases	14,156	26,233	40,389
<b>Total Current Liabilities</b>	<b>254,445</b>	<b>502,266</b>	<b>756,711</b>
Long Term Liabilities:			
Bonds Payable	-	4,481,435	4,481,435
Capital Leases	14,713	27,253	41,966
Net Pension Liability	849,556	384,947	1,234,503
<b>Total Long Term Liabilities</b>	<b>864,269</b>	<b>4,893,635</b>	<b>5,757,904</b>
<b>Total Liabilities</b>	<b>1,118,714</b>	<b>5,395,901</b>	<b>6,514,615</b>
<b>Deferred Inflows of Resources</b>			
Pension Related	47,961	17,752	65,713
<b>Total Deferred Inflows of Resources</b>	<b>47,961</b>	<b>17,752</b>	<b>65,713</b>
<b>Net Position</b>			
Net Investment in Capital Assets	2,350,539	5,966,017	8,316,556
Restricted for:			
Capital Projects and Debt Service	-	175,924	175,924
Unrestricted	106,623	1,259,826	1,366,449
<b>Total Net Position</b>	<b>\$ 2,457,162</b>	<b>\$ 7,401,767</b>	<b>\$ 9,858,929</b>

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

**Town of Livingston**  
**Statement of Activities**  
**For the year ended December 31, 2018**

	<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	\$ 700,306	\$ 173,826	\$ 9,175	\$ -
Public Safety - Police Protection	519,513	260,796	45,831	-
Public Safety - Fire Protection	91,887	-	42,581	-
Public Works - Streets	220,441	-	-	-
Sanitation	190,493	211,503	-	-
Health and Welfare	6,307	-	-	-
Recreation	334,112	247,993	-	-
Capital Lease Interest	1,653	-	-	-
<b>Total Governmental Activities</b>	<u>2,064,712</u>	<u>894,118</u>	<u>97,587</u>	<u>-</u>
<b>Business-type Activities</b>				
Gas	431,699	573,816	3,503	-
Water	596,411	1,199,007	4,671	197,288
Sewer	844,643	761,022	3,503	29,000
<b>Total Business-type Activities</b>	<u>1,872,753</u>	<u>2,533,845</u>	<u>11,677</u>	<u>226,288</u>
<b>Total All Activities</b>	<u>\$ 3,937,465</u>	<u>\$ 3,427,963</u>	<u>\$ 109,264</u>	<u>\$ 226,288</u>

**General Revenues:**

Taxes:

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

Intergovernmental

Interest Income

Miscellaneous

Operating Transfers In (Out)

**Total General Revenues and Transfers**

**Change in Net Position**

**Net Position - Beginning**

Prior Period Adjustment (Note 24)

**Net Position - Beginning (Restated)**

**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>
\$ (517,305)	\$ (517,305)	\$ -	\$ (517,305)
(212,886)	(212,886)	-	(212,886)
(49,306)	(49,306)	-	(49,306)
(220,441)	(220,441)	-	(220,441)
21,010	21,010	-	21,010
(6,307)	(6,307)	-	(6,307)
(86,119)	(86,119)	-	(86,119)
(1,653)	(1,653)	-	(1,653)
<u>(1,073,007)</u>	<u>(1,073,007)</u>	<u>-</u>	<u>(1,073,007)</u>
145,620	-	145,620	145,620
804,555	-	804,555	804,555
(51,118)	-	(51,118)	(51,118)
<u>899,057</u>	<u>-</u>	<u>899,057</u>	<u>899,057</u>
<u>\$ (173,950)</u>	<u>(1,073,007)</u>	<u>899,057</u>	<u>(173,950)</u>
	155,198	-	155,198
	57,825	-	57,825
	563,282	-	563,282
	9,843	-	9,843
	-	71,018	71,018
	2,817	3,026	5,843
	8,409	-	8,409
	<u>363,000</u>	<u>(363,000)</u>	<u>-</u>
	<u>1,160,374</u>	<u>(288,956)</u>	<u>871,418</u>
	<u>87,367</u>	<u>610,101</u>	<u>697,468</u>
	2,357,252	6,769,493	9,126,745
	<u>12,543</u>	<u>22,173</u>	<u>34,716</u>
	<u>2,369,795</u>	<u>6,791,666</u>	<u>9,161,461</u>
\$	<u>2,457,162</u>	\$ <u>7,401,767</u>	\$ <u>9,858,929</u>

**Basic Financial Statements**  
**Fund Financial Statements**

**Town of Livingston  
Balance Sheet, Governmental Funds  
As of December 31, 2018**

**Statement C**

		<u><b>General Fund</b></u>
<b>Assets</b>		
Cash and Equivalents	\$	720,803
Investments		137,108
Receivables, Net:		
Intergovernmental		2,355
Accounts		489
Other		250
Taxes		109,498
Prepaid Insurance		42,395
<b>Total Assets</b>	<b>\$</b>	<b><u>1,012,898</u></b>
 <b>Total Liabilities, Deferred Inflows of Resources, and Fund Balances</b>		
Liabilities:		
Accounts Payable	\$	33,989
Accrued Salaries		23,796
Other Accrued Liabilities		66,329
Due to Other Funds		116,175
<b>Total Liabilities</b>		<b><u>240,289</u></b>
 Deferred Inflows of Resources:		
Unavailable Ad Valorem Taxes		17,857
<b>Total Deferred Inflows of Resources</b>		<b><u>17,857</u></b>
 Fund Balances:		
Nonspendable		42,395
Restricted		-
Unassigned		712,357
<b>Total Fund Balances</b>		<b><u>754,752</u></b>
 <b>Total Liabilities, Deferred Inflows of Resources, and Fund Balances</b>	 <b>\$</b>	 <b><u>1,012,898</u></b>

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

**Statement D**

**Town of Livingston  
Reconciliation of the Governmental Funds Balance Sheet  
to the Government-Wide Financial Statement of Net Position  
As of December 31, 2018**

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

<b>Fund Balances, Total Governmental Funds (Statement C)</b>	\$	754,752
<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		2,379,408
<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		(28,869)
Net Pension Liability		(849,556)
Deferred Outflows of Resources		231,531
Deferred Inflows of Resources		(47,961)
<p>Ad Valorem taxes collected after year-end, but not available soon enough to pay for current expenditures</p>		
		17,857
<b>Net Position of Governmental Activities (Statement A)</b>	<b>\$</b>	<u><u>2,457,162</u></u>

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

## Statement E

**Town of Livingston**  
**Statement of Revenues, Expenditures and**  
**Changes in Fund Balances**  
**For the year ended December 31, 2018**

	<b>General Fund</b>
<b>Revenues</b>	
Taxes	\$ 772,838
Licenses and Permits	173,826
Intergovernmental	101,682
Sanitation Fees	211,503
Fines and Forfeitures	259,959
Grants	2,880
Interest	2,817
Parks and Recreation	227,228
Miscellaneous	11,286
<b>Total Revenues</b>	<b>1,764,019</b>
<b>Expenditures</b>	
General Government	646,469
Public Safety:	
Police	463,882
Fire	75,072
Streets	127,257
Sanitation	190,493
Health and Welfare	6,307
Recreation	256,889
Capital Outlays	149,509
Debt Service	
Principal	13,626
Interest	1,653
<b>Total Expenditures</b>	<b>1,931,157</b>
<b>Excess (Deficiency) of Revenues Over (Under)</b>	<b>(167,138)</b>
<b>Other Financing Sources (Uses)</b>	
Operating Transfers In	363,000
Operating Transfers (Out)	-
Insurance Proceeds	-
Capital Lease Proceeds	-
Federal Emergency Management Reimbursements	-
<b>Total Other Financing Sources (Uses)</b>	<b>363,000</b>
<b>Net Change in Fund Balances</b>	<b>195,862</b>
<b>Fund Balances, Beginning</b>	
Before Prior Period Adjustments	560,737
Prior Period Adjustments (Note 24)	(1,847)
Fund Balances, Beginning After Prior Period Adjustments	558,890
<b>Fund Balances, Ending</b>	<b>\$ 754,752</b>

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, 2018**

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

**Net Change in Fund Balances, Total Governmental Funds, Statement E** \$ 195,862

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	\$ 149,509	
Less:		
Current year depreciation	<u>(219,003)</u>	(69,494)

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	-	
Principal payments - capital leases	<u>13,626</u>	13,626

Non-employer contributions to cost-sharing pension plan		21,593
Pension Expense		(77,687)

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.		3,467
---	--	-------

**Change in Net Position of Governmental Activities, Statement B** \$ 87,367

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

**Town of Livingston**  
**Statement of Net Position - Proprietary Funds**  
**As of December 31, 2018**

**Statement G**

**Assets**

Current Assets:

Cash and Cash Equivalents	\$	1,088,670
Receivables, Net:		
Accounts		288,742
Other		24,645
Due from Other Governments		85,005
Due From Other Funds		116,175
Inventory - Natural Gas		3,161
Prepaid Expenses		23,282
Total Current Assets		1,629,680

Restricted Assets:

Restricted Cash and Cash Equivalents		370,428
Total Restricted Assets		370,428

Property, Plant, and Equipment

Construction in Progress		42,000
Property, Plant and Equipment, Net		9,894,557
Total Property, Plant, and Equipment		9,936,557

Other Assets:

Unamortized Bond Insurance Costs		24,377
		24,377

**Total Assets**

11,961,042

**Deferred Outflows of Resources**

Pension Related		125,407
Advanced Bond Refunding		728,971
Total Deferred Outflows of Resources		854,378

**Liabilities**

Current Liabilities (Payable From Current Assets):

Accounts Payable		43,238
Other Accrued Payables		108,291
Capital Lease Payable		26,233
Revenue Bonds Payable		130,000
Total Current Liabilities (Payable From Current Assets)		307,762

Current Liabilities (Payable From Restricted Assets):

Customer Deposits		194,504
Total Current Liabilities (Payable From Restricted Assets)		194,504

Long Term Liabilities:

Bonds Payable		4,481,435
Capital Lease Payable		27,253
Net Pension Liability		384,947
Total Long Term Liabilities		4,893,635

**Total Liabilities**

5,395,901

**Deferred Inflows of Resources**

Pension Related		17,752
Total Deferred Inflows of Resources		17,752

**Net Position**

Net Investment in Capital Assets		5,966,017
Restricted for:		
Capital Projects and Debt Service		175,924
Unrestricted		1,259,826
<b>Total Net Position</b>	<b>\$</b>	<b>7,401,767</b>

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, 2018**

	<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	\$ 557,037	\$ -	\$ -	\$ 557,037
Less Cost of Gas Sold	(135,749)	-	-	(135,749)
Gross Profit on Gas Sales	421,288	-	-	421,288
Water Sales	-	1,109,066	-	1,109,066
Sewer Service Charges	-	-	715,498	715,498
Intergovernmental	3,503	4,671	3,503	11,677
Other	16,779	89,941	45,524	152,244
<b>Total Operating Revenues</b>	<b>441,570</b>	<b>1,203,678</b>	<b>764,525</b>	<b>2,409,773</b>
<b>Operating Expenses</b>				
Depreciation and Amortization	26,474	135,963	257,479	419,916
Employee Benefits	55,558	74,078	55,558	185,194
Insurance	-	54,880	-	54,880
Other	32,260	81,279	128,149	241,688
Professional Fees	25,963	14,799	13,537	54,299
Repairs and Maintenance	23,969	35,983	47,379	107,331
Salaries and Wages	124,321	165,763	124,324	414,408
Supplies	7,057	12,851	7,033	26,941
Utilities	-	20,345	44,576	64,921
<b>Total Operating Expenses</b>	<b>295,602</b>	<b>595,941</b>	<b>678,035</b>	<b>1,569,578</b>
<b>Operating Income (Loss)</b>	<b>145,968</b>	<b>607,737</b>	<b>86,490</b>	<b>840,195</b>
<b>Nonoperating Revenues (Expenses)</b>				
Interest Income	132	1,526	1,368	3,026
Interest Expense	(348)	(470)	(166,608)	(167,426)
<b>Total Nonoperating Revenues (Expenses)</b>	<b>(216)</b>	<b>1,056</b>	<b>(165,240)</b>	<b>(164,400)</b>
<b>Income (Loss) Before Contributions and Transfers</b>	<b>145,752</b>	<b>608,793</b>	<b>(78,750)</b>	<b>675,795</b>
<b>Contributions and Transfers</b>				
Capital Contributions	-	197,288	29,000	226,288
Operating Transfers In	-	-	71,018	71,018
Operating Transfers Out	(108,900)	(145,200)	(108,900)	(363,000)
<b>Change in Net Position</b>	<b>36,852</b>	<b>660,881</b>	<b>(87,632)</b>	<b>610,101</b>
<b>Total Net Position, Beginning</b>				
Before Prior Period Adjustments				6,769,493
Prior Period Adjustments (Note 24)				22,173
Net Position, Beginning After Prior Period Adjustments				<u>6,791,666</u>
<b>Total Net Position, Ending</b>				<b>\$ <u>7,401,767</u></b>

