

9062

Livingston Intergovernmental Commission

Annual Financial Statements

As of December 31, 2003 and for the Year then Ended

Under provisions of state law, this report is a public document. A copy of the report has been submitted to the entity and other appropriate public officials. The report is available for public inspection at the Baton Rouge office of the Legislative Auditor and, where appropriate, at the office of the parish clerk of court.

Release Date 5-26-04

LEROY J. CHUSTZ
Certified Public Accountant
A Professional Accounting Corporation

Livingston Intergovernmental Commission
Annual Financial Statements
As of and for the Year Ended December 31, 2003
With Supplemental Information Schedules

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Livingston Intergovernmental Commission
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With Supplemental Information Schedules

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INDEPENDENT AUDITORS' REPORT ON THE FINANCIAL STATEMENTS

**Board Members of
Livingston Intergovernmental Commission
Livingston, Louisiana**

I have audited the accompanying basic financial statements of the governmental activities and each major fund of **Livingston Intergovernmental Commission**, a component unit of the Town of Livingston, as of and for the year ended December 31, 2003, as listed in the table of contents. These basic financial statements are the responsibility of **Livingston Intergovernmental Commission's** management. My responsibility is to express an opinion on these basic 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, and the *Louisiana Governmental Audit Guide*. Those standards and the guide require that I plan and perform the audit to obtain reasonable assurance about whether the basic financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the basic financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall basic financial statement presentation. I believe that my audit provides a reasonable basis for my opinion.

In my opinion, the basic financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities and each major fund of **Livingston Intergovernmental Commission**, as of December 31, 2003 and the results of its operations for the year then ended in conformity with accounting principles generally accepted in the United States of America.

In accordance with *Government Auditing Standards*, I have also issued my report dated March 4, 2004, on my consideration of the **Livingston Intergovernmental Commission's** internal control over financial reporting and my tests of its compliance with certain provisions of laws, regulations, contracts and grants. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* and should be read in conjunction with this report in considering the results of my audit.

Management's Discussion and Analysis and the other Required Supplemental Information on pages 7 through 12 and 38 through 43, respectively, are not a required part of the basic financial statements, but are supplemental information required by the Government Auditing Standards Board. I have applied certain limited procedures, which consisted principally of inquiries of management regarding the methods of measurement and presentation of supplemental information. However, I did not audit the information and express no opinion on it.

My audit was performed for the purpose of forming an opinion on the basic financial statements taken as a whole. The other supplemental information listed in the table of contents is presented for the purpose of

LEROY J. CHUSTZ
Certified Public Accountant
A Professional Accounting Corporation

Board of Commissioners
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additional analysis and is not a required part of the basic financial statements of Livingston Intergovernmental Commission. Such information has been subjected to the auditing procedures applied in the audit of the basic financial statements and, in my opinion, is fairly presented in all material respects in relation to the basic financial statements taken as a whole.

Leroy J. Chustz
LEROY J. CHUSTZ
Certified Public Accountant
A Professional Accounting Corporation
March 4, 2004

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

Livingston Intergovernmental Commission
Management's Discussion and Analysis
As of and for the Year Ended December 31, 2003

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), and related standards. Although the Commission was not required to implement GASB 34 until the fiscal year ending December 31, 2003, management elected early implementation in the fiscal year ending December 31, 2002 to provide financial statement users a more detailed and comprehensive analysis of the Commission's financial performance. This is the second year of presentation under the new GASB 34 format.

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 on pages 13 through 36 of this report.

Financial Highlights

- At December 31, 2003, the Commission's assets exceeded its liabilities by \$6,265,153 (net assets). Of this amount, \$221,442 (unrestricted net assets) may be used to meet the Commission's ongoing obligations to its citizens at the Commission's discretion, and \$5,544,260 (restricted net assets) may be used to meet the Commission's ongoing obligations to its citizens with certain restrictions.
- For the year ended December 31, 2003, the Commission's total net assets decreased by \$409,559, or 6%.
- At December 31, 2003, the Commission's governmental funds reported combined ending fund balances of \$5,779,091, a decrease of \$393,582 for the year. Of this amount, 4%, or \$221,442, is available for spending at the Commission's discretion (unreserved fund balances), and 96%, or \$5,557,649, is available for spending with restriction (reserved fund balances).
- For the year ended December 31, 2003, the Commission's total debt increased by \$1,533, or approximately 13%, due primarily to an increase in the liability for compensated employee absences.

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.

Livingston Intergovernmental Commission

Management's Discussion and Analysis As of and for the Year Ended December 31, 2003

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.

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 Assets 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 assets. Over time, the increases or decreases in net assets and changes in the components of net assets 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 assets 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 various revenues. This is intended to summarize and simplify the reader's analysis of the cost and/or subsidy 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 revenues on investments.

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 13 through 15 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 all 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 can be found on pages 16 through 22 of this report.

Livingston Intergovernmental Commission

**Management's Discussion and Analysis
As of and for the Year Ended December 31, 2003**

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 22 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 can be found on pages 23 through 36 of this report.

Government-Wide Financial Analysis

As noted earlier, net assets 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 assets for the current year as compared to the prior year. For more detailed information, see the Statement of Net Assets on page 14 of this report.

**Net Assets
December 31, 2003 and 2002**

	Governmental Activities			
	2003	2002	\$ Change	% Change
Assets:				
Current and Other Assets	\$ 5,790,130	\$ 6,178,815	\$ -388,685	-6%
Capital Assets	499,451	513,895	-14,444	-3%
Total Assets	<u>6,289,581</u>	<u>6,692,710</u>	<u>-403,129</u>	-6%
Liabilities:				
Long-Term Debt Outstanding	13,389	11,856	1,533	13%
Other Liabilities	11,039	6,142	4,897	80%
Total Liabilities	<u>24,428</u>	<u>17,998</u>	<u>6,430</u>	36%
Net Assets:				
Invested in Capital Assets, Net of Related Debt	499,451	513,895	-14,444	-3%
Unrestricted	221,442	-	221,442	∞%
Restricted	5,544,260	6,160,817	-616,557	-10%
Total Net Assets	<u>\$ 6,265,153</u>	<u>\$ 6,674,712</u>	<u>\$ -409,559</u>	-6%

Approximately 8% of the Commission's net assets reflects its investment in capital assets (land, buildings, furniture, 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.

