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Financial Report

Livingston Intergovernmental Commission

Livingston Parish, Louisiana

December 31, 1997

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Release Date MAY 21 1998

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Livingston Intergovernmental Commission Livingston, Louisiana

December 31, 1997

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Bourgeois Bennett

INDEPENDENT AUDITOR'S REPORT

The Members of the Commission,
Livingston Intergovernmental Commission,
Livingston, Louisiana.

We have audited the accompanying general purpose financial statements of the Livingston Intergovernmental Commission, (the Commission), a component unit of the Town of Livingston, as of and for the year ended December 31, 1997, as listed in the table of contents. These general purpose financial statements are the responsibility of the Commission's management. Our responsibility is to express an opinion on these accompanying general purpose financial statements based on our audit.

We conducted our audit in accordance with generally accepted auditing standards and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Controller General of the United States. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the general purpose financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the general purpose financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall general purpose financial statement presentation. We believe that our audit provides a reasonable basis for our opinion.

In our opinion, the general purpose financial statements referred to above present fairly, in all material aspects, the financial position of the Livingston Intergovernmental Commission as of December 31, 1997, and the results of operations of such funds for the year then ended, in conformity with generally accepted accounting principles.

In accordance with *Government Auditing Standards*, we have also issued a report dated February 27, 1998, on our consideration of the Livingston Intergovernmental Commission's internal control over financial reporting and our tests of its compliance with laws, regulations, contracts and grants.

Bourgeois Bennett, L.L.C.

Certified Public Accountants

New Orleans, La.,
February 23, 1998.

COMBINED BALANCE SHEET - FIDUCIARY FUND TYPE**Livingston Intergovernmental Commission
Livingston, Louisiana**

December 31, 1997

Expendable
Trust Funds**ASSETS**

Cash and cash equivalents	\$ 176,756
Investments (Note 4)	5,189,869
Accrued interest	48,862
Due from other funds	5,127
Property and equipment:	
Land	112,658
Building	268,725
Equipment	98,572
Furniture	15,322
Total assets	<u>\$ 5,873,889</u>

LIABILITIES AND FUND BALANCES

Accounts payable	\$ 3,656
Payroll taxes payable	2,833
Due to other funds	5,127
Total liabilities	11,616
Fund balances	5,821,272
Commitments (Note 8)	-
Total liabilities and fund balances	<u>\$ 5,873,889</u>

See notes to financial statements.

**COMBINED STATEMENT OF REVENUES, EXPENDITURES AND
CHANGES IN FUND BALANCE - FIDUCIARY FUND TYPE**

Livingston Intergovernmental Commission
Livingston, Louisiana

For the year ended December 31, 1997

	<u>Expendable Trust Funds</u>
Revenues	
Interest earned	\$ 316,726
Expenditures	
General government:	
Personal services	21,611
Supplies and materials	422
Other services and charges	8,495
Loss on disposal of equipment	127
Transfer of land to the Town of Livingston	<u>39,260</u>
Total general government	<u>69,835</u>
Health and welfare:	
Personal services	109,986
Supplies and materials	834
Other services and charges	<u>118,143</u>
Total health and welfare	<u>228,963</u>
Total expenditures	<u>298,818</u>
Excess Of Revenues Over Expenditures	17,908
Fund Balances	
Beginning of year	<u>5,893,364</u>
End of year	<u>\$ 5,921,272</u>

See notes to financial statements.

NOTES TO FINANCIAL STATEMENTS**Livingston Intergovernmental Commission
Livingston, Louisiana**

December 31, 1997

Note 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The accounting and reporting policies of the Livingston Intergovernmental Commission (the Commission) conform to generally accepted accounting principles as applicable to governments. The following is a summary of certain significant accounting policies:

a. Basis of Presentation - Fund Accounting

The accounting system is organized and operated on a fund basis whereby a separate self-balancing set of accounts is maintained for the purpose of carrying on specific activities or attaining certain objectives in accordance with the Tripartite Agreement (Agreement) made March 17, 1986 among Illinois Central Gulf Railroad Company, the State of Louisiana and the Commission. The Funds used by the Commission to account for assets held in accordance with the Agreement are of a fiduciary fund type classified as Expendable Trust Funds. Expendable Trust Funds collect and disburse assets held in a trustee capacity, expend income from the investment of such assets and are not required to keep the principal amount intact. The Commission's Expendable Trust Funds are as follows:

- 1. Operating Expense Fund** - This Fund shall be used solely to provide annual disbursements for operating expenditures of the Commission not to exceed current and accumulated revenues. This fund will remain with the Commission until all contingencies and other special funds have been disbursed by the Commission. Any fund balance in this Fund will remain with the Commission until its dissolution.
- 2. Environmental Surveillance and Response Fund** - This Fund was used solely to provide expert technical advisors, retained by the Commission to monitor and review all operations on or near the derailment site during the operation by Illinois Central Gulf Railroad Company and is now being used to fulfill the Commission's responsibility to operate all monitoring and detection facilities; to

Note 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

a. Basis of Presentation - Fund Accounting (Continued)

2. Environmental Surveillance and Response (Continued)

direct and supervise any additional detection or recovery operations as may be indicated; and to comply with all requirements of the closure plan, modification thereto and any requirements or regulations imposed by the Louisiana Department of Environmental Quality (DEQ).

Upon notification by the State of Louisiana, through the DEQ or its successor, that the program may be discontinued, 50 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 operations of the Commission. The remainder of this Fund will be disbursed in the same manner provided for the Contingency Fund.

Any year-end excess of revenue over expenditures in the Environmental Surveillance and Response Fund may be transferred to the Health Surveillance Fund when deemed necessary by the Commission in order to continue health surveillance activities. No operating transfer was made for the year ended December 31, 1997.

- 3. Health Surveillance Fund -** This Fund shall be used solely to provide an office and a physician with staff retained to conduct annual physical examinations of all persons who have resided or presently reside in the area ordered evacuated in consequence of the disaster. Such examinations are to include X-ray, laboratory tests, urinalysis, electrocardiograms and any other tests deemed appropriate by the physician, with reports of the results thereof to be communicated to the individuals, their personal physicians, the Commission and to the Louisiana Department of Health and Human Resources.

An amount not to exceed \$150,000 shall be used solely to provide for the acquisition of property, equipment and supplies for the operations of the program.

Note 1 - **SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES** (Continued)

a. **Basis of Presentation - Fund Accounting** (Continued)

3. **Health Surveillance Fund** (Continued)

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

4. **Thirty Year Indemnity Fund** - This Fund shall be used solely to respond to all suits, demands and claims including but not limited to the claims of any public entity arising out of the demolition 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 (including parent corporations), successors and assigns, and the State of Louisiana and/or any agency thereof. The 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 then pending and if DRQ 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. 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.

5. **Contingency Fund** - No monies were received in 1987 for this Fund. Any additional funds received by the Commission from the 21st Judicial District Court Fund in the distribution of settlement proceeds in the demolition class action 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:

Note 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

a. Basis of Presentation - Fund Accounting (Continued)

B. Contingency Fund (Continued)

1. One-third shall be paid as directed by the Livingston Parish Police Jury for any permitted public purpose for the benefit of residents of Livingston Parish.
2. One-third shall be paid as directed by the Board of Aldermen of the Town of Livingston for any permitted public purpose for the benefit of residents of the Town of Livingston.
3. One-third shall be reserved by the Commission for removal of all monitoring equipment and improvements of the demolition site to accommodate its highest and best use for the benefit of residents of the Town of Livingston, subject to the restrictions and servitude imposed by the transferees of the property and by the Agreement.

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

b. Basis of Accounting

The Commission follows the modified accrual basis of accounting. Revenues are recognized when they become measurable and available as net current assets, and expenditures are recognized when the related fund liability is incurred.

c. Budgetary Data

The Commission is not required by the Louisiana Revised Statutes 39:1303 to adopt a budget for the Commission's Expendable Trust Funds.