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, 2018**

**Statement I**

	<u>Enterprise Fund</u>
<b>Cash Flows From Operating Activities</b>	
Received From Customers	\$ 2,336,383
Received for Meter Deposit Fees	12,493
Other Receipts	161,885
(Payments for) Interfund Services	50,060
(Payments for) Operations	(761,732)
(Payments to) Employees	(559,435)
Net Cash Provided (Used) by Operating Activities	<u>1,239,654</u>
 <b>Cash Flows From Noncapital Financing Activities</b>	
Transfers From (To) Other Funds	(291,982)
Net Cash Provided (Used) by Noncapital Financing Activities	<u>(291,982)</u>
 <b>Cash Flows From Capital and Related Financing Activities</b>	
Capital Grants Received	226,288
(Payments for) Capital Acquisitions	(477,777)
Principal Proceeds from (Repayments for) Long Term Debt	(114,611)
Interest Payments for Long Term Debt	(168,509)
Net Cash Provided (Used) by Capital and Related Financing Activities	<u>(534,609)</u>
 <b>Cash Flows From Investing Activities</b>	
Receipt of Interest	3,026
Net Cash Provided (Used) by Investing Activities	<u>3,026</u>
 <b>Net Cash Increase (Decrease) in Cash and Cash Equivalents</b>	416,089
<b>Cash and Cash Equivalents, Beginning of Year</b>	1,043,009
<b>Cash and Cash Equivalents, End of Year</b>	<u>\$ 1,459,098</u>
 <b>Reconciliation of Cash and Cash Equivalents to the Statement of Net Position:</b>	
Cash and Cash Equivalents, Unrestricted	\$ 1,088,670
Cash and Cash Equivalents, Restricted	370,428
Total Cash and Cash Equivalents	<u>\$ 1,459,098</u>

(Continued)

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, 2018**

**Statement I**

	<b>Enterprise Fund</b>
<b>Reconciliation of Operating Income (Loss) to Net Cash Provided (Used) by Operating Activities</b>	
Operating Income (Loss)	\$ 840,195
Adjustments to Reconcile Operating Income (Loss) to Net Cash Provided by Operating Activities:	
Depreciation	419,916
(Increase) decrease in Accounts Receivable	(45,218)
(Increase) decrease in Other Receivable	(2,036)
(Increase) decrease in Prepaid Insurance	(996)
(Increase) decrease in Deferred Outflows of Resources	23,545
(Increase) decrease in Due (to) and from Other Funds	50,060
Increase (decrease) in Accounts Payable	11,537
Increase (decrease) in Deferred Inflows of Resources	7,924
Increase (decrease) in Accrued Expenses	(77,766)
Increase (decrease) in Customer Deposits	12,493
Net Cash Provided by Operating Activities	\$ 1,239,654

(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, 2018**

**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 2,519 water customers, 640 gas customers, and 1,487 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 23 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**  
**Notes to the Financial Statements**  
**As of and for the Year Ended December 31, 2018**

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 \$1,085,909 and \$65,713, respectively, at December 31, 2018.

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**  
**Notes to the Financial Statements**  
**As of and for the Year Ended December 31, 2018**

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

**Town of Livingston**  
**Notes to the Financial Statements**  
**As of and for the Year Ended December 31, 2018**

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.

**Town of Livingston**  
**Notes to the Financial Statements**  
**As of and for the Year Ended December 31, 2018**

**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.

**Town of Livingston**  
**Notes to the Financial Statements**  
**As of and for the Year Ended December 31, 2018**

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 expensed 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 expensed in the period incurred under GASB 65. The Town did not have any bond related costs in the year ending December 31, 2018.

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

**Town of Livingston**  
**Notes to the Financial Statements**  
**As of and for the Year Ended December 31, 2018**

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

**Town of Livingston**  
**Notes to the Financial Statements**  
**As of and for the Year Ended December 31, 2018**

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 revenues and other sources nor 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, 2018.

**Town of Livingston**  
**Notes to the Financial Statements**  
**As of and for the Year Ended December 31, 2018**

**3. Cash and Cash Equivalents**

At December 31, 2018, the Town has cash and cash equivalents (book balances) as follows:

	<b>December 31, 2018</b>	<b>December 31, 2017</b>
Cash on Hand	\$ 100	\$ 100
Demand Deposits	2,179,768	1,620,327
Time and Savings	33	33
Total Cash and Cash Equivalents	2,179,901	1,620,460
 Other Deposits:		
Louisiana Asset Management Pool (See Note 4)	137,108	134,512
Total Deposits	\$ 2,317,009	\$ 1,754,972

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, 2018, the Town has \$2,201,241 in deposits (collected bank balances other than LAMP), consisting of \$2,084,166 in demand deposits and \$117,075 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, 2018 consisted of U.S. Treasury Obligations. The deposits at the second bank totaling \$117,042 are secured from risk by the Trust Department of the respective bank, and at December 31, 2018 consisted of U.S. Treasury Obligations. The deposits at the third bank totaling \$2,084,166 are secured from risk by \$250,000 of federal deposit insurance and \$1,834,166 of pledged securities. The \$1,834,167 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).

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.

*Custodial Credit Risk:* Custodial credit risk is the risk that in the event of a bank failure, the government's deposits may not be returned to it. The Town does not have a formal policy for custodial risk. However, 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.

**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

**Town of Livingston**  
**Notes to the Financial Statements**  
**As of and for the Year Ended December 31, 2018**

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

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, 2018, the Town’s investment balances were as follows:

	<b>Carrying Amount</b>	<b>Fair Market Value</b>
Louisiana Asset Management Pool	137,108	137,108
Total	\$ 137,108	\$ 137,108

In accordance with GASB Codification Section 150.165, the investment in the Louisiana Asset Management Pool (LAMP) at December 31, 2018, 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

**Town of Livingston**  
**Notes to the Financial Statements**  
**As of and for the Year Ended December 31, 2018**

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.
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 30 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.

**Town of Livingston**  
**Notes to the Financial Statements**  
**As of and for the Year Ended December 31, 2018**

The Governmental Fund receivables at December 31, 2018 consist of the following:

<b>Government Receivables</b>	<b>General Fund</b>
Taxes:	
Ad Valorem	\$ 22,386
Public Utility Franchise	37,913
Sales and Use Tax	49,199
Intergovernmental:	
State of Louisiana, Beer Tax Distribution	2,355
FEMA	-
Royalties	250
<b>Total Government Receivables</b>	<b>\$ 112,103</b>

The Enterprise Fund accounts receivable at December 31, 2018 consists of the following:

	<b>Enterprise Fund</b>
Accounts Receivable	
Current	\$ 238,273
31 - 60 Days	63,181
61 - 90 Days	17,281
Over 90 Days	80,589
Subtotal	399,324
Less Allowance for Bad Debt	(110,582)
Accounts Receivables, Net	288,742
Accrued Billings	-
Total Accounts Receivable	<b>\$ 288,742</b>

For the fiscal year ended December 31, 2018, 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.

**Town of Livingston**  
**Notes to the Financial Statements**  
**As of and for the Year Ended December 31, 2018**

**6. Interfund Receivables/Payables**

The following is a detailed list of inter-fund balances reported in the fund financial statements on December 31, 2018:

<b>Interfund Balances</b>	<b><u>Due From Other Funds</u></b>	<b><u>Due To Other Funds</u></b>
General Fund	\$ -	\$ (116,175)
Enterprise Fund	<u>116,175</u>	<u>-</u>
<b>Total Interfund Balances</b>	<b><u>\$ 116,175</u></b>	<b><u>\$ (116,175)</u></b>

The balance due between funds represents credit card collections of the General Fund due the Enterprise Fund at December 31, 2018.

**7. Restricted Assets**

Restricted assets for the Governmental Funds and Enterprise Fund at December 31, 2018 and 2017 were as follows:

	<b><u>December 31, 2018</u></b>	<b><u>December 31, 2017</u></b>
Restricted Cash and Cash Equivalents		
Governmental Funds		
Deutsche Lease Account	\$ -	\$ 11,786
Enterprise Fund		
Customer Deposits	194,504	182,011
Bond Sinking Account	175,924	175,685
Unspent Capital Lease Proceeds	<u>-</u>	<u>7,445</u>
<b>Total Restricted Assets</b>	<b><u>\$ 370,428</u></b>	<b><u>\$ 376,927</u></b>

**Town of Livingston**  
**Notes to the Financial Statements**  
**As of and for the Year Ended December 31, 2018**

**8. Capital Assets**

Capital assets and depreciation activity as of and for the year ended December 31, 2018 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	114,504	-	-	914,213
Parks and Improvements	1,206,846	7,200	-	-	1,214,046
Sidewalk Improvements	517,882	-	-	-	517,882
Vehicles	1,049,235	-	-	-	1,049,235
Machinery and Equipment	567,683	24,304	-	1	591,988
Furniture and Fixtures	27,270	-	-	-	27,270
Computers and Software	42,352	3,500	-	-	45,852
Infrastructure	1,064,673	-	-	-	1,064,673
<b>Total Capital Assets Being Depreciated</b>	<b>5,275,650</b>	<b>149,508</b>	<b>-</b>	<b>1</b>	<b>5,425,159</b>
<b>Less Accumulated Depreciation for:</b>					
Buildings and Improvements	498,570	29,368	-	-	527,938
Parks and Improvements	642,446	44,059	-	-	686,505
Sidewalk Improvements	262,146	25,894	-	-	288,040
Vehicles	887,346	29,182	-	-	916,528
Machinery and Equipment	467,483	36,457	-	-	503,940
Furniture and Fixtures	26,012	229	-	-	26,241
Computers and Software	40,591	1,709	-	-	42,300
Infrastructure	178,832	52,105	-	-	230,937
<b>Total Accumulated Depreciation</b>	<b>3,003,426</b>	<b>219,003</b>	<b>-</b>	<b>-</b>	<b>3,222,429</b>
<b>Total Capital Assets Being Depreciated, Net</b>	<b>2,272,224</b>	<b>(69,495)</b>	<b>-</b>	<b>1</b>	<b>2,202,730</b>
<b>Total Governmental Activities Capital Assets, Net</b>	<b>\$ 2,448,902</b>	<b>\$ (69,495)</b>	<b>\$ -</b>	<b>\$ 1</b>	<b>\$ 2,379,408</b>

Depreciation was charged to governmental functions as follows:

General Government	\$ 15,830
Public Safety - Police Protection	15,951
Public Safety - Fire Protection	16,815
Public Works - Streets	93,184
Parks and Recreation	77,223
	<b>\$ 219,003</b>

Governmental Activities capital assets increased by \$149,509 before depreciation of \$219,003, with increases consisting of \$7,200 for park improvements, \$23,095 for equipment for recreation, \$114,504 for recreation building improvements, \$3,500 for police tablets, and \$1,209 for police department equipment.