Livingston Intergovernmental Commission

**Management's Discussion and Analysis
As of and for the Year Ended December 31, 2003**

Approximately 88% of the Commission's net assets represents resources that are subject to external restriction on how they may be used. The Commission's restricted net assets consist of reserves required by a court settlement to be used only for operating expenses, health surveillance, environmental surveillance, and thirty-year indemnity.

Approximately 4% of the Commission's net assets are 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 positive balances in its sole category of net assets, governmental activities. The same held true for the prior fiscal year.

The Commission's activities decreased its total net assets by \$409,599, the total decrease attributable to its governmental activities.

In order to further understand what makes up the changes in net assets, 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. For more detailed information, see the Statement of Activities on page 15 of this report.

**Changes in Net Assets
For the Years Ended December 31, 2003 and 2002**

	Governmental Activities			
	2003	2002	\$ Change	% Change
Revenues:				
Program Revenues:				
Charges for Services	\$ -	\$ -	\$ -	∞%
General Revenues:				
Interest Income	81,759	153,803	-72,044	-47%
Net Change in Fair Value of Investments	34,712	307,997	-273,285	-89%
Total Revenues	<u>116,471</u>	<u>461,800</u>	<u>-345,329</u>	<u>-75%</u>
Expenses:				
General & Administrative Expenses	100	-	100	∞%
Derailment Operating Expenses	48,131	45,513	2,618	6%
Derailment Health Surveillance	172,519	125,355	47,164	38%
Derailment Environmental Surveillance	104,693	150,694	-46,001	-31%
Derailment Thirty-Year Indemnity	587	4,597	-4,010	-87%
Combustion, Inc. Health Surveillance	200,000	208,333	-8,333	-4%
Total Expenses	<u>526,030</u>	<u>534,492</u>	<u>-8,462</u>	<u>-2%</u>
Change in Net Assets	-409,559	-72,692	-336,867	463%
Net Assets, Beginning	6,674,712	6,747,404	-72,692	-1%
Net Assets, Ending	<u>\$ 6,265,153</u>	<u>\$ 6,674,712</u>	<u>\$ -409,559</u>	<u>-6%</u>

Governmental Activities

The Commission's governmental net assets decreased by \$409,559, or 6% of the prior year ending net assets, to \$6,265,153. The decrease in net assets is \$336,867 more than the prior year, this difference being caused by a \$345,329 decrease in revenues and an \$8,462 decrease in expenses, respectively, over prior year amounts.

Livingston Intergovernmental Commission
Management's Discussion and Analysis
As of and for the Year Ended December 31, 2003

The decrease in revenues noted above is primarily comprised of decreased investment income. The decrease in investment income of \$345,329 is due mainly to the historically low rates of interest earned on investments.

The decrease in expenses noted above is an immaterial variance.

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, unreserved fund balance may serve as a useful measure of the Commission's net resources available for spending at the end of the year. The basic governmental fund financial statements can be found on pages 16 through 22 of this report.

At the end of the current year, the Commission's governmental funds reported combined ending fund balances of \$5,779,091, \$5,557,649 of which was reserved by the aforementioned court order and \$221,442 of which was unreserved and available for spending at the Commission's discretion. This represents a decrease of \$393,582, or 6% of the prior year's ending balances.

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. As required by state law, actual revenues and other sources were within 5% of budgeted revenues and other sources, and actual expenditures and other uses did not exceed budgeted expenditures and other uses by 5%.

Significant variations from the general fund's original and final amended budgets are as follows: The general fund was not included in the Commission's original budget as the general fund was not created until March 2003. The resulting variations are, therefore, not relevant in this presentation.

There were no significant variations from the other major funds' original and final amended budgets.

Capital Assets and Debt Administration

Capital Assets

The Commission's investment in capital assets for its governmental activities as of December 31, 2003 amounts to \$499,451 (net of depreciation). The total decrease in the Commission's investment in capital assets for the current fiscal year was \$14,444 (net of depreciation).

There were no major capital asset events during the current year.

Livingston Intergovernmental Commission

**Management's Discussion and Analysis
As of and for the Year Ended December 31, 2003**

The following table provides a summary of the Commission's capital assets (net of depreciation) at the end of the current year as compared to the prior year. For more detailed information, see Note 7 to the financial statements on pages 31 and 32 of this report.

**Capital Assets (Net of Depreciation)
December 31, 2003 and 2002**

	<u>Governmental Activities</u>	
	<u>2003</u>	<u>2002</u>
Land	\$ 104,054	\$ 104,054
Buildings	376,710	390,371
Equipment	18,543	19,288
Furniture and Fixtures	144	182
	<u>\$ 499,451</u>	<u>\$ 513,895</u>

Long-Term Debt

At December 31, 2003, the Commission had total debt outstanding of \$13,389. Of this total, \$6,805 is due within one year and \$6,584 is due within greater than one year. 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 on page 33 of this report.

**Outstanding Debt
December 31, 2003 and 2002**

	<u>Governmental Activities</u>	
	<u>2003</u>	<u>2002</u>
Compensated Absences	\$ 13,389	\$ 11,856
	<u>\$ 13,389</u>	<u>\$ 11,856</u>

Other Factors Affecting the Commission

The Commission's management approach is fiscally conservative; however, due to the expendable nature of the trust 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 considerable 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.

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 13960 Florida Boulevard, 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 A

**Statement of Net Assets
December 31, 2003**

	<u>Governmental Activities</u>
Assets	
Cash & Cash Equivalents	\$ 1,519,933
Investments, At Fair Value	4,258,900
Accrued Interest Receivable	11,297
Capital Assets, Net	499,451
Total Assets	<u>6,289,581</u>
Liabilities	
Accounts Payable	2,729
Accrued Expenses Payable	8,310
Long-Term Liabilities:	
Due Within One Year	6,805
Due After One Year	6,584
Total Liabilities	<u>24,428</u>
Net Assets	
Invested in Capital Assets, Net	499,451
Unrestricted	221,442
Restricted for:	
Derailment Operating Expenses	713,233
Derailment Health Surveillance	379,515
Derailment Environmental Surveillance	1,213,769
Derailment Thirty-Year Indemnity	3,227,804
Combustion, Inc. Health Surveillance	9,939
Total Net Assets	<u>\$ 6,265,153</u>

See accompanying notes to the financial statements.

