

LIVINGSTON INTERGOVERNMENTAL COMMISSION

Annual Financial Statements

As of and for the Year Ended December 31, 2013
With Supplemental Information Schedules



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COMMISSION

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TABLE OF CONTENTS

	Statement	Page
Independent Auditor’s Report		4
Required Supplemental Information (Part I):		
Management’s Discussion and Analysis.....		7
Basic Financial Statements:		
Government-Wide Financial Statements:		
Statement of Net Position.....	A	15
Statement of Activities	B	16
Fund Financial Statements:		
Governmental Funds Financial Statements:		
Balance Sheet, Governmental Funds	C	18
Reconciliation of the Governmental Funds Balance Sheet to the Government-Wide Financial Statement of Net position.....	D	19
Statement of Revenues, Expenditures, and Changes in Fund Balances	E	20
Reconciliation of the Statement of Revenues, Expenditures, and Changes in Fund Balances of Governmental Funds to the Statement of Activities	F	21
Notes to the Financial Statements.....		23

**Livingston Intergovernmental Commission
Annual Financial Statements
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TABLE OF CONTENTS

	Schedule	Page
Required Supplemental Information (Part II):		
Schedule of Revenues, Expenditures, and Changes in Fund Balances Budget and Actual General Fund.....	1	38
Schedule of Revenues, Expenditures, and Changes in Fund Balances Budget and Actual Derailment Operating Expense Fund.....	2	39
Schedule of Revenues, Expenditures, and Changes in Fund Balances Budget and Actual Derailment Health Surveillance Fund.....	3	40
Schedule of Revenues, Expenditures, and Changes in Fund Balances Budget and Actual Derailment Environmental Surveillance Fund.....	4	41
Schedule of Revenues, Expenditures, and Changes in Fund Balances Budget and Actual Derailment Thirty-Year Indemnity Fund.....	5	42
Other Supplemental Schedules:		
Schedule of Compensation Paid Board Members.....	6	43
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 <i>Government Auditing Standards</i>		44
Schedule of Findings and Responses		46
Schedule of Prior Year Findings and Responses		48



Independent Auditor's Report

The Board Members of the Livingston Intergovernmental Commission

Report on the Financial Statements

I have audited the accompanying financial statements of the governmental activities, and each major fund of the Livingston Intergovernmental Commission (the "Commission"), a component unit of the Town of Livingston, Louisiana, as of and for the year ended December 31, 2013, and the related notes to the financial statements, which collectively comprise the Commission's basic financial statements as listed in the Table of Contents.

Management's Responsibility for the Financial Statements

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

Auditor's Responsibility

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 of material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the 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

In my opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities and each major fund of the Commission as of December 31, 2013, and the respective changes in financial position for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Emphasis of Matter

As described in Note 1 to the financial statements, in 2013, the Commission adopted new accounting guidance, GASB Statement No. 65, *Items Previously reported as Assets and Liabilities*. My opinion is not modified with respect to this matter

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 7 through 13 and 38 through 42 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 opinions on the financial statements that collectively comprise the Commission's basic financial statements. The accompanying schedule listed as Other Supplemental Schedules in the Table of Contents is presented for purposes of additional analysis and is not a required part of the basic financial statements. The Other Supplemental Schedule is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the basic financial statements. Such information has been subjected to the auditing procedures applied in the audit of the basic financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the basic financial statements or to the basic financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In my opinion, the Other Supplemental Schedule is fairly stated in all material respects in relation to the basic financial statements as a whole.

Other Reporting Required by Governmental Auditing Standards

In accordance with *Government Auditing Standards*, I have also issued my report dated April 22, 2014, on my consideration of the Commission'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 the Commission's internal control over financial reporting and compliance.

Sincerely,
BRANDY WESTCOTT, LLC



Brandy Westcott Garcia, CPA
Member

Springfield, Louisiana
April 22, 2014

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

**Livingston Intergovernmental Commission
Management's Discussion and Analysis (UNAUDITED)
As of and for the Year Ended December 31, 2013**

Introduction

Livingston Intergovernmental Commission (the "Commission") is pleased to present its Annual Financial Report 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 are more fully described in Footnote 1 – *Summary of Significant Accounting Policies*.

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

Financial Highlights

- At December 31, 2013, the Commission's assets exceeded its liabilities by \$3,782,632 (net position). Of this amount, \$93,633 (unrestricted net position) may be used to meet the Commission's ongoing obligations to its citizens at the Commission's discretion, and \$3,688,999 (restricted net position) may be used to meet the Commission's ongoing obligations to its citizens with certain restrictions, including \$27,101, which represents amounts invested in capital assets.
- For the year ended December 31, 2013, the Commission's total net position decreased by \$1,244,906, or approximately twenty-five percent.
- At December 31, 2013, the Commission's governmental funds reported combined ending fund balances of \$3,776,114, a decrease of \$860,660 for the year. Approximately two percent of the fund balance amount or \$93,633, is available for spending at the Commission's discretion (unassigned fund balances), and 98 percent, or \$3,682,481, is available for spending with restriction (restricted fund balances).

Overview of the Annual Financial Report

The financial statement focus is on both the Commission 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 Commission'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 Commission'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.

**Livingston Intergovernmental Commission
Management's Discussion and Analysis (UNAUDITED)
As of and for the Year Ended December 31, 2013**

Government-Wide Financial Statements

The government-wide financial statements are designed to provide readers with a broad overview of the Commission's finances in a manner similar to a private-sector business.

The Statement of Net Position presents information on the Commission'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 Commission is improving or deteriorating.

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

In both of the government-wide financial statements, the Commission's activities are of a single type:

- Governmental activities - All of the Commission's basic services are reported here and are financed primarily through investment revenue.

The government-wide financial statements include the Livingston Intergovernmental Commission (component unit of the Town of Livingston, Louisiana) only and can be found on pages 15 through 16 of this report.

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 Commission, like other state and local governments, uses fund accounting to ensure and demonstrate compliance with finance-related and legal requirements. The Commission uses a single category of funds to account for financial transactions: governmental 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 Commission's basic services. However, unlike the government-wide financial statements, governmental fund financial statements focus on how money flows 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 Commission'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 Commission's programs. The basic governmental fund financial statements begin on page 17 of this report.

**Livingston Intergovernmental Commission
Management's Discussion and Analysis (UNAUDITED)
As of and for the Year Ended December 31, 2013**

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 Commission'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. The reconciliations can be found on pages 19 and 21 of this report.

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. The notes to the financial statements begin on page 23 of this report.

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 Commission's net position for the current year as compared to the prior year.

	Net Position			
	2013 and 2012			
	Governmental Activities		Variance	
	2013	2012	Dollar	Percentage
Assets:				
Current and Other Assets	\$ 3,788,293	\$ 4,645,070	\$ (856,777)	-18%
Capital Assets	27,101	408,036	(380,935)	-93%
Total Assets	3,815,394	5,053,106	(1,237,712)	-24%
Liabilities:				
Long-Term Debt Outstanding	20,583	17,271	3,312	19%
Other Liabilities	12,179	8,297	3,882	47%
Total Liabilities	32,762	25,568	7,194	28%
Net Position:				
Net Investment in Capital Assets	27,101	408,036	(380,935)	-93%
Restricted	3,661,898	4,615,878	(953,980)	-21%
Unrestricted	93,633	3,624	90,009	2484%
Total Net Position	\$ 3,782,632	\$ 5,027,538	\$ (1,244,906)	-25%

Less than one percent of the Commission's net position reflects its investment in capital assets (land, buildings, furniture and equipment) 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 Commission's investment in its capital assets is reported net of related debt, it should be noted the Commission does not currently hold any long term debt on the capital assets.

**Livingston Intergovernmental Commission
Management's Discussion and Analysis (UNAUDITED)
As of and for the Year Ended December 31, 2013**

Approximately 97 percent of the Commission's net position represents resources that are subject to external restriction on how they may be used. The Commission's restricted net position consist of reserves required by a court settlement to be used only for operating expenses, health surveillance, environmental surveillance, and thirty-year indemnity.

Approximately two percent of the Commission's net position is unrestricted and may be used to meet the Commission's ongoing obligations to its citizens at the Commission's discretion.

At the end of the current fiscal year, the Commission was able to report a positive balance in its sole category of net position, governmental activities. The same held true for the prior fiscal year. The Commission's activities decreased its total net position by \$1,244,906, the total decrease attributable to its governmental activities.