**Town of Livingston**  
**Notes to the Financial Statements**  
**As of and for the Year Ended December 31, 2018**

Included in vehicles are Ford Expedition and a Dodge Durango acquired in a previous fiscal period financed under a capital lease in the gross amount of \$56,841 with related accumulated depreciation of \$14,210.

Capital assets and depreciation activity as of and for the year ended December 31, 2018 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>
Capital Assets Not Being Depreciated:					
Construction in Progress	\$ 500,813	\$ 302,708	\$ (761,521)	\$ -	\$ 42,000
<b>Total Capital Assets Not Being Depreciated</b>	<b>500,813</b>	<b>302,708</b>	<b>(761,521)</b>	<b>-</b>	<b>42,000</b>
Capital Assets Being Depreciated:					
Buildings and Improvements	339,947	-	-	-	339,947
Vehicles	167,968	-	-	-	167,968
Machinery and Equipment	243,494	94,690	-	1	338,185
Furniture and Fixtures	15,145	-	-	-	15,145
Computers and Software	37,226	-	-	-	37,226
Gas Utility System	574,654	-	-	-	574,654
Water Utility System	4,494,003	773,402	-	-	5,267,405
Sewer Utility System	9,772,140	43,253	-	(1)	9,815,392
<b>Total Capital Assets Being Depreciated</b>	<b>15,644,577</b>	<b>911,345</b>	<b>-</b>	<b>-</b>	<b>16,555,922</b>
Less Accumulated Depreciation for:					
Buildings and Improvements	101,121	9,338	-	-	110,459
Vehicles	88,252	26,518	-	-	114,770
Machinery and Equipment	157,402	15,314	-	-	172,716
Furniture and Fixtures	14,072	277	-	-	14,349
Computers and Software	35,754	779	-	-	36,533
Gas Utility System	357,151	13,672	-	-	370,823
Water Utility System	1,918,718	118,247	-	-	2,036,965
Sewer Utility System	3,570,058	234,692	-	-	3,804,750
<b>Total Accumulated Depreciation</b>	<b>6,242,528</b>	<b>418,837</b>	<b>-</b>	<b>-</b>	<b>6,661,365</b>
<b>Total Capital Assets Being Depreciated, Net</b>	<b>9,402,049</b>	<b>492,508</b>	<b>-</b>	<b>-</b>	<b>9,894,557</b>
<b>Total Business - Type Activities Capital Assets, Net</b>	<b>\$ 9,902,862</b>	<b>\$ 795,216</b>	<b>\$ (761,521)</b>	<b>\$ -</b>	<b>\$ 9,936,557</b>

Capital assets for business-type activities capital assets increased by \$452,532 before depreciation of \$418,837. Significant additions included \$273,708 for construction expenditures for the water well and tower project, \$29,000 for construction expenditures for the sewer expansion project, \$11,880 for water meter change outs, \$94,690 for generators at various lift stations, and \$43,253 for sewer system improvements. The water well and chlorination phase of the water well and tower project was completed for a total cost of \$761,522. This was removed from construction in progress and recorded as water utility system.

Included in vehicles are two Dodge Rams acquired in a previous fiscal period financed under a capital lease in the gross amount of \$39,884 with related accumulated depreciation of \$9,971. Included in

**Town of Livingston**  
**Notes to the Financial Statements**  
**As of and for the Year Ended December 31, 2018**

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 \$6,765.

**9. Interfund Transfers**

<b>Interfund Transfers</b>	<u>Transfers In</u>	<u>Transfers Out</u>
<b>General Fund</b>		
Enterprise Fund	\$ 363,000	\$ -
<b>Enterprise Fund</b>		
General Fund	-	363,000
<b>Total Interfund Transfers</b>	<u>\$ 363,000</u>	<u>\$ 363,000</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, 2018 are as follows:

	<u>General Fund</u>	<u>Enterprise Fund</u>	<u>Total</u>
Accounts	\$ 33,989	\$ 43,238	\$ 77,227
Accrued Salaries	23,796	12,168	35,964
Construction Payable	-	150	150
Employee Benefits	65,390	-	65,390
Customers	-	5,655	5,655
Accrued Interest	-	61,438	61,438
Retainage Payable	-	34,440	34,440
Unclaimed Property	939	710	1,649
State Tax	-	(6,270)	(6,270)
	<u>\$ 124,114</u>	<u>\$ 151,529</u>	<u>\$ 275,643</u>

**11. Short-Term Debt**

The Town had no short-term debt outstanding at December 31, 2018, other than the current portion of revenue bonds payable and capital leases.

**Town of Livingston**  
**Notes to the Financial Statements**  
**As of and for the Year Ended December 31, 2018**

**12. Leases**

The Town records items under capital leases as an asset and an obligation in the accompanying financial statements. At December 31, 2018, 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>	\$ 82,355	\$ 40,389
	\$ 82,355	\$ 40,389

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, 2018:

	<b>Governmental Activities</b>		<b>Business-Type Activities</b>		<b>Total</b>
	<b>Capital Leases</b>	<b>Rev Bonds / Cert of Indebt.</b>	<b>Capital Leases</b>	<b>Rev Bonds / Cert of Indebt.</b>	<b>Long-Term Obligations</b>
Beginning Balance	\$ 42,495	\$ -	\$ 78,731	\$ 4,360,000	\$ 4,481,226
Additions	-	-	-	-	-
Deletions	(13,626)	-	(25,245)	(130,000)	(168,871)
Total Debt	28,869	-	53,486	4,230,000	4,312,355
Less: Unamortized Premium (Discount)	-	-	-	381,435	381,435
Total Long Term Debt	\$ 28,869	\$ -	\$ 53,486	\$ 4,611,435	\$ 4,693,790

**Town of Livingston**  
**Notes to the Financial Statements**  
**As of and for the Year Ended December 31, 2018**

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 Long-Term Obligations</u>
	<u>Capital Leases</u>	<u>Rev Bonds / Cert of Indebt.</u>	<u>Capital Leases</u>	<u>Rev Bonds / Cert of Indebt.</u>	
Current Portion	\$ 14,156	\$ -	\$ 26,233	\$ 130,000	\$ 170,389
Long-Term Portion	14,713	-	27,253	4,100,000	4,141,966
	<u>\$ 28,869</u>	<u>\$ -</u>	<u>\$ 53,486</u>	<u>\$ 4,230,000</u>	<u>\$ 4,312,355</u>

Bonds Payable as of December 31, 2018 are as follows:

	<u>Bonds Payable End of Year</u>	<u>Due Within One 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%	\$ 4,230,000	\$ 130,000
	<u>\$ 4,230,000</u>	<u>\$ 130,000</u>

The annual requirements to amortize all debt outstanding at December 31, 2018, are presented below. Remaining interest payments of \$2,108,185 are included.

Year Ending	Series 2016 Revenue Bonds \$4,485,000			Capital Leases \$162,155			Total			
	12/31/18	Principal	Interest	Total	Principal	Interest	Total	Principal	Interest	Total
2019	\$	130,000	\$ 147,450	\$ 277,450	\$ 40,395	\$ 3,203	\$ 43,598	\$ 170,395	\$ 150,653	\$ 321,048
2020		130,000	144,850	274,850	41,960	1,632	43,592	171,960	146,482	318,442
2021		135,000	142,250	277,250	-	-	-	135,000	142,250	277,250
2022		135,000	138,200	273,200	-	-	-	135,000	138,200	273,200
2023		145,000	134,150	279,150	-	-	-	145,000	134,150	279,150
2024 to 2028		770,000	604,300	1,374,300	-	-	-	770,000	604,300	1,374,300
2029 to 2033		915,000	463,300	1,378,300	-	-	-	915,000	463,300	1,378,300
2034 to 2038		1,110,000	267,250	1,377,250	-	-	-	1,110,000	267,250	1,377,250
2039 to 2041		760,000	61,600	821,600	-	-	-	760,000	61,600	821,600
	\$	<u>4,230,000</u>	<u>2,103,350</u>	<u>6,333,350</u>	<u>\$ 82,355</u>	<u>\$ 4,835</u>	<u>\$ 87,190</u>	<u>\$ 4,312,355</u>	<u>\$ 2,108,185</u>	<u>\$ 6,420,540</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 restated and presented for the final year of construction improvements.

\$3,700,000 of this bond was pledged for construction. At December 31, 2018, 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

**Town of Livingston**  
**Notes to the Financial Statements**  
**As of and for the Year Ended December 31, 2018**

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, 2018, equaled \$166,608. The gross utility systems revenue recognized in the current period was \$2,381,601.

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, 2018 the Sinking Fund was fully-funded at \$175,924. 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 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

**Town of Livingston**  
**Notes to the Financial Statements**  
**As of and for the Year Ended December 31, 2018**

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, 2018, 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 429 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 of creditable service. However, under certain conditions as outlined in the statutes, the benefits are limited to specified amounts.

**Town of Livingston**  
**Notes to the Financial Statements**  
**As of and for the Year Ended December 31, 2018**

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 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

**Town of Livingston**  
**Notes to the Financial Statements**  
**As of and for the Year Ended December 31, 2018**

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 14 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, 2018. During the year ending December 31, 2018, the Town recognized revenue as a result of support received from non-employer contributing entities of \$20,852 for its participation in MERS-Plan B.

The Town of Livingston contributions to the System under Plan B for the years ending December 31, 2018 and 2017 were \$172,351, and \$158,059, 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, 2018, the Town reported a liability of \$702,523 for its

**Town of Livingston**  
**Notes to the Financial Statements**  
**As of and for the Year Ended December 31, 2018**

proportionate share of the net pension liability of the System. The net pension liability was measured as of June 30, 2018 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, 2018, the Town's proportion was 0.830570%, which was an increase of 0.032438% from its proportion measured as of June 30, 2017.

For the year ended December 31, 2018, the Town recognized pension expense for the MERS System of \$172,351 representing its proportionate share of the System's net expense, including amortization of deferred amounts.

At December 31, 2018, 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	\$ 1,882	\$ (31,641)
Changes of Assumptions	26,289	-
Net difference between projected and actual earnings on pension plan investments	114,185	-
Changes in proportion and differences between Employer contributions and proportionate share of contributions	45,250	(254)
Employer contributions subsequent to the measurement date	43,514	-
Total	\$ 231,120	\$ (31,895)

The Town reported a total of \$43,514 as deferred outflow of resources related to pension contributions made subsequent to the measurement period of June 30, 2018 which will be recognized as a reduction in net pension liability in the year ended December 31, 2019.

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>	
2019	\$ 90,755
2020	\$ 51,059
2021	\$ 10,353
2022	\$ 3,543
	\$ 155,710

*Actuarial Assumptions.* A summary of the actuarial methods and assumptions used in determining the total pension liability as of June 30, 2018 is as follows:

Valuation Date	June 30, 2017
Actuarial Cost Method	Entry Age Normal Cost
Expected Remaining Service Lives	3 years (Plan B)
Investment Rate of Return	7.275%

**Town of Livingston**  
**Notes to the Financial Statements**  
**As of and for the Year Ended December 31, 2018**

Inflation Rate	2.6%
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, 2018 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>
Public Equity	50%	2.20%
Public Fixed Income	35%	1.50%
Alternatives	15%	0.60%
Totals	<u>100%</u>	<u>4.30%</u>
Inflation		<u>2.70%</u>
Expected Arithmetic Nominal Rate		<u>7.00%</u>

The discount rate used to measure the total pension liability was 7.275% for the year ended June 30, 2018. 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.

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

**Town of Livingston**  
**Notes to the Financial Statements**  
**As of and for the Year Ended December 31, 2018**

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 2018 is 3 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 7.275%, 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, 2018:

	<u>1% Decrease</u>	<u>Current Discount Rate</u>	<u>1% Increase</u>
Rates	6.275%	7.275%	8.275%
Town of Livingston Share of NPL	\$ 921,975	\$ 702,523	\$ 515,969

**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, 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.

**Town of Livingston**  
**Notes to the Financial Statements**  
**As of and for the Year Ended December 31, 2018**

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 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

**Town of Livingston**  
**Notes to the Financial Statements**  
**As of and for the Year Ended December 31, 2018**

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, 2018, total contributions due for employers and employees were 40.75%. The employer and employee contribution rates for members hired prior to January 1, 2013 and Hazardous Duty members hired after January 1, 2013 were 30.75% and 10%, respectively. The employer and employee contribution rates for all Non-Hazardous Duty members hired after January 1, 2013 were 30.5% 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 33.25% 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, 2018. During the year ending December 31, 2018, the Town recognized revenue as a result of support received from non-employer contributing entities of \$12,418 for its participation in MPERS.