Livingston Intergovernmental Commission

Statement B

**Statement of Activities
For the Year Ended December 31, 2003**

	<u>Expenses</u>	<u>Program Revenues Charges for Services</u>	<u>Net Revenue (Expense) and Changes in Net Assets Governmental Activities</u>
Governmental Activities			
General & Administrative Expenses	\$ 100	\$ -	\$ -100
Derailment Operating Expenses	48,131	-	-48,131
Derailment Health Surveillance	172,519	-	-172,519
Derailment Environmental Surveillance	104,693	-	-104,693
Derailment Thirty-Year Indemnity	587	-	-587
Combustion, Inc. Health Surveillance	200,000	-	-200,000
Total Governmental Activities	<u>\$ 526,030</u>	<u>\$ -</u>	<u>\$ -526,030</u>
General Revenues			
Net Increase in Fair Value Of Investments			34,712
Interest Earned			81,759
Total General Revenues			<u>116,471</u>
Change in Net Assets			-409,559
Net Assets, Beginning of Year			<u>6,674,712</u>
Net Assets, End of Year			<u>\$ 6,265,153</u>

See accompanying notes to the financial statements.

Basic Financial Statements
Fund Financial Statements
Governmental Fund Financial Statements

Livingston Intergovernmental Commission

**Balance Sheet
Governmental Funds
December 31, 2003**

	<u>General Fund</u>	<u>Derailment Operating Expense</u>	<u>Derailment Health Surveillance</u>	<u>Derailment Environmental Surveillance</u>
Assets				
Cash & Cash Equivalents	\$ 221,442	\$ 358,002	\$ 355,201	\$ 487,714
Investments, At Fair Value	-	360,640	11,592	729,833
Accrued Interest Receivable	-	3,257	-	8,040
Due From Other Funds	-	-	26,945	-
Total Assets	\$ <u>221,442</u>	\$ <u>721,899</u>	\$ <u>393,738</u>	\$ <u>1,225,587</u>
Liabilities & Fund Balance				
Liabilities:				
Accounts Payable	\$ -	\$ 729	\$ 1,136	\$ 864
Accrued Expenses Payable	-	566	6,282	1,462
Due To Other Funds	-	5,721	-	4,558
Total Liabilities	\$ <u>-</u>	\$ <u>7,016</u>	\$ <u>7,418</u>	\$ <u>6,884</u>
Fund Balance:				
Unreserved	221,442	-	-	-
Reserved	-	714,883	386,320	1,218,703
Total Fund Balance	\$ <u>221,442</u>	\$ <u>714,883</u>	\$ <u>386,320</u>	\$ <u>1,218,703</u>
Total Liabilities & Fund Balance	\$ <u>221,442</u>	\$ <u>721,899</u>	\$ <u>393,738</u>	\$ <u>1,225,587</u>

See accompanying notes to the financial statements.

Statement C

<u>Derailment Thirty-Year Indemnity</u>	<u>Combustion, Inc. Health Surveillance</u>	<u>Total</u>
\$ 70,969	\$ 26,605	\$ 1,519,933
3,156,835	-	4,258,900
-	-	11,297
-	-	26,945
<u>\$ 3,227,804</u>	<u>\$ 26,605</u>	<u>\$ 5,817,075</u>
\$ -	\$ -	\$ 2,729
-	-	8,310
-	16,666	26,945
<u>-</u>	<u>16,666</u>	<u>37,984</u>
-	-	221,442
<u>3,227,804</u>	<u>9,939</u>	<u>5,557,649</u>
<u>3,227,804</u>	<u>9,939</u>	<u>5,779,091</u>
<u>\$ 3,227,804</u>	<u>\$ 26,605</u>	<u>\$ 5,817,075</u>

Livingston Intergovernmental Commission

Statement D

**Reconciliation of the Governmental Funds Balance Sheet
to the Statement of Net Assets
December 31, 2003**

Total Fund Balances, Governmental Funds	\$ 5,779,091
<p>Amounts reported for governmental activities in the statement of net assets are different because:</p>	
<p>Capital assets used in governmental activities are not financial resources and therefore are not reported in the funds. These assets consist of:</p>	
Governmental capital assets, net of depreciation	499,451
<p>Some liabilities are not due and payable in the current period and therefore are not reported in the funds. These liabilities consist of:</p>	
Compensated absences payable	-13,389
Net Assets, Governmental Activities	<u>\$ 6,265,153</u>

See accompanying notes to the financial statements.

Livingston Intergovernmental Commission

**Statement of Revenues, Expenditures, and Changes in Fund Balances
Governmental Funds
For the Year Ended December 31, 2003**

	General Fund	Derailment Operating Expense	Derailment Health Surveillance
Revenues			
Investment Income:			
Net Increase (Decrease) in Fair Value Of Investments	\$ -	\$ -13,747	\$ -1,422
Interest Earned	1,184	23,052	7,397
Total Revenues	1,184	9,305	5,975
Expenditures			
Commissioner Per Diem	-	9,375	-
Salaries	-	19,952	62,539
Employee Group Insurance	-	4,036	8,753
Payroll Taxes	-	2,366	4,851
Workmens' Compensation Insurance	-	112	241
Supplies & Materials	-	463	670
Advertising & Printing	-	665	100
Electricity	-	2,427	7,891
Telephone	-	1,410	1,742
Sanitation	-	1,629	9,929
Miscellaneous	100	98	605
Repairs & Maintenance	-	615	2,368
Legal & Accounting	-	4,482	5,871
Health Surveillance Contract	-	-	50,000
Medical Examinations	-	-	2,241
Environmental Surveillance Contract	-	-	-
Site Surveillance	-	-	-
Property & Liability Insurance	-	181	75
Capital Outlay	-	-	-
Total Expenditures	100	47,811	157,876
Excess Revenues (Expenditures)	1,084	-38,506	-151,901
Other Financing Sources (Uses)			
Operating Transfers In (Out)	220,358	-	-
Total Other Financing Sources (Uses)	220,358	-	-
Excess Revenues and Other Sources (Expenditures and Other Uses)	221,442	-38,506	-151,901
Fund Balance, Beginning of Year	-	753,389	538,221
Fund Balance, End of Year	\$ 221,442	\$ 714,883	\$ 386,320

See accompanying notes to the financial statements.