Note 1 - **SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)**

d. Property and Equipment

Property and equipment associated with Expendable Trust Funds are valued at historical cost. Donated property and equipment are valued at their estimated fair value on the date donated. No depreciation has been provided because the trust principal does not have to be maintained intact.

e. Investments

Insured savings accounts are recorded at cost and classified as cash and cash equivalents. U.S. Treasury obligations and investment in securities (TRIFs) that are collateralized by U.S. Government obligations are carried at amortized cost. U.S. Treasury bonds and notes, Government National Mortgage Association and Federal National Mortgage Association bonds and notes, Federal Home Loan Mortgage Corporation debentures and Student Loan Association notes, are carried, at original cost less amortized premiums or plus amortized discounts. Investments are not adjusted to the lower of cost or market because it is generally the Commission's intention to hold them until maturity. Interest earned on investments not yet received at year end is accrued.

f. Encumbrances

Encumbrance accounting, under which purchase orders, contracts and other commitments are recorded in the fund general ledgers, is not utilized by the Commission.

g. Allocation of Expenditures

Certain expenditures are allocated between the Health Surveillance Fund, the Environmental Surveillance and Response Fund and the Operating Expense Fund resulting in interfund receivables and payables at year end. Interfund eliminations have not been made in the general purpose financial statements.

Note 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

b. Vacation and Sick Leave

Employees of the Commission earn vacation leave as follows:

- First year of employment - one week (5 days),
- Second through five years - two weeks (10 days),
- More than five years - three weeks (15 days).

Each employee can accumulate a maximum of one week plus the current year's vacation leave accrued, but only one week of vacation leave is allowed to be carried over at year end. Each employee earns a total of eighty (80) hours sick leave annually and can accumulate a maximum of thirty days (240 hours) of sick leave which is fully vested. Accumulated vacation and sick leave has not been accrued for the year ended December 31, 1997 due to its immateriality.

Note 2 - REPORTING ENTITY

The Livingston Intergovernmental Commission was established on March 11, 1986 pursuant to Title 33, Sections 1332 and 1334 (d) of the Louisiana Revised Statutes of 1950, as defined in Article VI, Section 44 of the Louisiana Constitution of 1954. The Commission was formed between the Parish of Livingston, through its Police Jury and the Town of Livingston, through its Board of Aldermen. The Commission was created to provide general health and public service benefits as a consequence of the Illinois Central Gulf Railroad Company train derailment which occurred in the Town of Livingston on September 28, 1982 and to assume and discharge all undertakings set out in Section 1, Paragraph (4) of the "Memorandum of Understanding and Provisional Agreement of Settlement" dated March 12, 1983.

Funding for the Commission and its activities was derived from the distribution of a portion of the corpus from the settlement of the train derailment class action in accordance with the Tripartite Agreement.

The Commission has a five-member Board of Commissioners and has the power to designate management, the ability to significantly influence operations and primary accountability for fiscal matters. This report includes all funds of the Commission.

Note 3 - REPORTING ENTITY (Continued)

The Commission is a component unit of the Town of Livingston and as such, these financial statements will be included in the comprehensive annual financial report of the Town of Livingston for the year ended December 31, 1997.

The Commission cannot be dissolved until it has disposed of the contingency and special funds and transferred ownership of all immovable property acquired to a public entity and then only by concurrent resolution of the Livingston Parish Police Jury and the Board of Aldermen of the Town of Livingston.

Note 3 - CASH AND CASH EQUIVALENTS

The Commission at December 31, 1997 had cash on hand and in banks as follows:

Cash on hand	\$	20
Cash in banks:		
Hancock Bank		460
Centennial Government Trust		171,797
Daily Passport Cash Trust		<u>4,478</u>
Total		<u>\$176,755</u>

Louisiana State Law required that deposits of all political subdivision be fully collateralized at all times. During 1997 the Commission had cash deposits and a certificate of deposit collateralized by FDIC insurance and U.S. Government Securities. The FDIC insurance and U.S. Government Securities are acceptable collateralizations.