The Town of Livingston contributions to the System under Plan B for the years ending December 31, 2018 and 2017 were \$105,720 and \$104,128, 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, 2018, the Town reported a liability of \$531,980 for its proportionate share of the net pension liability of the System. The net pension liability was measured as of June 30, 2018 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, 2018, the Town's proportion was 0.062926%, which was an increase of 0.001926% from its proportion measured as of June 30, 2017.

For the year ended December 31, 2018, the Town recognized pension expense for the MPERS System of \$105,720 representing its proportionate share of the System's net expense, including amortization of deferred amounts.

**Town of Livingston**  
**Notes to the Financial Statements**  
**As of and for the Year Ended December 31, 2018**

At December 31, 2018, the Town reported deferred outflows of resources and deferred inflows of resources related to the MPERS pension system from the following sources:

	<u>Deferred Outflows of Resources</u>	<u>Deferred Inflows of Resources</u>
Differences between expected and actual experience	\$ 2,398	\$ (27,185)
Changes of Assumptions	34,765	-
Net difference between projected and actual earnings on pension plan investments	25,502	-
Changes in proportion and differences between Employer contributions and proportionate share of contributions	26,739	(6,633)
Employer contributions subsequent to the measurement date	36,414	-
Total	<u>\$ 125,818</u>	<u>\$ (33,818)</u>

The Town reported a total of \$36,414 as deferred outflow of resources related to pension contributions made subsequent to the measurement period of June 30, 2018 which will be recognized as a reduction in net pension liability in the year ended December 31, 2019.

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>	
2019	\$ 46,835
2020	\$ 18,535
2021	\$ (10,713)
2022	\$ 929
	<u>\$ 55,586</u>

*Actuarial Assumptions.* A summary of the actuarial methods and assumptions used in determining the total pension liability as of June 30, 2018 is as follows:

Valuation Date	June 30, 2018	
Actuarial Cost Method	Entry Age Normal Cost	
Investment Rate of Return	7.20%, net of investment expense	
Expected Remaining Service Lives	4 years	
Inflation Rate	2.60%	
Salary increases, including inflation & merit	<u>Years of Service</u>	<u>Salary Growth Rate</u>
	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, 2018**

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, 2018 are summarized in the following table:

Asset Class	Target Asset Allocation	Long-Term Expected Portfolio Real Rate of Return
Equity	52%	3.58%
Fixed Income	22%	0.46%
Alternatives	20%	1.07%
Other	6%	0.17%
Totals	<u>100%</u>	<u>5.28%</u>
Inflation		<u>2.75%</u>
Expected Arithmetic Nominal Rate		<u>8.03%</u>

The discount rate used to measure the total pension liability was 7.20%. 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, 2018**

*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 7.20%, 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, 2018:

	<u>1% Decrease</u>	<u>Current Discount Rate</u>	<u>1% Increase</u>
Rates	6.200%	7.200%	8.200%
Town of Livingston Share of NPL	\$ 747,580	\$ 531,980	\$ 351,101

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

At December 31, 2018, the General Fund had nonspendable fund balance of \$42,395 created from prepaid insurance.

At December 31, 2018, the proprietary fund had restricted net position of \$175,924, 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, 2018, 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, 2018, 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 \$34,133 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, 2018**

**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, 2018, the Town of Livingston recorded \$4,018 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 in future years.

**23. Transfer from Livingston Parish Council**

During December 31, 2018, the Livingston Parish Council purchased five generators for sewer pumps under the Hazard Mitigation Grant Program. The total grant was awarded for \$118,363. The total cost of the generators was \$94,690. The Town paid the difference of \$23,673 or 25%. These generators were included in asset additions in Footnote 8.

**24. Prior Period Adjustments**

At December 31, 2018, the Town had prior period adjustments related to correction of an error and voiding of duplicate checks. These checks were physically voided; however, never voided in the accounting software by the client.

**Town of Livingston**  
**Notes to the Financial Statements**  
**As of and for the Year Ended December 31, 2018**

During the fiscal year ending December 31, 2018 the Town made the following prior period adjustments within governmental funds:

**General Fund**

Beginning Net Position Before Prior Period Adjustments	\$	560,737
To correct Ad Valorem receivable		(14,390)
To void duplicate checks		12,543
Beginning Net Position After Prior Period Adjustments	\$	<u>558,890</u>

**Government-Wide Activities**

Beginning Net Position Before Prior Period Adjustments	\$	9,126,745
Effect of Fund Basis Prior Period Adjustments for Voided Checks		34,716
Beginning Net Position After Prior Period Adjustments	\$	<u>9,161,461</u>

**Business Type Activities**

Beginning Net Position Before Prior Period Adjustments	\$	6,769,493
To void duplicate checks		22,173
Beginning Net Position After Prior Period Adjustments	\$	<u>6,791,666</u>

**25. Subsequent Events**

On May 15, 2019, the Town issued \$5,875,000 in utility system revenue bonds, Series 2019. Proceeds from the bonds will be used to pay for construction costs related to improvements and expansion of the Red Oak sewerage system of the Town and paying the cost of issuance of the bonds. None of the proceeds of the notes were used to refund any prior indebtedness of the Town or any other entity. The bonds bear an interest rate of 3.375% per annum and will mature on February 1, 2049.

In May 2019, the Town approved a capital lease agreement for two police vehicles and one utility truck. The total lease proceeds were \$100,744. The interest rate is 4.385% per annum.

Subsequent events have been evaluated by management through June 12, 2019, the date the financial statements were available to be issued and these financial statements considered subsequent events through such date. No other events were noted that require recording or disclosure in the financial statements for the fiscal year ending December 31, 2018.

## 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, 2018**

	<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>Revenues</b>				
Taxes	\$ 762,000	\$ 759,000	\$ 772,838	\$ 13,838
Licenses and Permits	193,300	185,300	173,826	(11,474)
Intergovernmental	90,800	103,765	101,682	(2,083)
Sanitation Fees	200,000	200,000	211,503	11,503
Fines and Forfeitures	150,000	242,000	259,959	17,959
Grants	1,500	2,800	2,880	80
Interest	1,200	2,700	2,817	117
Parks and Recreation	200,000	220,000	227,228	7,228
Miscellaneous	6,000	10,000	11,286	1,286
<b>Total Revenues</b>	<u>1,604,800</u>	<u>1,725,565</u>	<u>1,764,019</u>	<u>38,454</u>
<b>Expenditures</b>				
General Government	725,300	738,900	646,469	92,431
Public Safety:				
Police	471,100	473,000	463,882	9,118
Fire	50,000	79,000	75,072	3,928
Streets	144,500	153,000	127,257	25,743
Sanitation	200,000	210,000	190,493	19,507
Health and Welfare	-	6,000	6,307	(307)
Recreation	266,000	264,000	256,889	7,111
Capital Outlays	103,500	149,000	149,509	(509)
Debt Service				
Principal	13,700	13,700	13,626	74
Interest	1,750	1,700	1,653	47
<b>Total Expenditures</b>	<u>1,975,850</u>	<u>2,088,300</u>	<u>1,931,157</u>	<u>157,143</u>
<b>Excess Revenues (Expenditures)</b>	<u>(371,050)</u>	<u>(362,735)</u>	<u>(167,138)</u>	<u>195,597</u>
<b>Other Financing Sources (Uses)</b>				
Operating Transfers In	371,050	363,000	363,000	-
Operating Transfers (Out)	-	-	-	-
<b>Total Other Financing Sources (Uses)</b>	<u>371,050</u>	<u>363,000</u>	<u>363,000</u>	<u>-</u>
<b>Net Change in Fund Balances</b>	<u>-</u>	<u>265</u>	<u>195,862</u>	<u>195,597</u>
<b>Fund Balances, Beginning</b>				
Before Prior Period Adjustments	651,078	560,737	560,737	-
Prior Period Adjustments (Note 24)	-	-	(1,847)	(1,847)
Fund Balances, Beginning After Prior Period Adjustments	<u>651,078</u>	<u>560,737</u>	<u>558,890</u>	<u>(1,847)</u>
<b>Fund Balances, Ending</b>	<u>\$ 651,078</u>	<u>\$ 561,002</u>	<u>\$ 754,752</u>	<u>\$ 193,750</u>

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, 2018**

Revenues	Budgeted Amounts		Actual Amounts GAAP Basis	Variance
	Original	Final		Favorable (Unfavorable)
<b>Taxes</b>				
Ad Valorem	\$ 52,000	\$ 52,000	\$ 54,358	\$ 2,358
Franchise Taxes	160,000	167,000	155,198	(11,802)
Sales Taxes	550,000	540,000	563,282	23,282
<b>Total Taxes</b>	<b>762,000</b>	<b>759,000</b>	<b>772,838</b>	<b>13,838</b>
<b>Licenses and Permits</b>				
Beer Permits	300	300	184	(116)
Building Licenses	18,000	10,000	10,763	763
Business Licenses	175,000	175,000	162,879	(12,121)
<b>Total Licenses and Permits</b>	<b>193,300</b>	<b>185,300</b>	<b>173,826</b>	<b>(11,474)</b>
<b>Intergovernmental</b>				
Chiefs Supplemental Pay	3,600	3,600	3,600	-
Livingston Parish Fire Protection District 12	30,000	28,600	28,636	36
Louisiana Fire Insurance Rebate	9,000	8,300	8,305	5
Louisiana Alcoholic Beverage Tax	6,200	10,500	9,843	(657)
Recreation District 5	-	20,765	20,765	-
State Supplemental Pay	42,000	32,000	30,533	(1,467)
<b>Total Intergovernmental</b>	<b>90,800</b>	<b>103,765</b>	<b>101,682</b>	<b>(2,083)</b>
<b>Grants</b>				
Louisiana Law Enforcement Grant	1,500	2,800	2,880	80
<b>Total Grants</b>	<b>1,500</b>	<b>2,800</b>	<b>2,880</b>	<b>80</b>
<b>Other Revenues</b>				
Court Fees	500	500	837	337
Fines and Forfeitures	150,000	242,000	259,959	17,959
Fire Department	2,000	2,000	2,040	40
Interest	1,200	2,700	2,817	117
Miscellaneous Income	1,000	4,000	4,391	391
Oil, Gas, and Mineral Royalties	2,500	3,500	4,018	518
Parks and Recreation	200,000	220,000	227,228	7,228
Sanitation Fees	200,000	200,000	211,503	11,503
<b>Total Other Revenues</b>	<b>557,200</b>	<b>674,700</b>	<b>712,793</b>	<b>38,093</b>
<b>Total Revenues</b>	<b>1,604,800</b>	<b>1,725,565</b>	<b>1,764,019</b>	<b>38,454</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, 2018**