Statement E

<u>Derailment Environmental Surveillance</u>	<u>Derailment Thirty-Year Indemnity</u>	<u>Combustion, Inc. Health Surveillance</u>	<u>Total</u>
\$ -25,548	\$ 76,693	\$ -1,264	\$ 34,712
45,417	154	4,555	81,759
<u>19,869</u>	<u>76,847</u>	<u>3,291</u>	<u>116,471</u>
-	-	-	9,375
47,084	-	-	129,575
5,133	-	-	17,922
3,566	-	-	10,783
1,825	-	-	2,178
73	-	-	1,206
-	-	-	765
2,570	-	-	12,888
756	-	-	3,908
2,609	-	-	14,167
102	115	-	1,020
-	-	-	2,983
4,597	472	-	15,422
-	-	200,000	250,000
-	-	-	2,241
21,000	-	-	21,000
12,437	-	-	12,437
-	-	-	256
1,927	-	-	1,927
<u>103,679</u>	<u>587</u>	<u>200,000</u>	<u>510,053</u>
<u>-83,810</u>	<u>76,260</u>	<u>-196,709</u>	<u>-393,582</u>
-	-	-220,358	-
-	-	-220,358	-
-83,810	76,260	-417,067	-393,582
1,302,513	3,151,544	427,006	6,172,673
<u>\$ 1,218,703</u>	<u>\$ 3,227,804</u>	<u>\$ 9,939</u>	<u>\$ 5,779,091</u>

Livingston Intergovernmental Commission

Statement F

**Reconciliation of the Change in Fund Balances of Governmental Funds
to the Statement of Activities
For the Year Ended December 31, 2003**

Total Net Change in Fund Balances, Governmental Funds **\$ -393,582**

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

Capital outlays are reported in governmental funds as expenditures. However, in the statement of activities, the cost of these assets is allocated over their estimated useful lives as depreciation expense. These differences consist of:

Capital outlay	1,927
Depreciation expense	-16,065

When recognizing the sale of capital assets, the governmental funds report the total proceeds of the sale. Only the gain or loss on the sale is reported on the statement of activities. These differences consist of:

Loss on asset disposition	-306
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Some expenses reported in the statement of activities do not require the use of current financial resources and therefore are not reported as expenditures in governmental funds. These differences consist of:

Change in compensated absences payable	-1,533
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Change in Net Assets, Governmental Activities **\$ -409,559**

See accompanying notes to the financial statements.

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, 2003

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 is to provide general health 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 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, two full-time employees for health surveillance 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 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, 2003**

1. Summary of Significant Accounting Policies

A. Government-Wide and Fund Financial Statements

The government-wide financial statements (i.e., the statement of net assets and the statement of changes in net assets) report information on all of the nonfiduciary activities of Livingston Intergovernmental Commission. 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.

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, 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. The Commission reports only general revenues.

Separate financial statements are provided for governmental funds. All individual governmental funds are reported 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 on investments and the change in fair value of the investments is recorded as earned. All other revenue items are considered to be measurable and available only when cash is received by the government.

Livingston Intergovernmental Commission reports the following governmental funds:

General Fund - Accounts for all financial resources of the Commission except those required to be accounted for in another fund.

Livingston Intergovernmental Commission

**Notes to the Financial Statements
As of and for the Year Ended December 31, 2003**

Special Revenue Funds - Account for the proceeds of specific revenue sources that are legally restricted to expenditures for specified purposes.

Private-sector standards of accounting and financial reporting issued prior to December 1, 1989, generally are followed in both the government-wide and proprietary fund financial statements to the extent that those standards do not conflict with or contradict guidance of the Governmental Accounting Standards Board. Governments also have the option of following subsequent private-sector guidance for their business-type activities and enterprise funds, subject to this same limitation. The government has elected not to follow subsequent private-sector guidance.

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. Likewise, general revenues include all taxes. The Commission reports only 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.

C. Deposits and Investments

The Commission's cash and cash equivalents are considered to be cash on hand, demand 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. Receivables and Payables

Activity between funds that are representative of lending/borrowing arrangements outstanding at the end of the fiscal year are referred to as either due to/from other funds (i.e., the current portion of interfund loans) or advances to/from other funds (i.e., the non-current portion of interfund loans). All other outstanding balances between funds are reported as due to/from other funds.

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

Livingston Intergovernmental Commission

**Notes to the Financial Statements
As of and for the Year Ended December 31, 2003**

E. Inventories and Prepaid Items

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

F. Restricted Assets

Certain proceeds of 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. 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 \$100 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 asset lives are not capitalized.

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

Buildings & Improvements	20 - 40 Years
Machinery & Equipment	5 - 25 Years
Furniture and Fixtures	5 - 12 Years

H. Compensated Absences

Commission employees earn vacation leave of 40 hours per year for the first year of employment, 80 hours per year for the second year of employment, and 120 hours per year for the third year of employment. Only 40 hours of vacation leave may be carried forward at year end. Accumulated vacation leave is fully vested.

Commission employees earn sick leave of 80 hours per year regardless of the number of years of employment, and may accumulate a maximum of 240 hours. Accumulated sick leave is fully vested.

I. Long-Term Obligations

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 assets. Bond premiums and discounts, as well as issuance costs, are deferred and amortized over the life of the bonds using the effective interest method. Bonds payable are reported net of the applicable bond premium or discount. Bond issuance costs are reported as deferred charges and amortized over the term of the related debt.

Livingston Intergovernmental Commission

**Notes to the Financial Statements
As of and for the Year Ended December 31, 2003**

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

J. Fund Equity

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

K. 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.

L. Estimates

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

M. Reconciliations of Government-Wide and Fund Financial Statements

The following reconciles the fund balances of governmental funds to the government-wide statement of net assets:

Fund Balances, Total Governmental Funds	\$ 5,779,091
Plus Governmental Capital Assets, Net of Depreciation	499,451
Less Compensated Absences Payable	-13,389
Net Assets, Governmental Activities	<u>\$ 6,265,153</u>

Livingston Intergovernmental Commission

**Notes to the Financial Statements
As of and for the Year Ended December 31, 2003**

The following reconciles the net change in fund balances for governmental funds to the changes in net assets of governmental activities:

Net Change in Fund Balances, Total Governmental Funds	\$ -393,582
Plus Capital Outlay	1,927
Less Depreciation Expense	-16,065
Less Loss on Asset Disposition	-306
Less Change in Compensated Absences Payable	-1,533
Change in Net Assets, Governmental Activities	<u>\$ -409,559</u>

2. Stewardship, Compliance, and Accountability

Budget Information

Livingston Intergovernmental Commission uses the following budget practices:

- 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.
- A summary of the proposed budget is published and the public notified that the proposed budget is available for public inspection. At the same time, a public hearing is called.
- A public hearing is held on the proposed budget at least ten days after publication of the call for the hearing.
- 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.
- All budgetary appropriations lapse at the end of each fiscal year.
- Budgets for the general fund and special revenue funds are presented on the modified accrual basis of accounting. 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).