Note 4 - INVESTMENTS

In 1985, the Commission entered into an agreement with A.G. Edwards & Sons, Inc. as financial advisor to manage the Commission's financial transactions of the Operating Expense, Environmental Surveillance and Response, and Health Surveillance Funds for cash deposits, checking and investment activities. In addition the Commission entered into an agreement with Edward D. Jones & Co. to provide those same services for the Thirty Year Indemnity Fund. Services provided by these firms in 1997 consisted of deposits in money market accounts with checking activities, purchases, sales and surrender of matured securities owned by the Commission, but held by them as agents of the Commission.

Note 4 - INVESTMENTS (Continued)

In 1995, Louisiana R.S. 33:2955 were revised by Acts 334 and 1126 which redefined the types of securities the Commission, which is a political subdivision of the State of Louisiana, can invest in. These revisions resulted in making certain securities owned by the Commission at the time of their enactment no longer acceptable investments. In opinion 95-442 rendered by the Attorney General of the State of Louisiana, those securities owned prior to enactment of Acts 334 and 1126 which were legal then continue to be so and can be held until their maturity. At December 31, 1997, investment securities held by the Commission as investments were as follows:

<u>Type/Investment</u>	<u>Interest Rate/Yield</u>	<u>Due Date</u>	<u>Amortized Cost</u>	<u>Market Value</u>
U.S. Treasury Notes and Bonds				
U.S. Treasury Note par value \$250,000	6.375%	1-15-99	250,748	251,798
U.S. Treasury Note par value \$250,000	6.375%	1-15-99	250,748	251,798
U.S. Treasury Note par value \$150,000	6.375%	7-15-99	151,073	151,593
U.S. Treasury Note par value \$350,000	6.000%	10-15-99	348,522	351,967
U.S. Treasury Note par value \$225,000	7.500%	11-15-01	231,677	238,639
U.S. Treasury Note par value \$200,000	7.500%	5-15-02	206,548	213,563
U.S. Treasury Note par value \$200,000	6.375%	8-15-02	199,261	205,188
U.S. Treasury Note par value \$200,000	6.375%	8-15-02	200,708	205,188
U.S. Treasury Bond par value \$100,000	7.250%	5-15-06	99,233	113,844
Total U.S. Treasury notes and bond			<u>1,939,544</u>	<u>1,983,577</u>

Note 4 - INVESTMENTS (Continued)

Type Investment	Interest Rate/Yield	Due Date	Amortized Cost	Market Value
<u>U.S. Treasury "Strip" Bonds</u>				
U.S. Treasury Security par value \$85,000	Zero/5.35%	5-15-05	83,603	83,125
U.S. Treasury Security par value \$136,000	Zero/4.54%	8-15-08	132,894	131,410
U.S. Treasury Security par value \$169,000	Zero/6.29%	5-15-09	157,933	156,536
U.S. Treasury Security par value \$243,000	Zero/6.51%	5-15-00	214,464	212,778
U.S. Treasury Security par value \$640,000	Zero/6.252%	8-15-07	345,939	365,799
U.S. Treasury Security par value \$500,000	Zero/6.88%	8-15-10	130,809	141,939
U.S. Treasury Security par value \$1,800,000	Zero/6.875%	8-15-17	264,646	307,501
Total U.S. Treasury "Strip" Bonds			<u>1,338,308</u>	<u>1,389,887</u>
Total U.S. Treasury Obligations			<u>1,265,852</u>	<u>1,387,694</u>
<u>Government National Mortgage Association (GNMA) - Mortgage Secured Bonds, Guaranteed by the U.S. Government</u>				
GNMA, Pool #372851 par value \$63,616	7.50%	1-15-09	63,616	65,319
GNMA II Pool #2268 par value \$258,483	7.00%	8-20-10	258,481	263,586
Total GNMA			<u>322,097</u>	<u>328,905</u>

Note 4 - INVESTMENTS (Continued)