In order to further understand what makes up the changes in net position, the following table provides a summary of the results of the Commission's activities for the current year as compared to the prior year. An analysis of the primary sources of these changes follows the table.

**Changes in Net Position
For the years ended December 31, 2013 and 2012**

	<u>Governmental Activities</u>		<u>Variance</u>	
	<u>2013</u>	<u>2012</u>	<u>Dollar</u>	<u>Percentage</u>
Revenues:				
Program Revenues:				
Charges for Services	\$ -	\$ -	\$ -	-
General Revenues:				
Interest Income	24,308	53,519	(29,211)	-55%
Net Increase in Fair Value of Investments	(5,168)	(3,583)	(1,585)	44%
(Loss) on Sale of Assets	(180,276)	(502)	(179,774)	-35812%
Total Revenues	<u>(161,136)</u>	<u>49,434</u>	<u>(210,570)</u>	<u>-426%</u>
Expenses:				
General and Administrative	-	-	-	-
Derailment Operating Expenses	70,263	73,364	(3,101)	-4%
Derailment Health Surveillance	34,586	47,159	(12,573)	-27%
Derailment Environmental Surveillance	978,846	152,773	826,073	541%
Derailment Thirty-Year Indemnity	75	-	75	-
Total Expenses	<u>1,083,770</u>	<u>273,296</u>	<u>810,474</u>	<u>297%</u>
Change in Net Position Before Transfers	<u>(1,244,906)</u>	<u>(223,862)</u>	<u>(1,021,044)</u>	<u>-456%</u>
Transfers In (Out)	-	-	-	-
Change in Net Position	<u>(1,244,906)</u>	<u>(223,862)</u>	<u>(1,021,044)</u>	<u>-456%</u>
Net Position, Beginning	5,027,538	5,251,400	(223,862)	-4%
Net Position, Ending	<u>\$ 3,782,632</u>	<u>\$ 5,027,538</u>	<u>(1,244,906)</u>	<u>-25%</u>

**Livingston Intergovernmental Commission
Management's Discussion and Analysis (UNAUDITED)
As of and for the Year Ended December 31, 2013**

Governmental Activities

The Commission's governmental net position decreased by \$1,244,906 or approximately twenty-five percent of the prior year ending net position to \$3,782,632. The major 2013 costs were related to services performed in carrying out the corrective action plan for site remediation. The change in unrealized value of investments decreased in 2013 by \$5,168 after decrease of \$3,583 in 2012. Interest revenue from the investments declined by \$29,211 after a \$29,065 decline in the prior year.

Fund Financial Analysis

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

Governmental Funds

The focus of the Commission's governmental funds is to provide information on near-term inflows, outflows, and balances of spendable resources. Such information is useful in assessing the Commission's financing requirements. In particular, unassigned fund balance may serve as a useful measure of the Commission's net resources available for spending at the end of the year.

At the end of the current year, the Commission's governmental funds reported combined ending fund balances of \$3,776,114, \$3,682,481 of this amount is fully restricted by a court order and \$93,633 of which, was unassigned and available for spending at the Commission's discretion.

Major Governmental Fund Budgetary Highlights

Livingston Intergovernmental Commission demonstrated legal compliance by adopting and amending its budget in accordance with provisions of the Local Government Budget Act. Actual revenues and other sources and actual expenditures and other uses did not exceed budgeted expenditures and other uses by five percent, with a couple of exceptions. The revenues in the Health Surveillance Fund had a \$30,004 unfavorable balance at twelve percent due to operating transfers that weren't needed during the fiscal year. The Thirty Year Indemnity Fund had an unfavorable balance of revenues of twenty-six percent or \$8,705 due to lower investment revenue.

**Livingston Intergovernmental Commission
Management's Discussion and Analysis (UNAUDITED)
As of and for the Year Ended December 31, 2013**

Capital Assets and Debt Administration

Capital Assets

The Commission's investment in capital assets for its governmental activities as of December 31, 2013 amounts to \$27,101 (net of accumulated depreciation). The total decrease in the Commission's investment in capital assets for the current fiscal year was \$380,935 (net of accumulated depreciation).

The following table provides a summary of the Commission's capital assets (net of accumulated depreciation) at the end of the current year as compared to the prior year. For more detailed information, see Note 7 to the financial statements.

**Capital Assets (Net of Depreciation)
2013 and 2012**

Capital Assets	Governmental Activities	
	2013	2012
Land	\$ 11,054	\$ 104,054
Buildings and Improvements	7,700	567,308
Machinery and Equipment	29,624	78,617
Furniture and Fixtures	299	1,971
Subtotal Capital Assets	48,677	751,950
Less: Accumulated Depreciation	(21,576)	(343,914)
Capital Assets, Net	\$ 27,101	\$ 408,036

In May 2013, the Commission sold the land and attached building which was used as the Commission's office and medical facility for \$190,000 and disposed of most of the capital assets in the building as the health surveillance program has ended and site remediation is underway. The loss on disposal of assets was \$180,276 and is recorded in the Statement of Activities.

**Livingston Intergovernmental Commission
Management's Discussion and Analysis (UNAUDITED)
As of and for the Year Ended December 31, 2013**

Long-Term Debt

At December 31, 2013, the Commission had total debt outstanding of \$20,583. The following table provides a summary of the Commission's outstanding debt at the end of the current year as compared to the prior year. For more detailed information, see Note 13 to the financial statements.

**Outstanding Debt
2013 and 2012**

	Governmental Activities	
	2013	2012
Compensated Absences	\$ 20,583	\$ 17,271
Total Outstanding Debt	\$ 20,583	\$ 17,271

Other Factors Affecting the Commission

The Commission's management approach is fiscally conservative; however, due to the expendable nature of the funds originally created as a result of the Illinois Central Gulf Railroad Company and Combustion, Inc. settlements, the Commission generally operates with expenditures in excess of revenues. The Commission has an adequate asset base of cash and investments to absorb these excess expenditures for a period of time, but remains sensitive to fluctuations in interest rates and investment valuations, as its cash and other investments are ordinarily its sole source of revenue. The Commission transferred approximately \$1,019,000 from the Thirty Year Indemnity Fund to pay for site remediation in 2013. After the site is fully remediated and capped, the site is expected to continue to be monitored by the Commission until at least 2016. At that point, if it is deemed appropriate based on its intended purpose, the Commission would follow its charter regarding any dissolution of the entity as described in Note 14 to the financial statements.

Contacting the Commission's Financial Management

This financial report is designed to provide the Commission's users with a general overview of the Commission's finances and show the Commission's accountability for the money it receives. Questions regarding this report or requests for additional information should be addressed to Livingston Intergovernmental Commission at Post Office Box 609, Livingston, Louisiana 70754. The Commission's telephone number is (225) 686-2677.

Basic Financial Statements

Government-Wide Financial Statements

Livingston Intergovernmental Commission
Statement of Net Position
As of December 31, 2013

Statement A

	Primary
	Governmental
	Activities
Assets	
Current Assets:	
Cash and Cash Equivalents	\$ 2,573,345
Investments	1,214,948
Total Current Assets	3,788,293
Capital Assets:	
Land	11,054
Capital Assets, Net	16,047
Total Capital Assets	27,101
Total Assets	3,815,394
Liabilities	
Current Liabilities:	
Accounts Payable	8,854
Accrued Expenses Payable	3,325
Total Current Liabilities	12,179
Long Term Liabilities:	
Compensated Absences Payable	20,583
Total Long Term Liabilities	20,583
Total Liabilities	32,762
Net Position	
Net Investment in Capital Assets	27,101
Restricted for:	
Derailment Operating Expenses	31,976
Derailment Health Surveillance	531
Derailment Environmental Surveillance	157,935
Derailment Thirty-Year Indemnity	3,471,456
Unrestricted	93,633
Total Net Position	\$ 3,782,632

The accompanying notes are an integral part of this statement.