3. Cash and Cash Equivalents

At December 31, 2003, the Commission has cash and cash equivalents (book balances) totaling \$1,519,933 as follows:

Cash on Hand	\$ 20
Demand Deposits	333
Interest-Bearing Money Market Deposits	1,519,580
	<u>\$ 1,519,933</u>

Livingston Intergovernmental Commission

**Notes to the Financial Statements
As of and for the Year Ended December 31, 2003**

These deposits are stated at cost, which approximates fair value. 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, 2003, the Commission has \$1,538,390 in deposits (collected bank balances). These deposits are secured from risk by \$333 of federal deposit insurance and \$1,538,057 of U.S. Government securities.

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

4. Investments

Investments are categorized into these three categories of credit risk:

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

All investments held by the Commission fall into category 1 credit risk, defined as: insured or registered, or securities held by the Commission or its agent in the Commission's name. In accordance with GASB-31, *Accounting and Financial Reporting for Certain Investments and for External Investment Pools*, all investments are carried at fair value, with the estimate of fair value based on quoted market prices. At December 31, 2003, the Commission's investment balances are as follows:

	Carrying Amount	Fair Value
Federal Home Loan Bank (FHLB)	\$ 389,464	\$ 389,464
Federal National Mortgage Association (FNMA)	679,402	679,402
Government National Mortgage Association (GNMA)	33,199	33,199
Separate Trading of Registered Interest/Principal of Securities (STRIPS)	3,156,835	3,156,835
	<u>\$ 4,258,900</u>	<u>\$ 4,258,900</u>

Livingston Intergovernmental Commission

**Notes to the Financial Statements
As of and for the Year Ended December 31, 2003**

5. Receivables

The receivables of \$11,297 at December 31, 2003 are as follows:

Accrued Interest Receivable	\$ 11,297
	<u>\$ 11,297</u>

6. Interfund Receivables and Payables

The following is a detailed list of interfund balances reported in the fund financial statements on December 31, 2003:

	<u>Due From Other Funds</u>	<u>Due To Other Funds</u>
Derailment Operating Expense Fund	\$ -	\$ 5,720
Derailment Health Surveillance Fund	26,945	-
Derailment Environmental Surveillance Fund	-	4,558
Combustion, Inc. Health Surveillance Fund	-	16,667
	<u>\$ 26,945</u>	<u>\$ 26,945</u>

The reason for the interfund receivables/payables balances is certain shared expenses are paid in their entirety from the Derailment Health Surveillance Fund, and the other funds noted above repay the Derailment Health Surveillance Fund each month.

7. Capital Assets

Capital assets and depreciation for governmental activities as of and for the year ended December 31, 2003:

	<u>Balance 12/31/02</u>	<u>Increases</u>	<u>Decreases</u>	<u>Balance 12/31/03</u>
Capital Assets Not Being Depreciated:				
Land	\$ 104,054	\$ -	\$ -	\$ 104,054
Total Capital Assets Not Being Depreciated	<u>104,054</u>	<u>-</u>	<u>-</u>	<u>104,054</u>
Capital Assets Being Depreciated:				
Building	536,752	-	-	536,752
Equipment	76,232	1,927	316	77,843
Furniture & Fixtures	15,108	-	-	15,108
Total Capital Assets Being Depreciated	<u>628,092</u>	<u>1,927</u>	<u>316</u>	<u>629,703</u>
Less Accumulated Depreciation For:				
Building	146,380	13,661	-	160,041
Equipment	56,944	2,366	10	59,300
Furniture & Fixtures	14,927	38	-	14,965
Total Accumulated Depreciation	<u>218,251</u>	<u>16,065</u>	<u>10</u>	<u>234,306</u>
Capital Assets Being Depreciated, Net	<u>409,841</u>	<u>(14,138)</u>	<u>306</u>	<u>395,397</u>
Governmental Activities Capital Assets, Net	<u>\$ 513,895</u>	<u>\$ (14,138)</u>	<u>\$ 306</u>	<u>\$ 499,451</u>

Livingston Intergovernmental Commission

**Notes to the Financial Statements
As of and for the Year Ended December 31, 2003**

Depreciation expense of \$16,065 for the fiscal year ended December 31, 2003 was charged to the following governmental functions:

Derailment Operating Expense Fund	\$ 387
Derailment Health Surveillance Fund	13,954
Derailment Environmental Surveillance Fund	1,724
	\$ 16,065

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 is 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 require 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 is for medical services related to the Combustion, Inc. health surveillance program, while the \$250,000 portion of the contract is for medical services related to the Illinois Central Gulf Railroad Company health surveillance program. As of December 31, 2003, two months of this contract remain to be completed. See Note 18, Subsequent Events, for additional information on this contract.

The Commission allowed their 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.

9. Interfund Transfers

The following is a detailed list of interfund transfers reported in the fund financial statements on December 31, 2003:

	Transfers From Other Funds	Transfers To Other Funds
General Fund	\$ 220,358	\$ -
Combustion, Inc. Health Surveillance Fund	-	220,358
	\$ 220,358	\$ 220,358

The reason for the interfund transfers is the reclassification of excess reserved funds in the Combustion, Inc. Health Surveillance Fund to unreserved funds due to the upcoming expiration of the medical services contract. The excess unreserved funds were used to fund the newly-created General Fund in the form of an operating transfer from the Combustion, Inc. Health Surveillance Fund to the General Fund.

10. Accounts, Salaries, and Other Payables

The payables of \$11,039 at December 31, 2003 were as follows:

Accounts Payable	\$ 2,729
Accrued Expenses Payable	8,310
	\$ 11,039

Livingston Intergovernmental Commission
Notes to the Financial Statements
As of and for the Year Ended December 31, 2003

11. Short-Term Debt

The Commission had no short-term debt outstanding at December 31, 2003, and had 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 leases outstanding at December 31, 2003, and had no capital lease activity during the year then ended.