<u>Type/Investment</u>	<u>Interest Rate/Yield</u>	<u>Due Date</u>	<u>Amortized Cost</u>	<u>Market Value</u>
Student Loan Marketing Association (SLMA) - Medium Term Notes Guaranteed by the U.S. Government				
SLMA Medium Term Note par value \$85,000	5.50%	3-20-01	<u>64,331</u>	<u>64,428</u>
Federal National Mortgage Association (FNMA) - Mortgage Secured Medium Term Notes Guaranteed by the U.S. Government				
FNMA Medium Term Notes par value \$70,000	6.08%	9-25-00	30,138	30,085
FNMA Medium Term Notes par value \$300,000	6.30%	8-19-02	<u>100,342</u>	<u>101,222</u>
Total FNMA			<u>130,480</u>	<u>131,307</u>
Federal Home Loan Mortgage Corporation (FHLMC) - Mortgage Secured Debentures				
FHLMC Debentures par value \$150,000	6.61%	8-7-00	150,593	150,116
FHLMC Debentures par value \$115,000	6.81%	8-11-02	115,548	115,248
FHLMC Debentures par value \$140,000	7.00%	11-14-06	<u>140,893</u>	<u>137,800</u>
Total FHLMC			<u>406,934</u>	<u>403,164</u>

Note 4 - INVESTMENTS (Continued)

Type/Investment	Interest Rate/Coupon	Due Date	Amortized Cost	Market Value
Fixed Income Investment Growth Receipts (TIGR)				
Series 18 par value \$124,000	Zero/4.54%	8-15-98	121,168	119,778
Series 12 par value \$254,000	Zero/6.25%	5-15-99	239,235	236,874
Series 12 par value \$257,000	Zero/6.51%	5-15-00	226,395	224,672
Series 9 par value \$181,000	Zero/5.12%	5-15-01	326,170	314,172
Total TIGR's			<u>912,968</u>	<u>895,496</u>
Total investments			<u>\$5,105,869</u>	<u>\$5,285,984</u>

At December 31, 1997, unamortized premiums and discounts on investments were as follows:

Type Securities	Premiums	Discounts	Net
U.S. Treasury obligations	\$16,903	\$(1,244,652)	\$(1,227,749)
SLMA	-	(669)	(669)
FNMA	480	-	480
FHLMC	1,140	-	1,140
TIGR	-	(105,022)	(105,022)
Total	<u>\$18,523</u>	<u>\$(1,350,353)</u>	<u>\$(1,331,830)</u>

Both premiums and discounts are amortized on the interest method from date of acquisition to maturity or date of sale. In 1997 the net amount amortized was \$107,770.

Note 5 - DUE TO/FROM OTHER FUNDS

The following is a summarization of due to/from other funds at December 31, 1997:

	Due from Other Funds	Due to Other Funds
Operating Expense Fund		
Due from Health Surveillance Fund	\$1,904	
Due from Environmental Surveillance and Response Fund	172	
Environmental Surveillance and Response Fund		
Due from Health Surveillance Fund	3,851	
Due to Operating Expense Fund		\$172
Health Surveillance Fund		
Due to Operating Expense Fund		1,904
Due to Environmental Surveillance and Response Fund	—	3,851
Totals	<u>\$5,127</u>	<u>\$5,127</u>

Note 6 - CHANGES IN PROPERTY AND EQUIPMENT

A summary of changes in property and equipment follows:

	Balance January 1, 1997	Additions	Deletions	Balance December 31, 1997
Land	\$151,855		\$39,200	\$112,655
Building	368,852		127	368,725
Equipment	99,572			99,572
Furniture	15,857	\$105	—	15,962
Totals	<u>\$636,136</u>	<u>\$105</u>	<u>\$39,327</u>	<u>\$596,914</u>

Note 7 - 21ST JUDICIAL DISTRICT COURT FUND

In accordance with the "Motion for Approval of Proposed Settlement Disbursement" dated September 2, 1985, the 21st Judicial District Court (Court) was authorized to disburse from the settlement corpus of the train derailment, funds designated to be maintained by the Commission (See Note 16). Additionally, the Court paid all litigation expenses, claims and other expenses related to the train derailment. After transferring of funds to the Commission and payment of expenses, the balance of the settlement funds remaining is to be held in reserves by the Court for the payment of future litigation expenses and attorney fees. This report does not include the accounting and reporting of those settlement funds maintained by the Court.