Statement B

**Livingston Intergovernmental Commission
Statement of Activities
For the year ended December 31, 2013**

	<u>Expenses</u>	<u>Program Revenues Charges for Services</u>	<u>Net (Expenses) Revenues and Changes in Net Position Governmental Activities</u>
Governmental Activities			
General and Administrative	\$ -	\$ -	\$ -
Derailment Operating Expenses	70,263	-	(70,263)
Derailment Health Surveillance	34,586	-	(34,586)
Derailment Environmental Surveillance	978,846	-	(978,846)
Derailment Thirty-Year Indemnity	75	-	(75)
Total Governmental Activities	<u>1,083,770</u>	<u>-</u>	<u>(1,083,770)</u>
General Revenues:			
Net (Decrease) in Fair Value of Investments			(5,168)
Interest Income			24,308
(Loss) on Sale of Capital Assets			(180,276)
Total General Revenues and Transfers			<u>(161,136)</u>
Change in Net Position			<u>(1,244,906)</u>
Net Position - Beginning			<u>5,027,538</u>
Net Position - Ending			<u>\$ <u>3,782,632</u></u>

The accompanying notes are an integral part of this statement.

Basic Financial Statements

Fund Financial Statements

Livingston Intergovernmental Commission
Balance Sheet, Governmental Funds
As of December 31, 2013

	<u>General Fund</u>	<u>Derailment Operating Expense</u>	<u>Derailment Health Surveillance</u>	<u>Derailment Environmental Surveillance</u>	<u>Derailment Thirty-Year Indemnity</u>	<u>Total Governmental Funds</u>
Assets						
Cash and Equivalents	\$ 93,633	\$ 45,037	\$ 2,068	\$ 176,099	\$ 2,256,508	\$ 2,573,345
Investments	-	-	-	-	1,214,948	1,214,948
Due From Other Funds	-	-	-	-	-	-
Total Assets	<u>93,633</u>	<u>45,037</u>	<u>2,068</u>	<u>176,099</u>	<u>3,471,456</u>	<u>3,788,293</u>
Liabilities and Fund Balances						
Liabilities:						
Accounts Payable	-	1,367	-	7,487	-	8,854
Accrued Expenses	-	3,325	-	-	-	3,325
Due to Other Funds	-	-	-	-	-	-
Total Liabilities	<u>-</u>	<u>4,692</u>	<u>-</u>	<u>7,487</u>	<u>-</u>	<u>12,179</u>
Fund Balances:						
Restricted	-	40,345	2,068	168,612	3,471,456	3,682,481
Unassigned	93,633	-	-	-	-	93,633
Total Fund Balances	<u>93,633</u>	<u>40,345</u>	<u>2,068</u>	<u>168,612</u>	<u>3,471,456</u>	<u>3,776,114</u>
Total Liabilities and Fund Balances	<u>\$ 93,633</u>	<u>\$ 45,037</u>	<u>\$ 2,068</u>	<u>\$ 176,099</u>	<u>\$ 3,471,456</u>	<u>\$ 3,788,293</u>

The accompanying notes are an integral part of this statement.

**Livingston Intergovernmental Commission
Reconciliation of the Governmental Funds Balance Sheet
to the Government-Wide Financial Statement of Net Position
As of December 31, 2013**

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

Fund Balances, Total Governmental Funds (Statement C)	\$	3,776,114
<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		27,101
<p>Long-term liabilities including compensated absences are not due and payable in the current period and, therefore, are not reported in the governmental funds.</p>		
Compensated Absences Payable		(20,583)
Net Position of Governmental Activities (Statement A)	\$	<u>3,782,632</u>

The accompanying notes are an integral part of this statement.

Livingston Intergovernmental Commission
Statement of Revenues, Expenditures, and Changes in Fund Balances
Major Governmental Funds
For the year ended December 31, 2013

	Special Revenue					Total Governmental Funds
	General Fund	Derailment Operating Expense	Derailment Health Surveillance	Derailment Environmental Surveillance	Derailment Thirty-Year Indemnity	
Revenues						
Investment Income						
Interest	\$ 9	\$ 1	\$ -	\$ 2	\$ 24,295	\$ 24,307
Net Increase (Decrease) in Fair Value of Investments	-	-	-	-	(5,168)	(5,168)
Total Revenues	<u>9</u>	<u>1</u>	<u>-</u>	<u>2</u>	<u>19,127</u>	<u>19,139</u>
Expenditures						
Salaries	-	29,247	-	58,801	-	88,048
Benefits	-	3,341	-	1,700	-	5,041
Payroll Taxes	-	2,911	-	4,509	-	7,420
Commissioner Per Diem	-	8,625	-	-	-	8,625
Insurance	-	744	1,486	3,180	-	5,410
Other operating	-	4,891	3,909	217	75	9,092
Professional Fees	-	12,803	9,458	18,921	-	41,182
Repairs and Maintenance	-	100	10,023	-	-	10,123
Site Surveillance	-	-	-	18,957	-	18,957
Site Injections	-	-	-	843,169	-	843,169
Supplies	-	865	-	35	-	900
Surveillance Contracts	-	-	-	21,158	-	21,158
Telephone	-	1,213	871	717	-	2,801
Utilities	-	1,080	3,084	3,709	-	7,873
Capital Outlay	-	-	-	-	-	-
Total Expenditures	<u>-</u>	<u>65,820</u>	<u>28,831</u>	<u>975,073</u>	<u>75</u>	<u>1,069,799</u>
Excess (Deficiency) of Revenues Over (Under) (Expenditures)	<u>9</u>	<u>(65,819)</u>	<u>(28,831)</u>	<u>(975,071)</u>	<u>19,052</u>	<u>(1,050,660)</u>
Other Financing Sources (Uses)						
Proceeds from Disposition of Capital Assets	-	-	190,000	-	-	190,000
Operating Transfers In	190,000	100,000	26,096	1,091,601	-	1,407,697
Operating Transfers Out	(100,000)	(98,431)	(190,000)	-	(1,019,266)	(1,407,697)
Total Other Financing Sources (Uses)	<u>90,000</u>	<u>1,569</u>	<u>26,096</u>	<u>1,091,601</u>	<u>(1,019,266)</u>	<u>190,000</u>
Net Change in Fund Balances	90,009	(64,250)	(2,735)	116,530	(1,000,214)	(860,660)
Fund Balances, Beginning	<u>3,624</u>	<u>104,595</u>	<u>4,803</u>	<u>52,082</u>	<u>4,471,670</u>	<u>4,636,774</u>
Fund Balances, Ending	<u>\$ 93,633</u>	<u>\$ 40,345</u>	<u>\$ 2,068</u>	<u>\$ 168,612</u>	<u>\$ 3,471,456</u>	<u>\$ 3,776,114</u>

The accompanying notes are an integral part of this statement.

Livingston Intergovernmental Commission
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, 2013

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

Net Change in Fund Balances, Total Governmental Funds, Statement E **\$ (860,660)**

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

Expenditures for capital assets	\$	-	
Less:			
Current year depreciation		<u>(10,659)</u>	(10,659)

Governmental funds report the proceeds from the sale of capital assets as increases in financial resources, but in the statement of activities, only the gain or loss on the disposition of capital assets is reported:

Proceeds from Sale of assets		(190,000)	
Loss on Disposition of Assets		<u>(180,276)</u>	(370,276)

Compensated Absences payable after one year are not recorded as an expenditure in the governmental funds, but they are recorded as an expenditure in the statement of activities.

Change in compensated absences			(3,311)
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Change in Net Position of Governmental Activities, Statement B **\$ (1,244,906)**

The accompanying notes are an integral part of this statement.

Basic Financial Statements

Notes to the Financial Statements

Livingston Intergovernmental Commission
Notes to the Financial Statements
As of and for the Year Ended December 31, 2013

Introduction

Livingston Intergovernmental Commission (the “Commission”) is a joint commission established December 4, 1985 between the Livingston Parish Council and the Town of Livingston as authorized by Article VI, Section 20 of the Louisiana Constitution of 1974 and Title 33, Section 1324 of the Louisiana Revised Statutes of 1950, to be recognized as a body corporate pursuant to Title 33, Section 1332 of the Louisiana Revised Statutes of 1950, and as a body corporate and politic and political subdivision of the State of Louisiana pursuant to Title 33, Section 1334(D) of the Louisiana Revised Statutes of 1950, as defined in Article VI, Section 44 of the Louisiana Constitution of 1954, with all rights, powers, and authority granted to political subdivisions of the state under the constitution and general laws of the state including, but not limited to, the provisions of Title 31, Section 149 of the Louisiana Revised Statutes of 1950.