Expenditures	Budgeted Amounts		Actual Amounts GAAP Basis	Variance Favorable (Unfavorable)
	Original	Final		
<b>General Government</b>				
Salaries				
Mayor and Aldermen	99,000	99,000	98,816	184
Town Clerk	63,500	63,500	62,806	694
Court Clerk	2,400	2,400	2,175	225
Part-Time Office	28,000	30,000	29,801	199
Benefits				
Health Insurance (All Departments)	122,000	122,000	107,448	14,552
Retirement (All Departments, except Police)	34,400	39,000	38,534	466
Payroll Taxes (All Departments)	63,400	61,600	53,609	7,991
Unemployment (All Departments)	1,500	1,500	1,283	217
Insurance				
Insurance (All Departments)	100,000	120,000	90,763	29,237
Workers Compensation (All Departments)	51,300	51,300	42,619	8,681
Other operating				
Dues, Subscriptions, and Meeting	25,000	15,000	8,975	6,025
Miscellaneous	34,700	35,000	23,434	11,566
Professional Fees	64,500	68,000	61,248	6,752
Repairs and Maintenance	11,000	11,000	10,497	503
Supplies				
Office Expense	20,000	15,000	10,949	4,051
Telephone	4,600	4,600	3,512	1,088
<b>Total General Government</b>	<b>725,300</b>	<b>738,900</b>	<b>646,469</b>	<b>92,431</b>
<b>Public Safety:</b>				
Police				
Salaries	345,000	335,000	330,635	4,365
Benefits				
Retirement	65,100	67,000	66,040	960
Other operating	20,000	12,000	11,409	591
Supplies	6,000	6,000	5,168	832
Vehicle Expense				
Automobile Expenses	10,000	25,000	24,240	760
Fuel	25,000	28,000	26,390	1,610
Total Police	<b>471,100</b>	<b>473,000</b>	<b>463,882</b>	<b>9,118</b>
Fire				
Salaries	30,000	41,000	40,989	11
Other operating	20,000	38,000	34,083	3,917
Total Fire	<b>50,000</b>	<b>79,000</b>	<b>75,072</b>	<b>3,928</b>
<b>Total Public Safety</b>	<b>521,100</b>	<b>552,000</b>	<b>538,954</b>	<b>13,046</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, 2018**

	<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	72,000	75,000	75,151	(151)
Other operating				
Equipment Operating Expense	5,000	8,000	7,813	187
Miscellaneous	13,000	20,000	16,585	3,415
Uniform Expense	2,500	-	-	-
Repairs and Maintenance	2,000	-	-	-
Supplies	25,000	25,000	5,965	19,035
Utilities - Street Lights	25,000	25,000	21,743	3,257
<b>Total Highways and Streets</b>	<u>144,500</u>	<u>153,000</u>	<u>127,257</u>	<u>25,743</u>
<b>Sanitation</b>				
Collection Fees	200,000	210,000	190,493	19,507
<b>Total Sanitation</b>	<u>200,000</u>	<u>210,000</u>	<u>190,493</u>	<u>19,507</u>
<b>Health and Welfare</b>				
Other operating	-	6,000	6,307	(307)
<b>Total Health and Welfare</b>	<u>-</u>	<u>6,000</u>	<u>6,307</u>	<u>(307)</u>
<b>Recreation</b>				
Salaries	80,000	86,000	86,242	(242)
Other operating	-	-	1,930	(1,930)
Program Expense	150,000	150,000	144,071	5,929
Repairs and Maintenance	20,000	12,000	10,011	1,989
Utilities	16,000	16,000	14,635	1,365
<b>Total Recreation</b>	<u>266,000</u>	<u>264,000</u>	<u>256,889</u>	<u>7,111</u>
<b>Capital Outlays</b>				
General Government	6,500	-	-	-
Public Safety - Police Protection	30,000	4,000	4,709	(709)
Public Safety - Fire Protection	5,000	-	-	-
Public Works - Streets	12,000	-	-	-
Recreation	50,000	145,000	144,800	200
<b>Total Capital Outlays</b>	<u>103,500</u>	<u>149,000</u>	<u>149,509</u>	<u>(509)</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, 2018**

	<u>Budgeted Amounts</u>		<u>Actual Amounts GAAP Basis</u>	<u>Variance Favorable (Unfavorable)</u>
	<u>Original</u>	<u>Final</u>		
<b>Debt Service</b>				
Principal				
Capital Leases				
General Government - Mayor	6,100	6,100	6,061	39
Public Safety - Police Cars	7,600	7,600	7,565	35
Total Principal Payments	<u>13,700</u>	<u>13,700</u>	<u>13,626</u>	<u>74</u>
Interest				
Capital Leases				
General Government - Mayor	750	750	735	15
Public Safety - Police Cars	1,000	950	918	32
Total Interest Payments	<u>1,750</u>	<u>1,700</u>	<u>1,653</u>	<u>47</u>
<b>Total Expenditures</b>	<u>1,975,850</u>	<u>2,088,300</u>	<u>1,931,157</u>	<u>157,143</u>
<b>Excess Revenues (Expenditures)</b>	<u>(371,050)</u>	<u>(362,735)</u>	<u>(167,138)</u>	<u>195,597</u>
<b>Other Financing Sources (Uses)</b>				
Operating Transfers In	371,050	363,000	363,000	-
Operating Transfers (Out)	-	-	-	-
<b>Total Other Financing Sources (Uses)</b>	<u>371,050</u>	<u>363,000</u>	<u>363,000</u>	<u>-</u>
<b>Net Change in Fund Balances</b>	<u>-</u>	<u>265</u>	<u>195,862</u>	<u>195,597</u>
<b>Fund Balances, Beginning</b>				
Before Prior Period Adjustments	651,078	560,737	560,737	-
Prior Period Adjustments (Note 24)	-	-	(1,847)	(1,847)
Fund Balances, Beginning After Prior Period Adjustments	<u>651,078</u>	<u>560,737</u>	<u>558,890</u>	<u>(1,847)</u>
<b>Fund Balances, Ending</b>	<u>\$ 651,078</u>	<u>\$ 561,002</u>	<u>\$ 754,752</u>	<u>\$ 193,750</u>

(Concluded)

See independent auditor's report.

**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>	<u>2018</u>
Employer's Proportion of the Net Pension Liability (Assets)	0.655337%	0.725574%	0.798132%	0.830570%
Employer's Proportionate Share of the Net Pension Liability (Asset)	\$ 445,398	\$ 601,434	\$ 690,570	\$ 702,523
Employer's Covered-Employee Payroll	\$ 438,698	\$ 539,127	\$ 592,412	\$ 615,508
Employer's Proportionate Share of the Net Position				
Liability (Asset) as a Percentage of its Covered-Employee Payroll	101.527247%	111.557017%	116.569212%	114.137103%
Plan Fiduciary Net Position as a Percentage of the Total Pension Liability	68.713552%	62.110276%	63.490937%	63.940612%

\* 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>	<u>2018</u>
Employer's Proportion of the Net Pension Liability (Assets)	0.054592%	0.062740%	0.061000%	0.062926%
Employer's Proportionate Share of the Net Pension Liability (Asset)	\$ 427,671	\$ 588,051	\$ 532,556	\$ 531,980
Employer's Covered-Employee Payroll	\$ 149,358	\$ 175,749	\$ 157,520	\$ 191,338
Employer's Proportionate Share of the Net Position Liability (Asset) as a Percentage of its Covered-Employee Payroll	286.3395%	334.5971%	338.0879%	278.0315%
Plan Fiduciary Net Position as a Percentage of the Total Pension Liability	70.7303%	66.0422%	70.0815%	71.8871%

\* 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, 2018**

## Municipal Employees' Retirement System

	<u>2015</u>	<u>2016</u>	<u>2017</u>	<u>2018</u>
Contractually required contribution	\$ 47,466	\$ 57,496	\$ 74,408	\$ 84,296
Contributions in relation to contractually required contributions	<u>47,466</u>	<u>57,496</u>	<u>74,408</u>	<u>84,296</u>
Contribution deficiency (excess)	-	-	-	-
Employer's Covered Employee Payroll	\$ 508,586	\$ 553,820	\$ 613,474	\$ 618,608
Contributions as a % of Covered Employee Payroll	9.3329%	10.3817%	12.1290%	13.6267%

*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, 2018**

## Municipal Police Employees' Retirement System

	<u>2015</u>	<u>2016</u>	<u>2017</u>	<u>2018</u>
Contractually required contribution	\$ 52,717	\$ 54,388	\$ 56,569	\$ 66,040
Contributions in relation to contractually required contributions	<u>52,717</u>	<u>54,388</u>	<u>56,569</u>	<u>66,040</u>
Contribution deficiency (excess)	-	-	-	-
Employer's Covered Employee Payroll	\$ 172,672	\$ 176,302	\$ 180,955	\$ 210,648
Contributions as a % of Covered Employee Payroll	30.5301%	30.8493%	31.2614%	31.3509%

*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, 2018**  
**(With Comparative Totals for the Year Ended December 31, 2017)**

	<b>Enterprise Funds</b>	
	<b>2018</b>	<b>2017 (Restated)</b>
<b>Assets</b>		
Current Assets:		
Cash and Cash Equivalents	\$ 1,088,670	\$ 677,868
Receivables, Net :		
Accounts	288,742	243,524
Other	24,645	35,444
Due from Other Governments	85,005	72,170
Due From General Fund	116,175	166,235
Inventory - Natural Gas	3,161	3,161
Prepaid Expenses	23,282	22,286
<b>Total Current Assets</b>	<b>1,629,680</b>	<b>1,220,688</b>
Restricted Assets:		
Restricted Cash and Cash Equivalents	370,428	365,141
<b>Total Restricted Assets</b>	<b>370,428</b>	<b>365,141</b>
Property, Plant, and Equipment		
Construction in Progress	42,000	500,813
Property, Plant and Equipment, Net	9,894,557	9,402,049
<b>Total Property, Plant, and Equipment</b>	<b>9,936,557</b>	<b>9,902,862</b>
Other Assets:		
Unamortized Bond Insurance Costs	24,377	25,456
<b>Total Assets</b>	<b>11,961,042</b>	<b>11,514,147</b>
<b>Deferred Outflows of Resources</b>		
Pension Related	125,407	148,952
Advanced Bond Refunding	728,971	761,250
<b>Total Deferred Outflows of Resources</b>	<b>854,378</b>	<b>910,202</b>
<b>Liabilities</b>		
Current Liabilities (Payable From Current Assets):		
Accounts Payable	43,238	31,701
Other Accrued Payables	108,291	193,834
Capital Lease Payable	26,233	25,250
Revenue Bonds Payable	130,000	130,000
<b>Total Current Liabilities (Payable From Current Assets)</b>	<b>307,762</b>	<b>380,785</b>
Current Liabilities (Payable From Restricted Assets):		
Customer Deposits	194,504	182,011
<b>Total Current Liabilities (Payable From Restricted Assets)</b>	<b>194,504</b>	<b>182,011</b>
Long Term Liabilities:		
Bonds Payable	4,481,435	4,628,325
Capital Lease Payable	27,253	53,481
Net Pension Liability	384,947	378,253
<b>Total Long Term Liabilities</b>	<b>4,893,635</b>	<b>5,060,059</b>
<b>Total Liabilities</b>	<b>5,395,901</b>	<b>5,622,855</b>
<b>Deferred Inflows of Resources</b>		
Pension Related	17,752	9,828
<b>Total Deferred Inflows of Resources</b>	<b>17,752</b>	<b>9,828</b>
<b>Net Position</b>		
Investment in Capital Assets	5,966,017	5,714,156
Restricted for:		
Capital Projects and Debt Service	175,924	175,685
Unrestricted	1,259,826	901,825
<b>Total Net Position</b>	<b>\$ 7,401,767</b>	<b>\$ 6,791,666</b>

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, 2018**  
**(With Comparative Totals for the Year Ended December 31, 2017)**

	<b>Enterprise Funds</b>	
	<b>2018</b>	<b>2017</b>
<b>Operating Revenues</b>		<b>(Restated)</b>
Gas Sales	\$ 557,037	\$ 383,234
Less Cost of Gas Sold	(135,749)	(120,734)
Gross Profit on Gas Sales	421,288	262,500
Water Sales	1,109,066	1,025,077
Sewer Service Charges	715,498	668,317
Intergovernmental	11,677	10,929
Other	152,244	157,750
<b>Total Operating Revenues</b>	<b>2,409,773</b>	<b>2,124,573</b>
<b>Operating Expenses</b>		
Bad Debts	-	-
Depreciation	419,916	417,192
Employee Benefits	185,194	201,232
Insurance	54,880	45,476
Other	241,688	205,774
Professional Fees	54,299	45,960
Repairs and Maintenance	107,331	160,372
Salaries and Wages	414,408	430,013
Supplies	26,941	25,345
Utilities	64,921	65,456
<b>Total Operating Expenses</b>	<b>1,569,578</b>	<b>1,596,820</b>
<b>Operating Income (Loss)</b>	<b>840,195</b>	<b>527,753</b>
<b>Nonoperating Revenues (Expenses)</b>		
Interest Income	3,026	960
Interest Expense	(167,426)	(167,992)
Bond Issuance Costs	-	-
<b>Total Nonoperating Revenues (Expenses)</b>	<b>(164,400)</b>	<b>(167,032)</b>
<b>Income (Loss) Before Contributions</b>	<b>675,795</b>	<b>360,721</b>
<b>Contributions and Transfers</b>		
Capital Contributions	226,288	306,711
Operating Transfers In	71,018	9,800
Operating Transfers Out	(363,000)	(170,000)
<b>Change in Net Position</b>	<b>610,101</b>	<b>507,232</b>
<b>Total Net Position, Beginning</b>		
Before Prior Period Adjustments	6,769,493	6,262,261
Prior Period Adjustments (Note 24)	22,173	22,173
<b>Net Position, Beginning After Prior Period Adjustments</b>	<b>6,791,666</b>	<b>6,284,434</b>
<b>Total Net Position, Ending</b>	<b>\$ 7,401,767</b>	<b>\$ 6,791,666</b>

See independent auditor's report.