The Commission had no noncancellable operating leases outstanding at December 31, 2003, and had no operating lease activity during the year then ended.

13. Long-Term Obligations

The following is a summary of the long-term obligation transactions for the fiscal year ended December 31, 2003:

	Compensated Absences
Long-Term Obligations, Beginning of Year	\$ 11,856
Additions	1,600
Deletions	-67
Long-Term Obligations, End of Year	\$ 13,389

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 long-term obligations as of December 31, 2003:

	Compensated Absences
Current Portion	\$ 6,805
Long-Term Portion	6,584
	\$ 13,389

14. Reserved 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.

Livingston Intergovernmental Commission

**Notes to the Financial Statements
As of and for the Year Ended December 31, 2003**

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.

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.

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 at the instance of the State of Louisiana or its agencies when the thirty-year period expires, then the fund may not be dissolved.

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:

Livingston Intergovernmental Commission

**Notes to the Financial Statements
As of and for the Year Ended December 31, 2003**

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 an annual basis was hereby approved. This fund is now completely exhausted and inactive.

Combustion, Inc. Health Surveillance Fund is used to provide an office and physician with staff retained to administer a health surveillance program for the benefit of all qualified claimants of the Combustion, Inc. class action settlement. Of the \$1,500,000 settlement proceeds, \$166,374 was used in 1999 and 2000 to fund a medical facility expansion project, with the remaining \$1,333,626 to be used to fund a \$1,300,000 five-year medical services contract in effect from March 1999 through February 2004.

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, 2003, the Commission is not involved in any lawsuits and is not aware of any claims which are not covered by insurance.

Livingston Intergovernmental Commission

**Notes to the Financial Statements
As of and for the Year Ended December 31, 2003**

17. Compensation of Commissioners

Members of the Board of Commissioners are compensated on a per diem basis for each meeting attended. The per diem amount is \$150 per member per regular meeting, and \$75 per member per special meeting. Compensation paid to the Commissioners during the fiscal year ended December 31, 2003 is as follows:

D. Derral Jones, Chairman	\$	1,875
Randall M. Morgan, Vice-Chairman		1,875
Randall L. Rushing, Secretary/Treasurer		1,875
Roy K. McDonald, Commissioner		1,875
Steve S. Stafford, Commissioner		1,875
	\$	<u>9,375</u>

18. Subsequent Events

The Commission entered into a \$150,000 three-year medical services contract effective March 1, 2004. Under the terms of this contract, the Commission is 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.

Required Supplemental Information (Part II)
Statement of Revenues, Expenditures, and Changes in Fund Balances
Budget and Actual
Major Governmental Funds

Livingston Intergovernmental Commission

Schedule 1

**Schedule of Revenues, Expenditures, and Changes in Fund Balances - Budget and Actual
General Fund
For the Year Ended December 31, 2003**

	Budgeted Amounts		Actual Amounts: GAAP Basis	Variance with Final Budget: Favorable (Unfavorable)
	Original	Final		
Revenues				
Interest Earned	\$ -	\$ 1,200	\$ 1,184	\$ -16
Total Revenues	<u>-</u>	<u>1,200</u>	<u>1,184</u>	<u>-16</u>
Expenditures				
Miscellaneous	-	100	100	-
Total Expenditures	<u>-</u>	<u>100</u>	<u>100</u>	<u>-</u>
Excess Revenues (Expenditures)	<u>-</u>	<u>1,100</u>	<u>1,084</u>	<u>-16</u>
Other Financing Sources (Uses)				
Operating Transfers In (Out)	-	220,300	220,358	58
Total Other Financing Sources (Uses)	<u>-</u>	<u>220,300</u>	<u>220,358</u>	<u>58</u>
Excess Revenues and Other Sources (Expenditures and Other Uses)	<u>-</u>	<u>221,400</u>	<u>221,442</u>	<u>42</u>
Fund Balance, Beginning of Year	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Fund Balance, End of Year	<u>\$ -</u>	<u>\$ 221,400</u>	<u>\$ 221,442</u>	<u>\$ 42</u>

Livingston Intergovernmental Commission

Schedule 2

**Schedule of Revenues, Expenditures, and Changes in Fund Balances - Budget and Actual
Derailment Operating Expense Fund
For the Year Ended December 31, 2003**

	Budgeted Amounts		Actual Amounts: GAAP Basis	Variance with Final Budget: Favorable (Unfavorable)
	Original	Final		
Revenues				
Net Change in Fair Value of Investments	\$ -	\$ -13,000	\$ -13,747	\$ -747
Interest Earned	40,000	21,000	23,052	2,052
Total Revenues	40,000	8,000	9,305	1,305
Expenditures				
Commissioner Per Diem	9,000	9,400	9,375	25
Salaries	21,000	22,000	19,952	2,048
Employee Group Insurance	3,600	4,000	4,036	-36
Payroll Taxes	2,600	2,600	2,366	234
Workmens' Compensation Insurance	200	200	112	88
Supplies & Materials	600	600	463	137
Advertising & Printing	500	700	665	35
Electricity	2,500	2,500	2,427	73
Telephone	1,300	1,500	1,410	90
Sanitation	1,500	1,500	1,629	-129
Miscellaneous	500	500	98	402
Repairs & Maintenance	1,500	1,500	615	885
Legal & Accounting	4,700	4,700	4,482	218
Property & Liability Insurance	1,000	1,000	181	819
Total Expenditures	50,500	52,700	47,811	4,889
Excess Revenues (Expenditures)	-10,500	-44,700	-38,506	6,194
Fund Balance, Reserved, Beginning of Year	770,321	753,389	753,389	-
Fund Balance, Reserved, End of Year	\$ 759,821	\$ 708,689	\$ 714,883	\$ 6,194

Livingston Intergovernmental Commission

Schedule 3

**Schedule of Revenues, Expenditures, and Changes in Fund Balances - Budget and Actual
Derallment Health Surveillance Fund
For the Year Ended December 31, 2003**