The Commission is located in the Town of Livingston. The Commission’s purpose was to provide general health screenings, to monitor program of the derailment site and public service benefits to the residents of the Town of Livingston as a consequence of the Illinois Central Gulf Railroad Company train derailment which occurred in the Town of Livingston on September 28, 1982. In March 1999, the Commission also began administering a health surveillance program at its medical facility as a consequence of the Combustion, Inc. class action settlement. The Combustion Inc. health surveillance program was completed and terminated effective March 1, 2004. On March 31, 2004 the Commission committed to a three year contract to provide continued medical services to be funded out of the Health Surveillance Fund as described in Note 8. That contract is expired and a new contract, as described in Note 8, was signed and made effective as of March 1, 2007.

The Commission is composed of five board members appointed as follows: (1) the President of the Livingston Parish Council or his duly appointed designee who shall reside in the area evacuated as a result of the derailment, (2) the Mayor of the Town of Livingston, (3) one member either appointed by the Livingston Parish Council who shall reside in the area evacuated as a result of the derailment or who shall be the Councilman who officially represents the Council district in which the Town of Livingston is situated, (4) one member nominated by the Mayor of the Town of Livingston and approved by a majority vote of the Board of Aldermen of the Town of Livingston, and (5) one member appointed by at least three of the four previously appointed members who shall reside in the area evacuated as a result of the evacuation. Board members receive per diem compensation for each meeting attended.

The Commission employs one full-time employee for administrative duties and one full-time employee for environmental surveillance duties in addition to the five board members described above.

Governmental Accounting Standards Board (GASB) Statement No. 14 established criteria for determining the reporting entity and component units that should be included within the reporting entity. Under provisions of this statement, Livingston Intergovernmental Commission is considered a component unit of the Town of Livingston, Louisiana. As a component unit, the accompanying financial statements are to be included within the reporting of the primary government, either blended within those financial statements or separately reported as discrete component units.

Livingston Intergovernmental Commission
Notes to the Financial Statements
As of and for the Year Ended December 31, 2013

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 non-fiduciary activities of the primary government and its component units. For the most part, the effect of interfund activity has been removed from these statements. The Commission does not have any business-type activities and reports only governmental activities. Governmental activities are supported by funds awarded as a result of legal settlements, and from revenues earned by these legally restricted investments.

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*. Statement No. 34 established standards for financial reporting, with presentation requirements originally including a statement of net assets (or balance sheet), a statement of activities, and a statement of cash flows, where applicable. The definition and composition of these statements, as originally defined in GASB Statement No. 34, are presented as amended by GASB Statements included in the following paragraphs. The Commission has also adopted the provisions of GASB Statement No. 33, *Accounting and Financial Reporting for Nonexchange Transactions*, which require capital contributions to the Commission 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 net position and related disclosures. Concepts Statement No. 4, *Elements of Financial Statements*, introduced and defined *Deferred Outflows of Resources* as a consumption of net assets by the government that is applicable to a future reporting period, and *Deferred Inflows of Resources* as an acquisition of net assets 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 *Note 1.J – Net Position and Fund Balance*. As required by the Governmental Accounting Standards Board (GASB), the Commission implemented GASB Statement No. 63 during the year ending December 31, 2012. The Commission did not have any deferred outflows or deferred inflows of resources at December 31, 2012 or 2013.

During the Current year, the Commission 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 is more fully described in *Note 1. I – Long-Term Obligations*.

The statement of activities demonstrates the degree to which the direct expenses of a given function or segment 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,

Livingston Intergovernmental Commission
Notes to the Financial Statements
As of and for the Year Ended December 31, 2013

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. All individual governmental 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. Revenues are recorded when earned and expenses are recorded when a liability is incurred, regardless of the timing of related cash flows.

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.

Interest from investments and the change in fair value of investments is recorded as earned. All other revenue items are considered to be measurable and available only when cash is received by the government.

The Commission reports the following governmental funds:

The *General Fund* accounts for all financial resources of the Commission, except those required to be accounted for in another fund.

The *Special Revenue Funds* account for the proceeds of specific revenue sources that are legally restricted to expenditures for specific purposes. A description of the various revenue funds is included in *Note 14 – Restricted Fund Balances*.

Both the General Fund, used to account for financial resources of the Livingston Intergovernmental Commission, and Special Revenue funds, because of legal restrictions on the distribution of funds, are reported as major governmental funds.

As a general rule, the effect of interfund activity has been eliminated from the government-wide financial statements.

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. The Commission reports primarily general revenues consisting of interest on investments and the change in fair value of the investments, which are restricted per court order.

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

Livingston Intergovernmental Commission
Notes to the Financial Statements
As of and for the Year Ended December 31, 2013

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

C. Deposits and Investments

The Commission'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 Commission's investment policy allow the Commission to invest in collateralized certificates of deposit, government-backed securities, commercial paper, the state-sponsored investment pool, and mutual funds consisting solely of government-backed securities.

Investments for the Commission are reported at fair market value.

D. Interfund Balances and Activity

During the course of normal operations, the Commission has numerous transactions between funds. Examples of these transactions include reimbursements for expenditures related to operations, reimbursements for expenditures related to monitoring the operations related to the derailment site, and transfers for the costs of the remediation for the derailment site. As of fiscal year-end, any unpaid amounts related to these transactions are reported as "due from other funds" or "due to other funds" on the fund financial statements. Interfund loans, if any, not expected to be repaid with one year are reported as advances. In governmental funds, advances are offset equally by a nonspendable fund balance which indicates that they do not constitute available financial resources. Interfund balances and transfers are consolidated for government-wide financial reporting.

E. Inventories and Prepaid Items

All inventories, when held, 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 specific revenue sources that are legally restricted to expenditures for a specified purpose are classified as restricted assets because their use is limited to specific expenditures.

G. Capital Assets

Capital assets, which include property, plant, and equipment, are reported in the applicable governmental column 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 Commission 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.

Livingston Intergovernmental Commission
Notes to the Financial Statements
As of and for the Year Ended December 31, 2013

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
Machinery and Equipment	5 - 15 Years
Furniture and Fixtures	5 - 12 Years

H. Compensated Absences

The Commission has the following policy related to vacation and sick leave: All regular employees, after one year of employment, are entitled to annual vacation and sick leave as follows:

	<u>Years of Service</u>		
	1	2	5+
Vacation Hours of Leave per Year	40	80	120
Sick Hours of Leave per Year	80	80	80

Only 40 hours of vacation leave may be carried forward at year end. Accumulated vacation leave is fully vested. Commission employees may accumulate an unlimited amount of sick leave hours. Accumulated sick leave is fully vested.

In accordance with GASB-16, *Accounting for Compensated Absences*, no liability has been accrued for unused employee sick leave that would not otherwise be convertible into retirement.

I. Long-Term Obligations

The Commission 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 costs related to issuance and refunding of debt, are 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*.

In the government-wide financial statements, long-term debt and other long-term obligations are reported as liabilities in the applicable governmental activities 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, are now expensed in the period occurred under GASB 65. The Commission had no bond related costs and as such, had no restatements or other adjustments related to the implementation of GASB 65.

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 expenditures in the period occurred under GASB 65.

Livingston Intergovernmental Commission
Notes to the Financial Statements
As of and for the Year Ended December 31, 2013

J. Net Position and Fund Balance

In the government-wide financial statements, net position is classified in the following categories:

- **Net Investment in Capital Assets.** This component of net position includes capital assets, net of accumulated depreciation, reduced by the outstanding balance of any bonds, or indebtedness 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 this component of net position. If there are significant unspent related debt proceeds or deferred inflows of resources at the end of the reporting period, the portion of the debt or deferred inflows of resources attributable to the unspent amount should not be included in the calculation of net investment in capital assets. Instead, that portion of the debt or deferred inflows of resources should be included in the same net position component (restricted or unrestricted) as the unspent amount.
- **Restricted.** This components of net position consist of constraints placed on net position use through external constraints imposed by creditors (such as through debt covenants), grantors, contributors, or laws or regulations of other governments or constraints imposed by law through constitutional provisions or enabling legislation.
- **Unrestricted.** This component of net position consists of net position that does not meet the definition of “restricted” or “net investment in capital assets.”

In the fund statements, governmental fund equity is classified as fund balance. The Commission 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 Commission.
- **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 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, includes expenditure amounts incurred for specific purposes which exceeds the amounts restricted, committed or assigned to 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.