**Town of Livingston**  
**Schedule of Cash Flows**  
**Proprietary Fund Type**  
**For the year ended December 31, 2018**  
**(With Comparative Totals for the Year Ended December 31, 2017)**

	<b>Enterprise Funds</b>	
	<b>2018</b>	<b>2017</b>
<b>Cash Flows From Operating Activities</b>		<b>(Restated)</b>
Received From Customers	\$ 2,336,383	\$ 2,032,267
Received for Meter Deposit Fees	12,493	22,089
Other Receipts	161,885	85,020
(Payments) for Interfund Services	50,060	85,190
Payments for Operations	(761,732)	(580,243)
Payments to Employees	(559,435)	(595,177)
Net Cash Provided by Operating Activities	<u>1,239,654</u>	<u>1,049,146</u>
<b>Cash Flows From Noncapital Financing Activities</b>		
Transfers From (To) Other Funds	(291,982)	(160,200)
Net Cash Provided (Used) by Noncapital Financing Activities	<u>(291,982)</u>	<u>(160,200)</u>
<b>Cash Flows From Capital and Related Financing Activities</b>		
Capital Contributions Received	226,288	306,711
(Payments) for Capital Acquisitions	(477,777)	(723,103)
(Payments) for Debt Issue Costs	-	-
Principal Proceeds from (Repayments for) Long Term Debt	(114,611)	(109,611)
Interest Payments for Long Term Debt	(168,509)	(165,855)
Net Cash (Used) by Capital and Related Financing Activities	<u>(534,609)</u>	<u>(691,858)</u>
<b>Cash Flows From Investing Activities</b>		
Receipt of Interest	3,026	960
Proceeds from Sale (Payments) for Investments	-	-
Net Cash Provided by Investing Activities	<u>3,026</u>	<u>960</u>
<b>Net Cash Increase (Decrease) in Cash and Cash Equivalents</b>	416,089	198,048
<b>Cash and Cash Equivalents, Beginning of Year</b>	1,043,009	844,961
<b>Cash and Cash Equivalents, End of Year</b>	<u>\$ 1,459,098</u>	<u>\$ 1,043,009</u>
<b>Reconciliation of Cash and Cash Equivalents to the Statement of Net Assets:</b>		
Cash and Cash Equivalents, Unrestricted	\$ 1,088,670	\$ 677,868
Cash and Cash Equivalents, Restricted	370,428	365,141
Total Cash and Cash Equivalents	<u>\$ 1,459,098</u>	<u>\$ 1,043,009</u>

(Continued)

See independent auditor's report.

**Town of Livingston**  
**Schedule of Cash Flows**  
**Proprietary Fund Type**  
**For the year ended December 31, 2018**  
**(With Comparative Totals for the Year Ended December 31, 2017)**

	<u>Enterprise Funds</u>	
	<u>2018</u>	<u>2017</u> (Restated)
<b>Reconciliation of Operating Income (Loss) to Net Cash Provided (Used)</b>		
<b>by Operating Activities</b>		
Operating Income (Loss)	\$ 840,195	\$ 527,753
Adjustments to Reconcile Operating Income (Loss) to Net Cash Provided		
by Operating Activities:		
Depreciation	419,916	417,192
(Increase) decrease in Accounts Receivable	(45,218)	(44,361)
(Increase) decrease in Other Receivable	(2,036)	(83,659)
(Increase) decrease in Prepaid Expenses	(996)	(5,596)
(Increase) decrease in Deferred Outflows of Resources	23,545	(16,174)
(Increase) decrease in Due (to) and from Other Funds	50,060	85,190
Increase (decrease) in Accounts Payable	11,537	(25,402)
Increase (Decrease) in Deferred Inflows of Resources	7,924	2,080
Increase (decrease) in Accrued Expenses	(77,766)	170,034
Increase (decrease) in Customer Deposits	12,493	22,089
Net Cash Provided by Operating Activities	<u>\$ 1,239,654</u>	<u>\$ 1,049,146</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, 2018**

	<u>Gas</u>	<u>Water</u>	<u>Sewer</u>	<u>Total</u>
<b>Operating Revenues</b>				
Gas Sales	\$ 557,037	\$ -	\$ -	\$ 557,037
Less Cost of Gas Sold	(135,749)	-	-	(135,749)
Gross Profit on Gas Sales	<u>421,288</u>	<u>-</u>	<u>-</u>	<u>421,288</u>
Water Sales	-	1,109,066	-	1,109,066
Sewer Service Charges	-	-	715,498	715,498
Intergovernmental	3,503	4,671	3,503	11,677
Other	16,779	89,941	45,524	152,244
<b>Total Operating Revenues</b>	<u>441,570</u>	<u>1,203,678</u>	<u>764,525</u>	<u>2,409,773</u>
<b>Operating Expenses</b>				
Depreciation & Amortization	26,474	135,963	257,479	419,916
Employee Benefits	55,558	74,078	55,558	185,194
Insurance	-	54,880	-	54,880
Other	32,260	81,279	128,149	241,688
Professional Fees	25,963	14,799	13,537	54,299
Repairs and Maintenance	23,969	35,983	47,379	107,331
Salaries and Wages	124,321	165,763	124,324	414,408
Supplies	7,057	12,851	7,033	26,941
Utilities	-	20,345	44,576	64,921
<b>Total Operating Expenses</b>	<u>295,602</u>	<u>595,941</u>	<u>678,035</u>	<u>1,569,578</u>
<b>Operating Income (Loss)</b>	<u>145,968</u>	<u>607,737</u>	<u>86,490</u>	<u>840,195</u>
<b>Nonoperating Revenues (Expenses)</b>				
Interest Income	132	1,526	1,368	3,026
Interest Expense	(348)	(470)	(166,608)	(167,426)
<b>Total Nonoperating Revenues (Expenses)</b>	<u>(216)</u>	<u>1,056</u>	<u>(165,240)</u>	<u>(164,400)</u>
<b>Income (Loss) Before Contributions and Transfers</b>	<u>145,752</u>	<u>608,793</u>	<u>(78,750)</u>	<u>675,795</u>
<b>Contributions and Transfers</b>				
Contributions	-	197,288	29,000	226,288
Operating Transfers In	-	-	71,018	71,018
Operating Transfers Out	(108,900)	(145,200)	(108,900)	(363,000)
<b>Change in Net Position</b>	<u>36,852</u>	<u>660,881</u>	<u>(87,632)</u>	<u>610,101</u>
<b>Total Net Position, Beginning</b>				
Before Prior Period Adjustments				6,769,493
Prior Period Adjustments (Note 24)				<u>22,173</u>
Net Position, Beginning After Prior Period				<u>6,791,666</u>
<b>Total Net Position, Ending</b>				<u>\$ 7,401,767</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, 2018**

	<u>Budget</u>	<u>Actual</u>	<u>Variance Favorable (Unfavorable)</u>
<b>Operating Revenues</b>			
Gas Sales	\$ 530,000	\$ 557,037	\$ 27,037
Less Cost of Gas Sold	(135,000)	(135,749)	(749)
Gross Profit on Gas Sales	<u>395,000</u>	<u>421,288</u>	<u>26,288</u>
Other			
Delinquent Charges	7,000	8,449	1,449
Service Connection Charges	14,000	8,330	(5,670)
Intergovernmental	-	3,503	3,503
<b>Total Operating Revenues</b>	<u>416,000</u>	<u>441,570</u>	<u>25,570</u>
<b>Operating Expenses</b>			
Bad Debts	1,350	-	1,350
Depreciation	26,500	26,474	26
Employee Benefits			
Health Insurance	18,000	17,666	334
Payroll Taxes	8,000	9,149	(1,149)
Retirement	12,500	28,743	(16,243)
Other	38,500	32,260	6,240
Professional Fees	35,000	25,963	9,037
Repairs and Maintenance	36,000	23,969	12,031
Salaries and Wages			
Maintenance	90,000	104,756	(14,756)
Office	20,000	19,565	435
Supplies	8,000	7,057	943
<b>Total Operating Expenses</b>	<u>293,850</u>	<u>295,602</u>	<u>(1,752)</u>
<b>Operating Income (Loss)</b>	<u>122,150</u>	<u>145,968</u>	<u>23,818</u>
<b>Nonoperating Revenues (Expenses)</b>			
Interest Income	150	132	(18)
Interest Expense	(350)	(348)	2
<b>Total Nonoperating Revenues (Expenses)</b>	<u>(200)</u>	<u>(216)</u>	<u>(16)</u>
<b>Income (Loss) Before Contributions and Transfers</b>	<u>121,950</u>	<u>145,752</u>	<u>23,802</u>
<b>Contributions and Transfers</b>			
Capital Contributions	-	-	-
Operating Transfers In	-	-	-
Operating Transfers Out	(108,900)	(108,900)	-
<b>Change in Net Position</b>	<u>\$ 13,050</u>	<u>\$ 36,852</u>	<u>\$ 23,802</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, 2018**

	<u>Budget</u>	<u>Actual</u>	<u>Variance Favorable (Unfavorable)</u>
<b>Operating Revenues</b>			
Water Sales	\$ 1,110,000	\$ 1,109,066	\$ (934)
Other			
Delinquent Charges	26,000	26,234	234
Miscellaneous	1,000	1,025	25
Service Connection Charges	32,000	33,115	1,115
DHH Fees Collected	30,000	29,567	(433)
Intergovernmental	-	4,671	4,671
<b>Total Operating Revenues</b>	<u>1,199,000</u>	<u>1,203,678</u>	<u>4,678</u>
<b>Operating Expenses</b>			
Bad Debts	1,800	-	1,800
Depreciation	139,500	135,963	3,537
Employee Benefits			
Health Insurance	24,000	23,555	445
Payroll Taxes	11,000	12,199	(1,199)
Retirement	16,000	38,324	(22,324)
Insurance	60,000	54,880	5,120
Other			
Contract Services	27,000	18,627	8,373
Miscellaneous	13,500	17,093	(3,593)
Safe Drinking Water Fees	30,000	35,634	(5,634)
Vehicle Expense	12,000	9,925	2,075
Professional Fees	25,000	14,799	10,201
Repairs and Maintenance	50,000	35,983	14,017
Salaries and Wages			
Maintenance	125,000	139,676	(14,676)
Office	27,000	26,087	913
Supplies	13,000	12,851	149
Utilities	25,000	20,345	4,655
<b>Total Operating Expenses</b>	<u>599,800</u>	<u>595,941</u>	<u>3,859</u>
<b>Operating Income (Loss)</b>	<u>599,200</u>	<u>607,737</u>	<u>8,537</u>
<b>Nonoperating Revenues (Expenses)</b>			
Interest Income	2,000	1,526	(474)
Interest Expense	(470)	(470)	-
<b>Total Nonoperating Revenues (Expenses)</b>	<u>1,530</u>	<u>1,056</u>	<u>(474)</u>
<b>Income (Loss) Before Contributions and Transfers</b>	<u>600,730</u>	<u>608,793</u>	<u>8,063</u>
<b>Contributions and Transfers</b>			
Capital Contributions	184,000	197,288	13,288
Operating Transfers In	-	-	-
Operating Transfers Out	(145,200)	(145,200)	-
<b>Change in Net Position</b>	<u>\$ 639,530</u>	<u>\$ 660,881</u>	<u>\$ 21,351</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, 2018**