	Budgeted Amounts		Actual Amounts: GAAP Basis	Variance with Final Budget: Favorable (Unfavorable)
	Original	Final		
Revenues				
Net Change in Fair Value of Investments	\$ -	\$ -1,500	\$ -1,422	\$ 78
Interest Earned	30,000	8,500	7,397	-1,103
Total Revenues	<u>30,000</u>	<u>7,000</u>	<u>5,975</u>	<u>-1,025</u>
Expenditures				
Salaries	58,000	59,000	62,539	-3,539
Employee Group Insurance	7,800	8,700	8,753	-53
Payroll Taxes	4,700	4,700	4,851	-151
Workmens' Compensation Insurance	400	300	241	59
Supplies & Materials	800	800	670	130
Advertising & Printing	100	100	100	-
Electricity	8,000	8,000	7,891	109
Telephone	1,600	1,600	1,742	-142
Sanitation	10,000	10,000	9,929	71
Miscellaneous	500	500	605	-105
Repairs & Maintenance	6,000	3,000	2,368	632
Legal & Accounting	6,000	6,000	5,871	129
Health Surveillance Contract	50,000	50,000	50,000	-
Medical Examinations	2,200	2,200	2,241	-41
Property & Liability Insurance	2,600	2,600	75	2,525
Total Expenditures	<u>158,700</u>	<u>157,500</u>	<u>157,876</u>	<u>-376</u>
Excess Revenues (Expenditures)	-128,700	-150,500	-151,901	-1,401
Fund Balance, Reserved, Beginning of Year	1,218,072	538,221	538,221	-
Fund Balance, Reserved, End of Year	<u>\$ 1,089,372</u>	<u>\$ 387,721</u>	<u>\$ 386,320</u>	<u>\$ -1,401</u>

Livingston Intergovernmental Commission

Schedule 4

**Schedule of Revenues, Expenditures, and Changes in Fund Balances - Budget and Actual
Derailment Environmental Surveillance Fund
For the Year Ended December 31, 2003**

	Budgeted Amounts		Actual Amounts: GAAP Basis	Variance with Final Budget: Favorable (Unfavorable)
	Original	Final		
Revenues				
Net Change in Fair Value of Investments	\$ -	\$ -23,000	\$ -25,548	\$ -2,548
Interest Earned	70,000	41,000	45,417	4,417
Total Revenues	<u>70,000</u>	<u>18,000</u>	<u>19,869</u>	<u>1,869</u>
Expenditures				
Salaries	48,000	48,000	47,084	916
Employee Group Insurance	6,300	5,300	5,133	167
Payroll Taxes	3,800	3,800	3,566	234
Workmens' Compensation Insurance	1,900	1,900	1,825	75
Supplies & Materials	300	300	73	227
Electricity	1,500	2,800	2,570	230
Telephone	700	800	756	44
Sanitation	3,000	2,900	2,609	291
Miscellaneous	100	100	102	-2
Legal & Accounting	4,700	6,000	4,597	1,403
Environmental Surveillance Contract	21,000	21,000	21,000	-
Site Surveillance	20,000	13,000	12,437	563
Capital Outlay	-	2,000	1,927	73
Total Expenditures	<u>111,300</u>	<u>107,900</u>	<u>103,679</u>	<u>4,221</u>
Excess Revenues (Expenditures)	-41,300	-89,900	-83,810	6,090
Fund Balance, Reserved, Beginning of Year	1,355,497	1,302,513	1,302,513	-
Fund Balance, Reserved, End of Year	<u>\$ 1,314,197</u>	<u>\$ 1,212,613</u>	<u>\$ 1,218,703</u>	<u>\$ 6,090</u>

Livingston Intergovernmental Commission

Schedule 5

**Schedule of Revenues, Expenditures, and Changes in Fund Balances - Budget and Actual
Derailment Thirty-Year Indemnity Fund
For the Year Ended December 31, 2003**

	Budgeted Amounts		Actual Amounts: GAAP Basis	Variance with Final Budget: Favorable (Unfavorable)
	Original	Final		
Revenues				
Net Change in Fair Value of Investments	\$ -	\$ 29,000	\$ 76,693	\$ 47,693
Interest Earned	400	100	154	54
Total Revenues	400	29,100	76,847	47,747
Expenditures				
Legal & Accounting	7,000	500	472	28
Other Expenses	-	-	115	-115
Total Expenditures	7,000	500	587	-87
Excess Revenues (Expenditures)	-6,600	28,600	76,260	47,660
Fund Balance, Reserved, Beginning of Year	3,144,473	3,151,544	3,151,544	-
Fund Balance, Reserved, End of Year	\$ 3,137,873	\$ 3,180,144	\$ 3,227,804	\$ 47,660

Livingston Intergovernmental Commission

Schedule 6

**Schedule of Revenues, Expenditures, and Changes in Fund Balances - Budget and Actual
Combustion, Inc. Health Surveillance Fund
For the Year Ended December 31, 2003**

	Budgeted Amounts		Actual Amounts: GAAP Basis	Variance with Final Budget: Favorable (Unfavorable)
	Original	Final		
Revenues				
Net Change in Fair Value of Investments	\$ -	\$ -1,300	\$ -1,264	\$ 36
Interest Earned	20,000	11,700	4,555	-7,145
Total Revenues	<u>20,000</u>	<u>10,400</u>	<u>3,291</u>	<u>-7,109</u>
Expenditures				
Health Surveillance Contract	200,000	200,000	200,000	-
Total Expenditures	<u>200,000</u>	<u>200,000</u>	<u>200,000</u>	<u>-</u>
Excess Revenues (Expenditures)	<u>-180,000</u>	<u>-189,600</u>	<u>-196,709</u>	<u>-7,109</u>
Other Financing Sources (Uses)				
Operating Transfers In (Out)	-	-220,300	-220,358	-58
Total Other Financing Sources (Uses)	<u>-</u>	<u>-220,300</u>	<u>-220,358</u>	<u>-58</u>
Excess Revenues and Other Sources (Expenditures and Other Uses)	<u>-180,000</u>	<u>-409,900</u>	<u>-417,067</u>	<u>-7,167</u>
Fund Balance, Reserved, Beginning of Year	<u>427,184</u>	<u>427,006</u>	<u>427,006</u>	<u>-</u>
Fund Balance, Reserved, End of Year	<u>\$ 247,184</u>	<u>\$ 17,106</u>	<u>\$ 9,939</u>	<u>\$ -7,167</u>

Other Supplemental Schedules

Livingston Intergovernmental Commission

Schedule 7

**Status of Prior Year Audit Findings
For the Year Ended December 31, 2003**

Section I - Internal Control and Compliance Material to the Financial Statements

No section I findings.