Livingston Intergovernmental Commission
Notes to the Financial Statements
As of and for the Year Ended December 31, 2013

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 commission, 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 require 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 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, expenses, 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

Livingston Intergovernmental Commission uses the following budget practices:

1. The Commission's secretary prepares a proposed budget and submits same to the Board of Commissioners no later than fifteen days prior to the beginning of each fiscal year.
2. The public is 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 a resolution prior to the commencement of the fiscal year for which the budget is being adopted.
5. All budgetary appropriations lapse at the end of each fiscal year.
6. Budgets for the general fund and special revenue funds are adopted on a basis consistent with generally accepted accounting principles (GAAP) and 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).

All funds had actual revenues and other sources above and expenditures and other sources below budgeted, resulting in favorable variances for the fiscal year ended December 31, 2013 within five percent of budgeted, with a couple of exceptions. The revenues in the Health Surveillance Fund had a \$30,004 unfavorable

Livingston Intergovernmental Commission
Notes to the Financial Statements
As of and for the Year Ended December 31, 2013

balance at twelve percent due to operating transfers that weren't needed during the fiscal year. The Thirty Year Indemnity Fund had an unfavorable balance of revenues of twenty-six percent or \$8,705 due to lower investment revenue.

3. Cash and Cash Equivalents

At December 31, 2013, the Commission has cash and cash equivalents (book balances) as follows:

Cash on Hand	\$	20
Demand Deposits		437
Interest-Bearing Government Money Market Deposits		<u>2,572,888</u>
	\$	<u><u>2,573,345</u></u>

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

At December 31, 2013, the Commission had \$2,591,503 in money market deposits (bank balances) which were secured by U.S. Government securities. The demand deposits of \$437 (bank balance) are fully secured by federal deposit insurance.

4. Investments

Investments are categorized into these three categories of credit risk:

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

At December 31, 2013 the Commission's investment balances consisted of the following:

	<u>Maturity Date</u>		<u>Carrying Amount</u>		<u>Fair Market Value</u>
United States Treasury Bonds (STRIPS)	August 15, 2014	\$	266,781	\$	266,781
	August 15, 2015		280,508		280,508
	August 15, 2016		<u>293,980</u>		<u>293,980</u>
			<u>841,269</u>		<u>841,269</u>
Certificates of Deposit	September 24, 2014		125,616		125,616
	September 24, 2015		<u>248,063</u>		<u>248,063</u>
			<u>373,679</u>		<u>373,679</u>
Total		\$	<u>1,214,948</u>	\$	<u>1,214,948</u>

Livingston Intergovernmental Commission
Notes to the Financial Statements
As of and for the Year Ended December 31, 2013

All investments are stated on the balance sheet (carrying value) at market value. All investments are in the name of the Commission and are held at the Commission's office. Because these investments are in the name of the Commission and are held by the Commission or the Commission's agent, the investments are considered insured and registered, Category (1), in applying the credit risk of GASB Codification Section 150.164.

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

5. Receivables

In the government-wide statements, receivables consist of all revenues earned at year-end and not yet received. Allowances for uncollectible accounts are based upon historical trends and the period aging and write-off of accounts receivable. The Commission did not have any receivables at December 31, 2013.

6. Interfund Receivables/Payables

There were no interfund balances reported in the fund financial statements on December 31, 2013.

7. Capital Assets

Capital assets and depreciation activity as of and for the year ended December 31, 2013 for governmental activities is as follows:

Governmental Activities Capital Assets:	Beginning Balance	Increases	Decreases	Ending Balance
Capital Assets Not Being Depreciated:				
Land	\$ 104,054	\$ -	\$ (93,000)	\$ 11,054
Total Capital Assets Not Being Depreciated	<u>104,054</u>	<u>-</u>	<u>(93,000)</u>	<u>11,054</u>
Capital Assets Being Depreciated:				
Buildings	567,308	-	(559,608)	7,700
Equipment	78,617	-	(48,993)	29,624
Furniture and Fixtures	1,971	-	(1,672)	299
Total Capital Assets Being Depreciated	<u>647,896</u>	<u>-</u>	<u>(610,273)</u>	<u>37,623</u>
Less Accumulated Depreciation for:				
Buildings	288,242	6,504	(290,534)	4,212
Equipment	53,700	4,155	(40,791)	17,064
Furniture and Fixtures	1,972	-	(1,672)	300
Total Accumulated Depreciation	<u>343,914</u>	<u>10,659</u>	<u>(332,997)</u>	<u>21,576</u>
Total Capital Assets Being Depreciated, Net	<u>303,982</u>	<u>(10,659)</u>	<u>(277,276)</u>	<u>16,047</u>
Total Governmental Activities Capital Assets, Net	<u>\$ 408,036</u>	<u>\$ (10,659)</u>	<u>\$ (370,276)</u>	<u>\$ 27,101</u>

Depreciation was charged to governmental functions as follows:

Derailment Operating Expense Fund	\$ 3,369
Derailment Health Surveillance Fund	5,755
Derailment Environmental Surveillance Fund	1,535
	<u>\$ 10,659</u>

Livingston Intergovernmental Commission
Notes to the Financial Statements
As of and for the Year Ended December 31, 2013

In May 2013, the Commission sold the land and attached building which was used as the Commission's office and medical facility for \$190,000 and disposed of most of the capital assets in the building as the health surveillance program has ended and site remediation is underway. The loss on disposal of assets was \$180,276 and is recorded in the Statement of Activities.

8. Commitments

The Commission entered into a \$1,550,000 five-year medical services contract in March 1999. Under the terms of this contract, the Commission was to pay \$1,300,000 over five years as follows: \$33,333 monthly in year one, \$20,833 monthly in years two and three, and \$16,667 monthly in years four and five. The terms of the contract also required the Commission to pay \$250,000 over five years as follows: \$4,167 monthly for years one through five. The \$1,300,000 portion of the contract was for medical services related to the Combustion, Inc. health surveillance program, while the \$250,000 portion of the contract was for medical services related to the Illinois Central Gulf Railroad Company health surveillance program. This contract expired effective March 1, 2004, and was partially renewed as described below.

The Commission entered into a \$150,000 three-year medical services contract effective March 1, 2004. Under the terms of this contract, the Commission was to pay \$4,167 monthly for medical services related to the Illinois Central Gulf Railroad Company health surveillance program. The Combustion, Inc. health surveillance program's contract expired effective March 1, 2004, and was not renewed. The new three year contract assured that the medical facility would be open through February 2007. The Commission continued the terms of this contract until a new contract was signed on June 27, 2007, effective March 1, 2007.

The contract agreed to in 2007, stipulated that the Commission will provide for the maintenance of the facilities where the health surveillance fund services are provided, the examinations and tests for medical work related to the Livingston Train Derailment health surveillance program and \$50,000 per year to the physicians providing medical services for the facility, until the Health Surveillance Fund's fund balance is depleted to \$5,000, at which point the physicians servicing the medical facility shall provide physical plant maintenance and the corresponding payments by the Commission will cease. The length of the contract was for ten years.

During 2008, the fund balance was reduced below \$5,000, triggering the discontinuance of medical contract payments. The Health Surveillance program has been completed. The fund was to continue until plans were determined regarding the potential sale of the building, which is to be used as a medical facility. The Commission sold the building in May 2013 for \$190,000 to be used as a private medical facility and with this sale, this commitment was extinguished.

The Commission allowed their previous environmental services contract to expire in 1989, but has continued to purchase the original contractor's services on a monthly basis at the cost of \$1,750 per month. The original contractor retired in October, 2005. The commission entered into an annual contract with an engineering firm to maintain the monitoring program of the derailment site beginning October 21, 2005 at a cost of \$1,750 per month. This contract was extended each year after expiration and remained in effect at year end December 31, 2013.

In 2011, the Commission hired TEA, Inc. ("TEA") as a consultant to prepare a corrective action plan for site remediation. In 2012, the Commission's Board and the DEQ approved the corrective action plan. In 2013, the corrective action plan was approved by the 21st Judicial Court. On July 15, 2013, the Commission entered into an agreement with TEA to engage TEA as consultants to perform services in carrying out the corrective action plan. The estimated cost included in the agreement is \$1,019,265. As of year end December 31, 2013, the amount incurred under this agreement was \$847,295 (\$843,169 paid and \$4,126 payable) and the remaining estimated cost under this agreement was \$171,970.