	<u>Budget</u>	<u>Actual</u>	<u>Variance Favorable (Unfavorable)</u>
<b>Operating Revenues</b>			
Sewer Charges	\$ 718,000	\$ 715,498	\$ (2,502)
Other			
Delinquent Charges	19,000	19,462	462
Licenses and Permits	2,500	1,985	(515)
Miscellaneous	-	3,977	3,977
Sewer Impact Fees	20,000	20,100	100
Intergovernmental	-	3,503	3,503
<b>Total Operating Revenues</b>	<u>759,500</u>	<u>764,525</u>	<u>5,025</u>
<b>Operating Expenses</b>			
Bad Debts	1,350	-	1,350
Depreciation & Amortization	257,000	257,479	(479)
Employee Benefits			
Health Insurance	18,000	17,666	334
Payroll Taxes	8,000	9,149	(1,149)
Retirement	12,500	28,743	(16,243)
Other			
Contract Services	42,000	38,264	3,736
Miscellaneous	18,500	18,484	16
Sewer Expense	80,000	71,401	8,599
Professional Fees	25,000	13,537	11,463
Repairs and Maintenance	60,000	47,379	12,621
Salaries and Wages			
Maintenance	90,000	104,759	(14,759)
Office	20,000	19,565	435
Supplies	8,000	7,033	967
Utilities	50,000	44,576	5,424
<b>Total Operating Expenses</b>	<u>690,350</u>	<u>678,035</u>	<u>12,315</u>
<b>Operating Income (Loss)</b>	<u>69,150</u>	<u>86,490</u>	<u>17,340</u>
<b>Nonoperating Revenues (Expenses)</b>			
Interest Income	150	1,368	1,218
Interest Expense	(152,400)	(166,608)	(14,208)
<b>Total Nonoperating Revenues (Expenses)</b>	<u>(152,250)</u>	<u>(165,240)</u>	<u>(12,990)</u>
<b>Income (Loss) Before Contributions and Transfers</b>	<u>(83,100)</u>	<u>(78,750)</u>	<u>4,350</u>
<b>Contributions and Transfers</b>			
Capital Contributions	29,000	29,000	-
Operating Transfers In from Parish Council	-	71,018	71,018
Operating Transfers Out	(108,900)	(108,900)	-
<b>Change in Net Position</b>	<u>\$ (163,000)</u>	<u>\$ (87,632)</u>	<u>\$ 75,368</u>

See independent auditor's report.

**Town of Livingston**  
**Schedule of Gas Sales and Purchases**  
**Proprietary Fund Type**  
**For the years ended December 31, 2018 and 2017**

	<u>2018</u>	<u>2017</u>
<b>Gas Sales and Purchases (Dollars)</b>		
Gas Sales		
Volume mcf (Thousand Cubic Feet)	30,399	26,348
Dollar Amount	\$ 557,037	\$ 383,234
Cost of Gas Sold		
Volume mcf (Thousand Cubic Feet)	34,480	31,057
Dollar Amount	\$ (135,749)	\$ (120,734)
Gross Profit on Gas Sales	<u>\$ 421,288</u>	<u>\$ 262,500</u>
Gross Profit Percentage of Sales	76%	68%
<b>Gas Unaccounted For</b>		
Volume mcf (Thousand Cubic Feet)	4,081	4,709
Average Cost of Unaccounted for Gas	\$ 16,065	\$ 18,305
Percentage of Purchases	12%	15%
<b>Number of Customers</b>		
In Service		
Residential	620	600
Commercial	17	17
Industrial	3	1
<b>Total Number of Customers</b>	<u>640</u>	<u>618</u>
<b>Computed Amounts per Customer (per mcf (Thousand Cubic Feet))</b>		
Gas Sales	\$ 18.32	\$ 14.54
Gas Purchases	<u>-3.94</u>	<u>-3.89</u>
Subtotal	14.38	10.65
Unaccounted for Gas Purchases	<u>-0.47</u>	<u>-0.59</u>
Gross Profit	<u>\$ 13.91</u>	<u>\$ 10.06</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, 2018**

<b>Gas</b>			
<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>
			\$ 16.00 (Flat Fee)
\$ 12.50	\$ 15.00	\$ 15.00	\$ 17.85 - First 1,000 Cubic Feet (Flat Fee)
\$ 14.35	\$ 16.85	\$ 16.85	\$ 17.85 - Per 1,000 Cubic Feet for Next 3,000 Cubic Feet
\$ 16.20	\$ 18.70	\$ 18.70	\$ 17.85 - Per 1,000 Cubic Feet for all over 4,000 Cubic Feet
<b>Water</b>			
<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>
\$ 19.00			- First 3,000 Gallons (Flat Fee)
\$ 2.75			- Per 1,000 Gallons for all over 3,000 Gallons
	\$ 23.00		- First 2,000 Gallons (Flat Fee)
	\$ 3.00		- Per 1,000 Gallons for all over 2,000 Gallons
		\$ 23.00	\$ 93.00 - First 50,000 Gallons (Flat Fee)
		\$ 3.00	\$ 3.00 - Per 1,000 Gallons for all over 50,000 Gallons
<b>Sewer</b>			
<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>
\$ 29.00	\$ 31.50		- (Flat Fee)
		\$ 41.00	- First 10,000 Gallons (Flat Fee)
		\$ 4.25	- Per 1,000 Gallons for all over 10,000 Gallons
			\$ 93.00 - First 10,000 Gallons (Flat Fee)
			\$ 4.25 - Per 1,000 Gallons for all over 10,000 Gallons

See independent auditor's report.

**Schedule of Number of Utility Customers**  
**Proprietary Fund Type**  
**For the year ended December 31, 2018**

	<b>Residential</b>	<b>Commercial</b>	<b>Industrial</b>	<b>Total</b>
Gas	620	17	3	640
Water	2,433	83	3	2,519
Sewer	1,407	77	3	1,487
<b>Total</b>	<b>4,460</b>	<b>177</b>	<b>9</b>	<b>4,646</b>

See independent auditor's report.

**Town of Livingston  
Schedule of Insurance  
For the year ended December 31, 2018**

<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	5/25/2018 to 5/25/2019
LMA1700071	Commercial Auto Physical Damage - Fire Department Auto Physical Damage	420,000	5/25/2018 to 5/25/2019
EMC Insurance Company T224447	Government Crime Policy Employee Theft	25,000	1/23/2018 to 1/23/2019
2A41022	Business Protection Building Personal Property	688,540 50,688	12/10/2018 to 12/10/2019
S089816	Fidelity Bond	300,000	9/22/2018 to 9/22/2019
1A2-09-15-19	Business Protection Building Personal Property Inland Marine	185,287 40,000 103,110	12/10/2018 to 12/10/2019
Louisiana Municipal Management Agency 100-0195-16693	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	5/23/2018 to 5/23/2019

See independent auditor's report.

**Town of Livingston**  
**Schedule of Compensation Paid to Board Members**  
**For the year ended December 31, 2018**

<u>Name and Title / Contact Number</u>	<u>Address</u>	<u>Compensation Received</u>
David McCreary, Mayor (225) 686-2305	P.O. Box 383 Livingston, LA 70754	\$ 68,502
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
James Nesom, Alderman (225) 341-9764	P.O. Box 758 Livingston, LA 70754	2,000
Wade Wilson, Alderman - Resigned August 2018 (225) 686-2385	P.O. Box 154 Livingston, LA 70754	4,000
		<u>\$ 98,502</u>

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.

See independent auditor's report.

Schedule 16

Town of Livingston  
Schedule of Compensation, Benefits, and Other Payments to Agency Head  
For the year ended December 31, 2018

Agency Head Name: David McCreary, Mayor

<u>Purpose</u>	<u>Amount</u>
Salary	\$ 62,502
Benefits-Insurance	505
Benefits-Retirement	8,516
Employer Paid Medicare & Social Security	5,231
Per Diem - Board Meetings	6,000
Telephone Reimbursements	900
Registration Fees	25
Conference Travel	817
Fuel Expense	915
Business Meals	41
Other Miscellaneous Supplies	110
	<u>\$ 85,562</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, and the business-type activities of Town of Livingston, Louisiana, as of and for the year ended December 31, 2018, and the related notes to the financial statements, which collectively comprise Town of Livingston's basic financial statements and have issued my report thereon dated June 27, 2019.

**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.

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

My consideration of internal control was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control that might be material weaknesses or significant deficiencies and therefore, material weaknesses or significant deficiencies may exist that have not been identified. I did identify certain deficiencies in internal control, described in the accompanying schedule of findings and questioned costs as items 2018-1 that I consider to be a material weakness.

## **Compliance and Other Matters**

As part of obtaining reasonable assurance about whether the Town of Livingston, Louisiana's 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 no instances of noncompliance or other matters that are required to be reported under *Government Auditing Standards*.

## **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

June 27, 2019

**Town of Livingston, Louisiana**

Schedule of Findings and Questioned Costs  
Summary of Audit Results  
For the Year Ended December 31, 2018

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, 2018, and the related notes to the financial statements, which collectively comprise the Town's basic financial statements, and have issued my report thereon dated June 27, 2019. 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, 2018

**Section II Financial Statement Findings**

**Finding 2018-1 Lack of Segregation of Duties (Material Weakness)**  
**Prior Year Finding 2013-1, 2014-1, 2015-1, 2016-1, 2017-1**

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, 2018

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.

### **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, 2018**

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

##### **Finding 2013-1, 2014-1, 2015-1, 2016-1, 2017-1 and 2018-1 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 2018-1.

## **Town of Livingston, Louisiana**

Schedule of Prior Year Findings and Questioned Costs (Continued)  
For the Year Ended December 31, 2018

### **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.

**Current Year Status:** Based on my test of a sample of the bank statements and reconciliations, management has corrected this finding.

### **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 Prior Year Findings and Questioned Costs (Continued)  
For the Year Ended December 31, 2018

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.

Recommendation: 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.

Current Year Status: Outstanding checks have been reviewed and removed from the bank reconciliations and the accounting records. Management intends to more closely monitor 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.

Recommendation: 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.

Current Year Status: Budgeted amounts were within the parameters required by the Local Government Budget Act. This finding is considered resolved.

## **Town of Livingston, Louisiana**

Schedule of Prior Year Findings and Questioned Costs (Continued)  
For the Year Ended December 31, 2018

### **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.

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.

Recommendation: The Town should timely file future reports.

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

Current Year Status: The audited financial statements were issued within the required six months. This finding is considered resolved.

### **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.

Recommendation: The Town should timely complete and adopt the Louisiana Compliance Questionnaire annually.

**Town of Livingston, Louisiana**

Schedule of Prior Year Findings and Questioned Costs (Continued)  
For the Year Ended December 31, 2018

Management's

Response: The Town agrees and will complete and adopt the questionnaire.

Current Year

Status: The Compliance Questionnaire was timely completed and adopted by the Town Board. The Town Clerk has placed a reminder on her calendar each year going forward. This finding is considered resolved.

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, 2018. 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 2018. 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 June 27, 2019.