Section II - Internal Control and Compliance Material to Federal Awards

Section II not applicable.

Section III Management Letter

No section III findings.

Livingston Intergovernmental Commission

Schedule 8

**Current Year Findings, Recommendations, and Corrective Action Plan
For the Year Ended December 31, 2003**

Section I - Internal Control and Compliance Material to the Financial Statements

No section I findings.

Section II - Internal Control and Compliance Material to Federal Awards

Section II not Applicable.

Section III - Management Letter

No Section III findings.

Other Reports

LEROY J. CHUSTZ, CPA, APAC

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

**Board Members of
Livingston Intergovernmental Commission
Livingston, Louisiana**

I have audited the basic financial statements of the **Livingston Intergovernmental Commission**, a component unit of the Livingston Parish Council, as of and for the year ended December 31, 2003, and have issued my report thereon dated March 4, 2004. 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, and the *Louisiana Governmental Audit Guide*.

Compliance

As part of obtaining reasonable assurance about whether the **Livingston Intergovernmental Commission's** basic financial statements are free of material misstatement, I performed tests of its compliance with certain provisions of laws, regulations, and contracts, noncompliance with which could have a direct and material effect on the determination of financial statement amounts. However, providing an opinion on compliance with those provisions was not an objective of my audit and, accordingly, I do not express such an opinion. The results of my tests disclosed no instances of noncompliance that is required to be reported under *Government Auditing Standards* and the *Louisiana Governmental Audit Guide*.

Internal Control Over Financial Reporting

In planning and performing my audit, I considered the **Livingston Intergovernmental Commission's** internal control over financial reporting to determine our auditing procedures for the purpose of expressing my opinion on the basic financial statements and not to provide assurance on the internal control over financial reporting. My consideration of the internal control over financial reporting would not necessarily disclose all matters in the internal control over financial reporting that might be material weaknesses. A material weakness is a condition in which the design or operation of one or more of the internal control components does not reduce to a relatively low level the risk that misstatements in amounts that would be material in relation to the basic financial statements being audited may occur and not be detected within a timely period by employees in the normal course of performing their assigned functions. I noted no matters involving the internal control over financial reporting and its operation that I consider to be material weaknesses.

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

Leroy J. Chutz
LEROY J. CHUSTZ
Certified Public Accountant
A Professional Accounting Corporation
March 4, 2004

LEROY J. CHUSTZ, CPA, APAC

P.O. BOX 158
DENHAM SPRINGS, LA 70727
225/667-2700
Fax: 225/667-3553

**Board Members of
Livingston Intergovernmental Commission
Livingston, Louisiana**

In planning and performing my audit of the financial statements of **Livingston Intergovernmental Commission**, for the year ended December 31, 2003, I considered the Commission's internal controls in order to determine my auditing procedures for the purpose of expressing an opinion on the financial statements and not to provide assurance on internal control.

However, during my audit I became aware of matters that are opportunities for strengthening internal controls, improving operating efficiencies, and reducing expenses. The memorandum that accompanies this letter summarizes my comments and recommendations regarding those matters. I previously reported on the Commission's internal control in my report dated March 4, 2004. A separate report dated March 4, 2004, contains my report on reportable conditions in the Commission's compliance with laws and regulations. This letter does not affect my report dated March 4, 2004, on the financial statements of **Livingston Intergovernmental Commission**.

I will review the status of these comments during my next audit engagement. I have already discussed these comments with the various Commission personnel be pleased to discuss them in further detail at your convenience, to perform any additional study of these matters, or to assist you in implementing the recommendations.

Yours very truly,

Leroy J. Chustz

Leroy J. Chustz
Certified Public Accountant, APAC
March 4, 2004

**Board Member of
Livingston Intergovernmental Commission
Management Comments
December 31, 2003**

CURRENT YEAR COMMENTS

1. During our review of the fixed asset records and inventory of fixed assets we noted that there was not a formalized capitalization policy. We were informed that the customary practice is to capitalize all asset acquisitions in excess of \$100.00. We recommend that the Board develop, adopt and implement a formalized fixed asset capitalization and tracking policy. The Governmental Accounting Standards Board Statement 34 document titled *Capital Assets & Depreciation Guidance*, dated August 31, 2001 may be used as guidelines for the development of a policy.

While performing our examination of the fixed assets we noted that a respiratory testing machine which belongs to the Intergovernmental Commission was tagged as belonging to the contractor operating the clinic. We recommend that the Board take the necessary steps to clarify the ownership of this equipment and conduct periodic inspections and inventories of all fixed assets belonging to the Commission.

2. The size of the Commission's staff does not allow for appropriate segregation of responsibilities which would provide for an effective system of internal control. At the present staffing level of the Commission, the costs of establishing and operating an effective system of internal control would be prohibitive. The Board should continue to monitor the daily activities of the Commission and should continue to utilize the services of an independent accounting firm for monthly services.

LIVINGSTON INTERGOVERNMENTAL COMMISSION

LIVINGSTON COMMUNITY MEDICAL CENTER

AND

HEALTH SURVEILLANCE PROGRAM

RECEIVED
LEGISLATIVE AUDITOR

04 MAY 19 AM 11:23

COMMISSION MEMBERS:

D. Derral Jones - Chairman
Randall M. Morgan - Co-Chairman
Randall L. Rushing
Steve S. Stafford
Roy K. McDonald

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Office of the Legislative Auditor
Post Office Box 94397
Baton Rouge, LA 70804-9397

The Livingston Intergovernmental Commission respectfully submits the following corrective action plan for the year ended December 31, 2003.

Audit Firm: Leroy J. Chustz, CPA, APAC
Audit Period: December 31, 2003

The findings from the December 31, 2003 management letter are discussed below.

Management Letter Comments

Fixed Assets - We will be formalizing our fixed asset policies during this fiscal year and we have resolved the ownership issue of the respiratory testing machine. The clinic operator tagged the equipment because the clinic operator had sent the equipment for repair and wanted to make sure the equipment was returned to the right parties.

Internal Controls - Our staff size prevents us from adequately segregating all incompatible responsibilities. However, we do have as much intervention as possible from board members and from our independent accounting firm.

If the Office of the Legislative Auditor has any questions regarding this plan, please call Carleen Wallace at (225)686-2677.

Yours very truly,



D. Derral Jones, Chairman
Livingston Intergovernmental Commission