Livingston Intergovernmental Commission
Notes to the Financial Statements
As of and for the Year Ended December 31, 2013

9. Interfund Transfers

The Commission recorded a transfer for \$190,000 from the Health Surveillance Fund to support the General Fund. This amount was the proceeds from the sale of the medical building. The Commission also recorded a transfer of \$1,019,266 from the Thirty-Year Indemnity Fund to the Environmental Surveillance Fund for site injection costs. A transfer of \$100,000 from the General Fund was also recorded to support the Operating Expense Fund. The Operating Expense Fund recorded transfers of \$26,096 to the Health Surveillance Fund and \$72,335 to the Environmental Surveillance fund in payment of the interfund payable amounts.

10. Accounts, Salaries, and Other Payables

The Governmental Funds payables at December 31, 2013 are as follows:

Governmental Funds Payable	General Fund	Derailment Operating Expense	Derailment Health Surveillance	Derailment Environmental Surveillance	Derailment Thirty-Year Indemnity	Total
Accounts	\$ -	\$ 1,367	\$ -	\$ 7,487	\$ -	\$ 8,854
Accrued Expenses	-	3,325	-	-	-	3,325
Total Government Funds Payable	\$ -	\$ 4,692	\$ -	\$ 7,487	\$ -	\$ 12,179

11. Short-Term Debt

The Commission had no short-term debt outstanding at December 31, 2013, and no short-term debt activity during the year then ended.

12. Leases

The Commission records items under capital leases as an asset and an obligation in the accompanying financial statements. The Commission had no capital or operating lease activity during the year ended December 31, 2013.

13. Long-Term Obligations

The following is a summary of long-term obligation transactions for the year ended December 31, 2013:

	Compensated Absences
Beginning Balance	\$ 17,271
Additions	3,312
Deletions	-
Ending Balance	\$ 20,583

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:

	Compensated Absences
Current Portion	\$ -
Long-Term Portion	20,583
	\$ 20,583

Livingston Intergovernmental Commission
Notes to the Financial Statements
As of and for the Year Ended December 31, 2013

14. Restricted Fund Balances

Derailment Operating Expense Fund is used to provide annual disbursements for operating expenditures not to exceed current and accumulated revenues. This fund will remain until all contingencies and other special funds have been disbursed and the Commission is dissolved.

Derailment Environmental Surveillance Fund is used to provide expert technical advisors to monitor and review all operations on or near the derailment site during the operation by Illinois Central Gulf Railroad Company.

It is now used to fulfill the Commission's responsibility to operate monitoring and detection facilities, to direct and supervise additional detection or recovery operations as indicated, and to comply with all requirements of the closure plan, modifications thereto, and any requirements or regulations imposed by the Louisiana Department of Environmental Quality (DEQ).

Upon notification by the State of Louisiana by DEQ or its successor that the program may be discontinued, fifty percent of any fund balance remaining in this fund will be paid (up to a maximum of \$200,000) to DEQ as reimbursement for costs and expenses incurred in supervising the Commission's operations. The remainder of this fund will be disbursed in the same manner provided for the Contingency Fund, described later.

Any year-end excess of revenues over expenditures may be transferred to the Health Surveillance Fund as deemed necessary by the Commission to continue health surveillance activities.

Derailment Health Surveillance Fund is used to provide an office and physician with staff retained to conduct annual physical examinations of all persons who have resided or presently reside in the area ordered evacuated as a consequence of the derailment.

Upon notification by the Court having jurisdiction of the class action approving the termination of the program after contradictory hearing, any fund balance remaining in this fund will be disbursed in the same manner provided for the Contingency Fund, described later.

During 2008, the fund balance was reduced below \$5,000, triggering the discontinuance of medical contract payments. The fund was expected to continue until the finalization of the sale of the building. The sale of the building was finalized in May 2013. Therefore, the fund will be discontinued shortly.

Derailment Thirty-Year Indemnity Fund is used to respond to all suits, demands, and claims including, but not limited to, the claims of any public entity arising out of the derailment or the associated spill and release of chemicals or the site remediation and cleanup, and to defend, indemnify, and save free and harmless from all such asserted suits, demands, and claims the Illinois Central Gulf Railroad Company, the Elgin, Joliet, and Eastern Railway Company, and all of their past, present, and future directors, officers, agents, servants, employees, insurers, contractors, affiliates, successors, and assigns, and the State of Louisiana and/or any agency thereof. This fund is to be maintained at interest for not less than thirty years from March 17, 1986, which would be March 17, 2016.

Upon expiration of the thirty-year period, if no claims are pending and if DEQ or its successor has determined and notified the Commission that all site activities may be terminated, then any fund balance remaining in this fund will be disbursed in the same manner provided for the Contingency Fund, described later. However, if any claims are pending or if site activities are continuing when the thirty-year period expires, then the fund may not be dissolved.

Livingston Intergovernmental Commission
Notes to the Financial Statements
As of and for the Year Ended December 31, 2013

Derailment Contingency Fund is used to account for any additional funds received by the Commission from the 21st Judicial District Court Fund in the distribution of settlement proceeds in the derailment class action and will be held in this fund until such time as the court having jurisdiction of the class action proceedings shall determine in contradictory proceedings that this fund or any portion thereof may be released for distribution in the following manner:

One-third shall be paid as directed by the Livingston Parish Council for any permitted public purpose for the benefit of residents of Livingston Parish. One-third shall be paid as directed by the Board of Aldermen of the Town of Livingston for any publicly permitted purpose for the benefit of residents of the Town of Livingston. One-third shall be reserved by the Commission for removal of all monitoring equipment and improvement of the derailment site to accommodate its highest and best use for the benefit of the residents of the Town of Livingston, subject to the restrictions and servitude imposed by the transferors of the property and by the agreement.

Any time prior to the termination of the need for monitoring the site activities, the Commission may make special disbursements from this fund with the approval of the 21st Judicial District Court having jurisdiction of the said class action, DEQ, the Livingston Parish Council, and the Board of Aldermen of the Town of Livingston.

On April 30, 2001, the Louisiana 21st Judicial District Court ordered, adjudged, and decreed that the expenditure of those certain funds held by the Livingston Intergovernmental Commission being designated as the Contingency Fund for the purpose of the completion of that certain public park under development in the Town of Livingston designated as Circle Drive Park together with the expenditures for the purchase of equipment and capital improvements for the Livingston Parish Fire District No. 12 and the public water system serving Livingston Parish Fire District No. 12 in order to provide increased fire protection and decreased property insurance premiums for the residents of said fire district on an annual basis was hereby approved. This fund is now completely exhausted and inactive.

15. Risk Management

The Commission 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 Commission purchases commercial insurance policies and bonds for any and all claims related to the aforementioned risks. The Commission'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.

16. Contingent Liabilities

At December 31, 2013, the Commission was not involved in any outstanding litigation or claims.

17. Site Investigation and Corrective Action Plan

In December 2010, TEA, Inc. ("TEA") presented a proposal to perform a site investigation. The main objective of the site investigation work plan was to gather information and make determinations necessary to develop a remediation plan and remedial goals for the derailment site. In December 2010, the Board of Commissioners approved expenditures of up to \$250,000 for the proposed site investigation work plan.

In January 2011, the Commission received approval from the DEQ to implement the site investigation work plan proposed. The site investigation was conducted during 2011 and the Site Investigation Report submitted to the DEQ for review and approval. In October 2011, the DEQ approved the Site Investigation

Livingston Intergovernmental Commission
Notes to the Financial Statements
As of and for the Year Ended December 31, 2013

Report and requested a Corrective Action Plan be prepared for site remediation. In 2011, the Commission hired TEA as a consultant to prepare a corrective action plan for site remediation. Total expenditures in 2011 to TEA were \$227,536 related to the above described work.

During 2012, the Commission authorized an additional \$30,000 for completion of the work in preparing the corrective action plan. Additional expenditures of \$37,596 were charged that year bringing the multi-year total to \$265,132. In 2012, the Commission's Board and the DEQ approved the corrective action plan for site remediation.