#### *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,

*LSC, CPA, LLC*

Livingston, Louisiana

June 27, 2019

# **TOWN OF LIVINGSTON, LOUISIANA**

**Statewide Agreed Upon Procedures Report  
For the Year Ended December 31, 2018**

## 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, 2018. 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 and inspect the entity's written policies and procedures and observe that they address each of the following, if applicable:
  - a) ***Budgeting***, including preparing, adopting, monitoring, and amending the budget.  
***No Exceptions noted.***
  - 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.  
***No Exceptions noted.***
  - c) ***Disbursements***, including processing, reviewing, and approving  
***No Exceptions noted.***

- d) **Receipts/Collections**, including receiving, recording, and preparing deposits. Also, policies and procedures should include management's actions to determine the completeness of all collections for each time of revenue or agency fund additions.

*No Exceptions noted.*

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

*No Exceptions noted.*

- 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

*No Exceptions noted.*

- 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 of statements, and (5) monitoring card usage

*No Exceptions noted.*

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

*No Exceptions noted.*

- 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.

*No Exceptions noted.*

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

*No Exceptions noted.*

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

---

2. Obtain and inspect the board/finance committee minutes for the fiscal period, as well as the board's enabling legislation, charter, bylaws, or equivalent document in effect during the fiscal period, and:

- a) Observe that the board/finance committee met with a quorum at least monthly, or on a frequency in accordance with the board's enabling legislation, charter, bylaws, or other equivalent document.

*No Exceptions Noted*

- b) For those entities reporting on the governmental accounting model, observe that the minutes referenced or included monthly budget-to-actual comparisons on the general fund and major special revenue funds, as well as monthly financial statements (or budget-to-actual comparisons, if budgeted) for major proprietary funds.

*No Exceptions Noted*

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

*No Exceptions Noted*

### ***Bank Reconciliations***

---

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

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

*No Exceptions Noted*

- b) Bank reconciliations include evidence that a member of management/board member who does not handle cash, post ledgers, or issue checks has reviewed each bank reconciliation (e.g., initialed and dated, electronically logged); and

*No Exceptions Noted*

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

*No Exceptions Noted*

## ***Collections***

---

4. Obtain a listing of deposit sites<sup>1</sup> for the fiscal period where deposits for cash/checks/money orders (cash) are prepared and management's representation that the listing is complete. Randomly select 5 deposit sites (or all deposit sites if less than 5).

### ***No Exceptions Noted***

5. For each deposit site selected, obtain a listing of collection locations and management's representation that the listing is complete. Randomly select one collection location for each deposit site (i.e. 5 collection locations for 5 deposit sites), obtain and inspect written policies and procedures relating to employee job duties (if no written policies or procedures, inquire of employees about their job duties) at each collection location, and observe that job duties are properly segregated at each collection location such that:
  - a) Employees that are responsible for cash collections do not share cash drawers/registers.
  - b) Each employee responsible for collecting cash is not responsible for preparing/making bank deposits, unless another employee/official is responsible for reconciling collection documentation (e.g. pre-numbered receipts) to the deposit.
  - c) Each employee responsible for collecting cash is not responsible for posting collection entries to the general ledger or subsidiary ledgers, unless another employee/official is responsible for reconciling ledger postings to each other and to the deposit.
  - d) The employee(s) responsible for reconciling cash collections to the general ledger and/or subsidiary ledgers, by revenue source and/or agency fund additions are not responsible for collecting cash, unless another employee verifies the reconciliation.

### ***No Exceptions Noted***

6. Inquire of management that all employees who have access to cash are covered by a bond or insurance policy for theft.

### ***No Exceptions Noted***

7. Randomly select two deposit dates for each of the 5 bank accounts selected for procedure #3 under "Bank Reconciliations" above (select the next deposit date chronologically if no deposits were made on the dates randomly selected and randomly select a deposit if multiple deposits are made on the same day)<sup>2</sup>. *Alternately, the practitioner may use a source document other than bank statements when selecting the deposit dates for testing, such as a cash collection log, daily revenue report, receipt book, etc.* Obtain supporting documentation for each of the 10 deposits and:

- a) Observe that receipts are sequentially pre-numbered.
- b) Trace sequentially pre-numbered receipts, system reports, and other related collection documentation to the deposit slip.
- c) Trace the deposit slip total to the actual deposit per the bank statement.
- d) Observe that the deposit was made within one business day of receipt at the collection location (within one week if the depository is more than 10 miles from the collection location or the deposit is less than \$100).
- e) Trace the actual deposit per the bank statement to the general ledger.

***No Exceptions Noted***

***Non-Payroll Disbursements – General (excluding credit card/debit card/fuel card/P-Card purchases or payments) - No exceptions were noted in this C/C area in the prior year. As a result, these procedures were not performed in the current year in accordance with the engagement instructions provided by the Legislative Auditor’s Office.***

---

- 8. Obtain a listing of locations that process payments for the fiscal period and management’s representation that the listing is complete. Randomly select 5 locations (or all locations if less than 5).
- 9. For each location selected under #8 above, obtain a listing of those employees involved with non-payroll purchasing and payment functions. Obtain written policies and procedures relating to employee job duties (if the agency has no written policies and procedures, inquire of employees about their job duties), and observe that job duties are properly segregated such that:
  - a) At least two employees are involved in initiating a purchase request, approving a purchase, and placing an order/making the purchase.
  - b) At least two employees are involved in processing and approving payments to vendors.
  - c) The employee responsible for processing payments is prohibited from adding/modifying vendor files, unless another employee is responsible for periodically reviewing changes to vendor files.
  - d) Either the employee/official responsible for signing checks mails the payment or gives the signed checks to an employee to mail who is not responsible for processing payments.
- 10. For each location selected under #8 above, obtain the entity’s non-payroll disbursement transaction population (excluding cards and travel reimbursements) and obtain management’s representation that the population is complete. Randomly select 5 disbursements for each

location, obtain supporting documentation for each transaction and:

- a) Observe that the disbursement matched the related original invoice/billing statement.
- b) Observe that the disbursement documentation included evidence (e.g., initial/date, electronic logging) of segregation of duties tested under #9, as applicable.

*No Exceptions Noted*

***Credit Cards/Debit Cards/Fuel Cards/P-Cards - No exceptions were noted in this C/C area in the prior year. As a result, these procedures were not performed in the current year in accordance with the engagement instructions provided by the Legislative Auditor's Office.***

---

11. Obtain from management a listing of all active credit cards, bank debit cards, fuel cards, and P-cards (cards) for the fiscal period, including the card numbers and the names of the persons who maintained possession of the cards. Obtain management's representation that the listing is complete.
12. Using the listing prepared by management, randomly select 5 cards (or all cards if less than 5) that were used during the fiscal period. Randomly select one monthly statement or combined statement for each card (for a debit card, randomly select one monthly bank statement), obtain supporting documentation, and:
  - a) Observe that there is evidence that the monthly statement or combined statement and supporting documentation (e.g., original receipts for credit/debit card purchases, exception reports for excessive fuel card usage) was reviewed and approved, in writing, by someone other than the authorized card holder.
  - b) Observe that finance charges and late fees were not assessed on the selected statements.
13. Using the monthly statements or combined statements selected under #12 above, excluding fuel cards, randomly select 10 transactions (or all transactions if less than 10) from each statement, and obtain supporting documentation for the transactions (i.e. each card should have 10 transactions subject to testing). For each transaction, observe that it is supported by (1) an original itemized receipt that identifies precisely what was purchased, (2) written documentation of the business/public purpose, and (3) documentation of the individuals participating in meals (for meal charges only).

***Travel and Expense Reimbursement - No exceptions were noted in this C/C area in the prior year. As a result, these procedures were not performed in the current year in accordance with the engagement instructions provided by the Legislative Auditor's Office.***

---

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

documentation. For each of the 5 reimbursements selected:

- a) If reimbursed using a per diem, agree the reimbursement rate to those rates established either by the State of Louisiana or the U.S. General Services Administration ([www.gsa.gov](http://www.gsa.gov))
- b. If reimbursed using actual costs, observe that the reimbursement is supported by an original itemized receipt that identifies precisely what was purchased.
- c ) Observe that each reimbursement is supported by documentation of the business/public purpose (for meal charges, observe that the documentation includes the names of those individuals participating) and other documentation required by written policy (procedure #1h).
- d) Observe that each reimbursement was reviewed and approved, in writing, by someone other than the person receiving reimbursement.

***Contracts - No exceptions were noted in this C/C area in the prior year. As a result, these procedures were not performed in the current year in accordance with the engagement instructions provided by the Legislative Auditor's Office.***

---

15. Obtain from management a listing of all agreements/contracts for professional services, materials and supplies, leases, and construction activities that were initiated or renewed during the fiscal period. *Alternately, the practitioner may use an equivalent selection source, such as an active vendor list.* Obtain management's representation that the listing is complete. Randomly select 5 contracts (or all contracts if less than 5) from the listing, excluding the practitioner's contract, and:
  - a) Observe that the contract was bid in accordance with the Louisiana Public Bid Law<sup>1</sup> (e.g., solicited quotes or bids, advertised), if required by law.
  - b) Observe that the contract was approved by the governing body/board, if required by policy or law (e.g. Lawrason Act, Home Rule Charter).
  - c) If the contract was amended (e.g. change order), observe that the original contract terms provided for such an amendment.
  - d) Randomly select one payment from the fiscal period for each of the 5 contracts, obtain the supporting invoice, agree the invoice to the contract terms, and observe that the invoice and related payment agreed to the terms and conditions of the contract.

***Payroll and Personnel - No exceptions were noted in this C/C area in the prior year. As a result, these procedures were not performed in the current year in accordance with the engagement instructions provided by the Legislative Auditor's Office.***

---

16. Obtain a listing of employees/elected officials employed during the fiscal period and management's representation that the listing is complete. Randomly select 5

- under #16 above, obtain attendance records and leave documentation for the pay period, and:
- a) Observe that all selected employees/officials documented their daily attendance and leave (e.g., vacation, sick, compensatory). (Note: Generally, an elected official is not eligible to earn leave and does not document his/her attendance and leave. However, if the elected official is earning leave according to policy and/or contract, the official should document his/her daily attendance and leave.)
  - b) Observe that supervisors approved the attendance and leave of the selected employees/officials.
  - c) Observe that any leave accrued or taken during the pay period is reflected in the entity's cumulative leave records.
18. Obtain a listing of those employees/officials that received termination payments during the fiscal period and management's representation that the list is complete. Randomly select two employees/officials, obtain related documentation of the hours and pay rates used in management's termination payment calculations, agree the hours to the employee/officials' cumulative leave records, and agree the pay rates to the employee/officials' authorized pay rates in the employee/officials' personnel files.
19. Obtain management's representation that employer and employee portions of payroll taxes, retirement contributions, health insurance premiums, and workers' compensation premiums have been paid, and associated forms have been filed, by required deadlines.

### ***Ethics***

---

20. Using the five randomly selected employees/officials from procedure #16 under "Payroll and Personnel" above, obtain ethics compliance documentation from management and:
- a) Observe that the documentation demonstrates each employee/official completed one hour of ethics training during the fiscal period.
- Six employees were selected at random for testing. Of those six, only three had certificates of completion of the required one hour ethics course.
- b) Observe that the documentation demonstrates each employee/official attested through signature verification that he or she has read the entity's ethics policy during the fiscal period.

The Town was unable to provide any documentation of any employee that had read the Town's ethics policy.

***Debt Service (excluding nonprofits) - No exceptions were noted in this C/C area in the prior year. As a result, these procedures were not performed in the current year in accordance with the engagement instructions provided by the Legislative Auditor's Office.***

---

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

22. Obtain a listing of bonds/notes outstanding at the end of the fiscal period and management's representation that the listing is complete. Randomly select one bond/note, inspect debt covenants, obtain supporting documentation for the reserve balance and payments, and agree actual reserve balances and payments to those required by debt covenants.

***Other - No exceptions were noted in this C/C area in the prior year. As a result, these procedures were not performed in the current year in accordance with the engagement instructions provided by the Legislative Auditor's Office.***

---

23. 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.

***No Exceptions Noted***

24. 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

***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.

***LLC CPA, LLC***

Livingston, Louisiana

June 27, 2019