Any balance of the settlement corpus remaining after all disbursements have been made by the Court and a final accounting completed will be paid by the Court to the Commission. No such payments were ordered by the Court during 1997.

Note 8 - COMMITMENTS

Health Surveillance Contract

In 1996, the Commission and Family Health of Louisiana (a domestic partnership referred to therein as "Physicians") renewed an agreement for a period of two years, expiring on April 1, 1998. The purpose of the agreement is to provide professional management of the Commission's medical facility located in the Town of Livingston, Louisiana in order to provide the residents of that community with continued medical surveillance in accordance with the requirements of the final settlement of the Livingston Train Derailment Class Action.

Physicians acknowledge that the Commission is obligated to provide a health surveillance program, and Physicians agree to be responsible for the management of and delivery of all medical and informational services related to the fulfillment of this health surveillance obligation in accordance with recognized medical standards. The Commission agrees to permit its medical facility to be used by Physicians for the delivery of medical services to private patients; continue to pay the salary and related benefits (exclusive of overtime of one licensed nurse or licensed practical nurse and one clerical assistant together with any temporary replacements required by an absence of either for a period in excess of two weeks); supply all medical, professional and office supplies and costs for the health surveillance program only (such supplies and costs associated with the Physicians' private

Note 8 - COMMITMENTS (Continued)

Health Surveillance Contract (Continued)

practice are the responsibility of Physicians); to provide all telephone services and maintenance exclusive of long distance expenses; provide the maintenance of equipment owned by the Commission and the building and physical plant in which the Medical Center is located; pay for all ancillary exams, tests, laboratory work and studies related to the health surveillance program as approved by the Commission or mandated by the court; and as additional consideration for Physicians' services in providing the medical surveillance program agree to pay to Physicians the sum of fifty thousand dollars per year. The agreement which may be renewed by the mutual consent of both parties is currently being negotiated.

Environmental Surveillance Contract

In October 1988, the Commission entered into an agreement with EcoEnvironment, Inc. to perform, monitor and maintain certain services and facilities as required in the Environmental Surveillance and Response Fund. Expenditures incurred under this Agreement (as amended) for 1997 totaled \$21,000.

Note 9 - COMPENSATION OF COMMISSION MEMBERS

Members of the Commission are compensated for their time served on the Commission and on the Environmental Surveillance Committee. The following is a listing of fees paid for 1997:

Commission Member	Number of Meetings	Compensation
Dale Erley, Chairman	13	\$ 650
Darrel Jones	12	600
Roy McDonald	13	600
Steve Stafford	14	700
Jimmy Zeigler	13	650
Total		<u>\$3,200</u>

Note 18 - LITIGATION

Based on information furnished by the attorney representing the Commission and by management, there are no lawsuits filed against the Commission as December 31, 1997.

COMBINING BALANCE SHEET - FIDUCIARY FUND TYPE

Livingston Intergovernmental Commission
Livingston, Louisiana

December 31, 1997

ASSETS	Expendable Trust Funds				Total
	Operating Expense	Environmental Surveillance and Response	Health Surveillance	Thirty Year Indemnity	
Cash and cash equivalents	\$ 56,017	\$ 52,186	\$ 63,874	\$ 4,079	\$ 176,156
Investments	674,680	1,338,597	932,939	3,159,671	5,105,897
Accrued interest	11,264	21,371	16,227		48,862
Due from other funds	2,076	3,851			5,927
Property and equipment:					
Land		18,833	93,806		112,639
Building		2,300	361,025		363,325
Equipment	3,691	23,840	30,583		58,114
Furniture	2,695	573	12,714		15,982
Total assets	\$ 751,185	\$ 1,465,273	\$ 1,590,368	\$ 3,164,153	\$ 5,912,888
LIABILITIES AND FUND BALANCES					
Accounts payable	\$ 284	\$ 2,430	\$ 942		\$ 3,656
Payroll taxes payable			2,833		2,833
Due to other funds		172	4,955		5,127
Total liabilities	284	2,602	8,730		11,616
Fund balances	750,901	1,462,671	1,581,638	3,164,153	5,901,272
Total liabilities and fund balances	\$ 751,185	\$ 1,465,273	\$ 1,590,368	\$ 3,164,153	\$ 5,912,888