In 2013, the corrective action plan was approved by the 21st Judicial Court. On July 15, 2013, the Commission entered into an agreement with TEA to engage TEA as consultants to perform services in carrying out the corrective action plan for site remediation. The estimated cost included in the agreement is \$1,019,265. In 2013, the Commission authorized a \$1,019,265 transfer from the Thirty Year Indemnity Fund to the Environmental Surveillance Fund to pay for this site remediation services. As of year-end December 31, 2013, the amount incurred under this agreement was \$847,295 (\$843,169 paid and \$4,126 payable) and the remaining estimated cost under this agreement was \$171,970.

18. Subsequent Events

The Commission is in the process of seeking approval from the Town of Livingston, the Livingston Parish Council, and the 21st Judicial Court, State of Louisiana, to amend the charter of the Livingston Intergovernmental Commission allowing the Commission to wrap up its affairs upon completion of remediation, dissolve accordingly and reduce its operational expenses, all in furtherance of the purposes for which it was found.

Subsequent events have been evaluated by management through April 22, 2014, the date the financial statements were available for issuance. No additional events were noted that require recording or disclosure in the financial statements for the fiscal year ending December 31, 2013.

Required Supplemental Information (Part II)

Livingston Intergovernmental Commission
Schedule of Revenues, Expenditures, and Changes in Fund Balances - Budget and Actual
General Fund
For the year ended December 31, 2013

	<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>
Revenues				
Investment Income				
Interest	\$ -	\$ -	\$ 9	\$ 9
Net Increase (Decrease) in Fair Value of Investments	-	-	-	-
Total Revenues	<u>-</u>	<u>-</u>	<u>9</u>	<u>9</u>
Expenditures				
Other operating	-	-	-	-
Total Expenditures	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Excess Revenues (Expenditures)	<u>-</u>	<u>-</u>	<u>9</u>	<u>9</u>
Other Financing Sources (Uses)				
Operating Transfers In	-	190,000	190,000	-
Operating Transfers (Out)	-	(100,000)	(100,000)	-
Total Other Financing Sources (Uses)	<u>-</u>	<u>90,000</u>	<u>90,000</u>	<u>-</u>
Net Change in Fund Balances	<u>-</u>	<u>90,000</u>	<u>90,009</u>	<u>9</u>
Fund Balances, Beginning	<u>3,624</u>	<u>3,624</u>	<u>3,624</u>	<u>-</u>
Fund Balances, Ending	<u>\$ 3,624</u>	<u>\$ 93,624</u>	<u>\$ 93,633</u>	<u>\$ 9</u>

See Independent Auditor's Report.

Livingston Intergovernmental Commission
Schedule of Revenues, Expenditures, and Changes in Fund Balances - Budget and Actual
Derailment Operating Expense Fund
For the year ended December 31, 2013

	<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>
Revenues				
Investment Income				
Interest	\$ -	\$ -	\$ 1	\$ 1
Net Increase (Decrease) in Fair Value of Investments	-	-	-	-
Total Revenues	<u>-</u>	<u>-</u>	<u>1</u>	<u>1</u>
Expenditures				
Salaries	33,000	33,000	29,247	3,753
Benefits	3,200	3,200	3,341	(141)
Payroll Taxes	3,200	3,200	2,911	289
Commissioner Per Diem	9,000	9,000	8,625	375
Insurance	-	2,000	744	1,256
Other operating	1,800	5,500	4,891	609
Professional Fees	13,000	13,000	12,803	197
Repairs and Maintenance	700	1,000	100	900
Supplies	1,200	1,200	865	335
Telephone	500	1,500	1,213	287
Utilities	700	2,000	1,080	920
Capital Outlay	-	-	-	-
Total Expenditures	<u>66,300</u>	<u>74,600</u>	<u>65,820</u>	<u>8,780</u>
Excess Revenues (Expenditures)	<u>(66,300)</u>	<u>(74,600)</u>	<u>(65,819)</u>	<u>8,781</u>
Other Financing Sources (Uses)				
Operating Transfers In	-	100,000	100,000	-
Operating Transfers (Out)	(28,000)	(128,700)	(98,431)	30,269
Proceeds from Sale of Capital Assets	-	-	-	-
Total Other Financing Sources (Uses)	<u>(28,000)</u>	<u>(28,700)</u>	<u>1,569</u>	<u>30,269</u>
Net Change in Fund Balances	<u>(94,300)</u>	<u>(103,300)</u>	<u>(64,250)</u>	<u>39,050</u>
Fund Balances, Beginning	<u>104,595</u>	<u>104,595</u>	<u>104,595</u>	<u>-</u>
Fund Balances, Ending	<u>\$ 10,295</u>	<u>\$ 1,295</u>	<u>\$ 40,345</u>	<u>\$ 39,050</u>

See Independent Auditor's Report.

Livingston Intergovernmental Commission
Schedule of Revenues, Expenditures, and Changes in Fund Balances - Budget and Actual
Derailment Health Surveillance Fund
For the year ended December 31, 2013

	<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>
Revenues				
Investment Income				
Interest	\$ -	\$ -	\$ -	\$ -
Net Increase (Decrease) in Fair Value of Investments	-	-	-	-
Total Revenues	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Expenditures				
Insurance	2,500	1,550	1,486	64
Other operating	13,600	4,200	3,909	291
Professional Fees	-	9,600	9,458	142
Repairs and Maintenance	1,600	11,000	10,023	977
Supplies	-	-	-	-
Telephone	2,400	900	871	29
Utilities	8,000	3,600	3,084	516
Total Expenditures	<u>28,100</u>	<u>30,850</u>	<u>28,831</u>	<u>2,019</u>
Excess Revenues (Expenditures)	<u>(28,100)</u>	<u>(30,850)</u>	<u>(28,831)</u>	<u>2,019</u>
Other Financing Sources (Uses)				
Operating Transfers In	28,000	56,100	26,096	(30,004)
Operating Transfers (Out)	-	(220,000)	(190,000)	30,000
Proceeds from Sale of Building	162,000	190,000	190,000	-
Total Other Financing Sources (Uses)	<u>190,000</u>	<u>26,100</u>	<u>26,096</u>	<u>(4)</u>
Net Change in Fund Balances	<u>161,900</u>	<u>(4,750)</u>	<u>(2,735)</u>	<u>2,015</u>
Fund Balances, Beginning	<u>4,803</u>	<u>4,803</u>	<u>4,803</u>	<u>-</u>
Fund Balances, Ending	<u>\$ 166,703</u>	<u>\$ 53</u>	<u>\$ 2,068</u>	<u>\$ 2,015</u>

See Independent Auditor's Report.

Livingston Intergovernmental Commission
Schedule of Revenues, Expenditures, and Changes in Fund Balances - Budget and Actual
Derailment Environmental Surveillance Fund
For the year ended December 31, 2013

	<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>
Revenues				
Investment Income				
Interest	\$ 1,500	\$ -	\$ 2	\$ 2
Net Increase (Decrease) in Fair Value of Investments	-	-	-	-
Total Revenues	<u>1,500</u>	<u>-</u>	<u>2</u>	<u>2</u>
Expenditures				
Salaries	60,000	69,000	58,801	10,199
Benefits	2,000	1,000	1,700	(700)
Payroll Taxes	4,700	4,700	4,509	191
Insurance	4,000	7,000	3,180	3,820
Other operating	-	-	217	(217)
Professional Fees	13,000	25,000	18,921	6,079
Site Injections	1,019,000	1,019,000	843,169	175,831
Site Surveillance	70,000	20,000	18,957	1,043
Surveillance Contracts	21,000	21,000	21,158	(158)
Supplies	600	700	35	665
Telephone	800	1,000	717	283
Utilities	4,000	4,500	3,709	791
Capital Outlay	-	-	-	-
Total Expenditures	<u>1,199,100</u>	<u>1,172,900</u>	<u>975,073</u>	<u>197,827</u>
Excess Revenues (Expenditures)	<u>(1,197,600)</u>	<u>(1,172,900)</u>	<u>(975,071)</u>	<u>197,829</u>
Other Financing Sources (Uses)				
Operating Transfers In	1,500,000	1,121,865	1,091,601	(30,264)
Operating Transfers (Out)	-	-	-	-
Sale of Fixed Assets	-	-	-	-
Total Other Financing Sources (Uses)	<u>1,500,000</u>	<u>1,121,865</u>	<u>1,091,601</u>	<u>(30,264)</u>
Net Change in Fund Balances	<u>302,400</u>	<u>(51,035)</u>	<u>116,530</u>	<u>167,565</u>
Fund Balances, Beginning	<u>52,082</u>	<u>52,082</u>	<u>52,082</u>	<u>-</u>
Fund Balances, Ending	<u>\$ 354,482</u>	<u>\$ 1,047</u>	<u>\$ 168,612</u>	<u>\$ 167,565</u>

See Independent Auditor's Report.