**COMBINING STATEMENTS OF REVENUE, EXPENDITURES AND CHANGES IN
FUND BALANCE - FIDUCIARY FUND TYPE**

**Livingston Intergovernmental Commission
Livingston, Louisiana**

For the year ended December 31, 1997

	Expendable Trust Funds				Total
	Operating Expense	Environmental Surveillance and Response	Health Surveillance	Thirty Year Indemnity	
Revenues					
Interest earned	\$ 44,270	\$ 83,285	\$ 63,735	\$ 133,430	\$ 315,726
Expenditures					
General government:					
Legislative:					
Personal services:					
For claim -					
Commission members	3,180				3,208
Salaries and related benefits	15,283				15,290
Employee group insurance	3,659				3,659
Workmen's compensation	58				58
Supplies and materials -					
office supplies	421				422
Other services and charges:					
Publication of legal					
notices, reports and minutes	822				822
Utilities	1,629				1,629
Telephone	610				611
Miscellaneous	154				154
Maintenance:					
Industrial	1,148				1,148
Miscellaneous	377				377
Professional services	3,958				3,958
Insurance	965				965
Loss on disposal					
equipment			127		127
Transfer of land to the					
Town of Livingston		38,280			38,280
Total general government	38,128	0	127		49,815

	Expendable Trust Funds			Total
	Operating Expense	Environmental Surveillance and Response	Health Surveillance	
Expenditures (Continued)				
Health and welfare:				
Personal services:				
Salary and related benefits		45,178	44,577	89,755
Employee group insurance		7,467	4,388	11,855
Workers' compensation		3,419	186	3,605
Supplies and materials - office and medical supplies		62	773	835
Other services and charges:				
Publication of legal notices, reports and minutes			75	75
Utilities		1,868	5,296	7,164
Telephone		582	1,625	2,207
Miscellaneous		220	378	598
Maintenance:				
Janitorial		2,587	3,333	5,920
Miscellaneous		152	1,358	1,710
Professional services:				
Medical Director			90,808	90,808
Medical examinations			3,182	3,182
Contractual payments		34,671		34,671
Legal and accounting insurance		3,080	5,342	8,422
			3,409	3,409
Total health and welfare		<u>108,077</u>	<u>128,026</u>	<u>236,103</u>
Total expenditures	<u>34,128</u>	<u>119,277</u>	<u>129,613</u>	<u>283,018</u>
Excess (Deficiency) of Revenues Over Expenditures				
	13,742	(52,949)	(85,315)	121,418
Fund Balances				
Beginning of year	737,637	1,518,620	1,686,943	3,949,712
End of year	<u>\$ 751,379</u>	<u>\$ 1,465,671</u>	<u>\$ 1,601,628</u>	<u>\$ 3,818,678</u>

SPECIAL REPORT OF CERTIFIED PUBLIC ACCOUNTANTS



Bourgeois Bennett

**REPORT ON COMPLIANCE AND ON INTERNAL
CONTROL OVER FINANCIAL REPORTING BASED ON
AN AUDIT OF THE GENERAL PURPOSE FINANCIAL
STATEMENTS PERFORMED IN ACCORDANCE
WITH GOVERNMENT AUDITING STANDARDS**

The Members of the Commission,
Livingston Intergovernmental Commission,
Livingston, Louisiana.