Livingston Intergovernmental Commission
Schedule of Revenues, Expenditures, and Changes in Fund Balances - Budget and Actual
Derailment - Thirty-Year Indemnity Fund
For the year ended December 31, 2013

	<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>
Revenues				
Investment Income				
Interest	\$ 48,000	\$ 28,000	\$ 24,295	\$ (3,705)
Net Increase (Decrease) in Fair Value of Investments	-	5,000	(5,168)	(10,168)
Total Revenues	<u>48,000</u>	<u>33,000</u>	<u>19,127</u>	<u>(13,873)</u>
Expenditures				
Other Operating	-	-	75	(75)
Total Expenditures	<u>-</u>	<u>-</u>	<u>75</u>	<u>(75)</u>
Excess Revenues (Expenditures)	<u>48,000</u>	<u>33,000</u>	<u>19,052</u>	<u>(13,948)</u>
Other Financing Sources (Uses)				
Operating Transfers In	-	-	-	-
Operating Transfers (Out)	(1,500,000)	(1,019,265)	(1,019,266)	(1)
Total Other Financing Sources (Uses)	<u>(1,500,000)</u>	<u>(1,019,265)</u>	<u>(1,019,266)</u>	<u>(1)</u>
Net Change in Fund Balances	<u>(1,452,000)</u>	<u>(986,265)</u>	<u>(1,000,214)</u>	<u>(13,949)</u>
Fund Balances, Beginning	<u>4,471,670</u>	<u>4,471,670</u>	<u>4,471,670</u>	<u>-</u>
Fund Balances, Ending	<u>\$ 3,019,670</u>	<u>\$ 3,485,405</u>	<u>\$ 3,471,456</u>	<u>\$ (13,949)</u>

See Independent Auditor's Report.

Schedule 6

**Livingston Intergovernmental Commission
Schedule of Compensation Paid to Board Members
For the year ended December 31, 2013**

<u>Name and Title</u>	<u>Compensation Received</u>
D. Derral Jones, Chairman	\$ 1,650
Randall M. Morgan, Vice-Chairman	1,875
Chance M. Parent, Secretary/Treasurer	1,350
Roy K. McDonald, Commissioner	1,875
Steve S. Stafford, Commissioner	1,875
	<u>\$ 8,625</u>

See Independent Auditor's Report.



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

**To the Board Members of the
Livingston Intergovernmental Commission**

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, and each major fund of the Livingston Intergovernmental Commission (the "Commission"), a component unit of the Town of Livingston, Louisiana, as of and for the year ended December 31, 2013, and the related notes to the financial statements, which collectively comprise the Commission's basic financial statements, and have issued my report thereon dated April 22, 2014.

Internal Control Over Financial Reporting

In planning and performing my audit of the financial statements, I considered the Commission'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 the Commission's internal control. Accordingly, I do not express an opinion on the effectiveness of the Commission'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 were not identified. Given these limitations, during my audit I did not identify any deficiencies in internal control that I consider to be material weaknesses. However, material weaknesses may exist that have not been identified. I did identify a certain deficiency in internal control, described as finding 2013-1 in the accompanying Schedule of Findings and Responses, that I consider to be a significant deficiency.

Compliance and Other Matters

As part of obtaining reasonable assurance about whether the Commission'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 one instances of noncompliance or other matters that is required to be reported under *Government Auditing Standards* and which is described as finding 2013-2 in the accompanying Schedule of Findings and Responses.

Livingston Intergovernmental Commission's Response to Findings

The Commission's response to the findings identified in my audit is described in the accompanying Schedule of Findings and Responses. The Commission'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.

Sincerely,

BRANDY WESTCOTT, LLC



Brandy Westcott Garcia, CPA
Member

Springfield, La
April 22, 2014

**Livingston Intergovernmental Commission
 Schedule of Findings and Responses
 For the Year Ended December 31, 2013**

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, and each major fund of the Livingston Intergovernmental Commission (the "Commission"), a component unit of the Town of Livingston, Louisiana, as of and for the year ended December 31, 2013, and the related notes to the financial statements, which collectively comprise the Commission's basic financial statements, and have issued my report thereon dated April 22, 2014. My audit of the financial statements as of December 31, 2013, resulted in an unmodified opinion.

Section I Summary of Auditor's Reports

a. Report on Internal Control and Compliance and Other Matters Material to the Financial Statements

Internal Control

Material Weaknesses Yes No Significant Deficiencies Yes No

Compliance

Compliance Material to Financial Statements Yes No

b. Federal Awards Not Applicable

Internal Control

Material Weaknesses Yes No Significant Deficiencies Yes No

Type of Opinion On Compliance	Unqualified <input type="checkbox"/>	Qualified <input type="checkbox"/>
For Major Programs	Disclaimer <input type="checkbox"/>	Adverse <input type="checkbox"/>

Are there findings required to be reported in accordance with Circular A-133, Section .510(a)?
 Yes No

Was a management letter issued? Yes No

c. Identification of Major Programs:

CFDA Number(s)	Name of Federal Program (or Cluster)
----------------	--------------------------------------

Dollar threshold used to distinguish between Type A and Type B Programs: \$_____

Is the auditee a 'low-risk' auditee, as defined by OMB Circular A-133? Yes No

Section II Financial Statement Findings

Finding 2013-1 Lack of Segregation of Duties (Significant Deficiency)

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: The Commission has only one administrative employee. Consequently, some duties, which are considered incompatible, are being performed by the sole administrative employee.

Cause: Due to the size and nature of the Commission , there is only one administrative employee.

Effect: The lack of segregation of incompatible duties represents a significant deficiency in the design of the internal controls over financial reporting.

Recommendation: The Commission has implemented certain compensating controls such as dual signatures, Board review of all invoices prior to approval and payment, and contracting with an accounting firm to perform periodic consulting and annual compilation services. I recommend consistent and continued use of the implemented compensating controls as well as continued exploration of additional avenues for risk management.

Management's Response: While the Board has taken steps to mitigate the risks arising from incompatible duties, it will continue to explore additional avenues for risk assessment.

Finding 2013-2 Budget Control Compliance (Noncompliance)

Criteria: Louisiana Revised Statute 39:1311 requires that total expenses and other uses must not exceed budgeted expenses and other uses by 5% or more and revenues and other sources must meet budgeted revenue and other sources by 5% or less.

Condition: The Commission's revenues and other sources in the Thirty Year Indemnity Fund failed to meet budgeted revenue and other sources by an amount greater than 5%.

Cause: Due to the nature of the Commission and the nature of the fund, the Thirty Year Indemnity Fund does not have revenue generating activities. As such, minimal dollar variances create larger percentage variances.

Effect: Noncompliance with the above references statute.

Recommendation: The budget should be amended when budget variances are greater than 5%.

Managements Response: Management will continue to closely monitor the budget for necessary budget amendments

Section III Federal Award Findings and Questioned Costs

No Section III Findings.

**Livingston Intergovernmental Commission
Schedule of Prior Year Findings and Responses
For the Year Ended December 31, 2013**

Section I Internal Control and Compliance Material to the Financial Statements

Finding 2012-1 Lack of Segregation of Duties (Significant Deficiency)

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: The Commission has only one administrative employee. Consequently, some duties, which are considered incompatible, are being performed by the sole administrative employee.

Cause: Due to the size and nature of the Commission , there is only one administrative employee.

Effect: The lack of segregation of incompatible duties represents a significant deficiency in the design of the internal controls over financial reporting.

Recommendation: The Commission has implemented certain compensating controls such as dual signatures, Board review of all invoices prior to approval and payment, and contracting with an accounting firm to perform periodic consulting and annual compilation services. I recommend consistent and continued use of the implemented compensating controls as well as continued exploration of additional avenues for risk management.

Current Year Status: Finding repeated in current year as 2013-1.

Section II Internal Control and Compliance Material to Federal Awards

No Section II Findings.

Section III Management Letter

No Section III Findings.

This schedule was prepared by management.