We have audited the general purpose financial statements of the Livingston Intergovernmental Commission (the Commission), a component unit of the Town of Livingston, as of and for the year ended December 31, 1997, and have issued our report thereon dated February 27, 1998. We conducted our audit in accordance with generally accepted auditing standards and the standards applicable to financial audits contained in Government Auditing Standards, issued by the Comptroller General of the United States.

Compliance

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

Internal Control Over Financial Reporting

In planning and performing our audit, we considered the Commission's internal control over financial reporting in order to determine our auditing procedures for the purpose of expressing our opinion on the general purpose financial statements and not to provide assurance on the internal control over financial reporting. However, we noted a certain matter involving the internal control

over financial reporting and its operation that we consider to be a reportable condition. Reportable conditions involve matters coming to our attention relating to significant deficiencies in the design or operation of the internal control over financial reporting that, in our judgment, could adversely affect the Commission's ability to record, process, summarize and report financial data consistent with the assertions of management in the general purpose financial statements. The reportable condition is described below:

Condition - The Commission's staff is too small to effect a meaningful segregation of duties. Most accounting functions of the Commission are performed by the Secretary.

Recommendation - We recommend that Commissioners continue their significant involvement in the financial affairs of the Commission.

Response - The members of the Commission plan to continue their significant involvement in the financial affairs and operations of the Livingston Intergovernmental Commission.

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 general purpose 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. Our consideration of the internal control over financial reporting would not necessarily disclose all matters in the internal control that might be reportable conditions and, accordingly, would not necessarily disclose all reportable conditions that are also considered to be material weaknesses. However, we believe the reportable condition described above is not a material weakness.

This report is intended for the information of the Commission, the State of Louisiana, and the Legislative Auditor for the State of Louisiana. However, this report is a matter of public record and its distribution is not limited.

Bourgeois Bennett, LLC.

Certified Public Accountants.

New Orleans, La.,
February 27, 1998.



Bourgeois Bennett

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February 27, 1998

To the Members of the Commission,
Livingston Intergovernmental Commission.

We have audited the general purpose financial statements of Livingston Intergovernmental Commission for the year ended December 31, 1997, and have issued our report thereon dated February 27, 1998. Professional standards require that we provide you with the following information related to our audit.

Our Responsibility under Generally Accepted Auditing Standards and Government Auditing Standards

As stated in our engagement letter dated March 22, 1996, our responsibility, as described by professional standards, is to plan and perform our audit to obtain reasonable, but not absolute, assurance about whether the general purpose financial statements are free of material misstatement. Because of the concept of reasonable assurance and because we did not perform a detailed examination of all transactions, there is a risk that material errors, in quantities, or illegal acts, including fraud and defalcations, may exist and not be detected by us.

As part of our audit, we considered the internal control structure of Livingston Intergovernmental Commission. Such considerations were solely for the purpose of determining our audit procedures and not to provide any assurance concerning such internal control structure.

As part of obtaining reasonable assurance about whether the financial statements are free of material misstatement, we performed tests of Livingston Intergovernmental Commission's compliance with certain provisions of laws, regulations and contracts. However, the objective of our tests was not to provide an opinion on compliance with such provisions.

Significant Accounting Policies

Management has the responsibility for selection and use of appropriate accounting policies. In accordance with the terms of our engagement letter, we will advise management about the appropriateness of accounting policies and their application. The significant accounting policies used by Livingston Intergovernmental Commission are described in Note

To the Members of the Commission,
Livingston Intergovernmental Commission
February 27, 1998
Page 2

1 to the general purpose financial statements. No new accounting policies were adopted and the application of existing policies was not changed during 1997. We noted no transactions entered into by Livingston Intergovernmental Commission during the year that were both significant and unusual, and of which, under professional standards, we are required to inform you, or transactions for which there is a lack of authoritative guidance or consensus.

Significant Audit Adjustments

For purposes of this letter, professional standards define a significant audit adjustment as a proposed correction of the general purpose financial statements that, in our judgment, may not have been detected except through our auditing procedures. These adjustments may include those proposed by us but not recorded by the Livingston Intergovernmental Commission that could potentially cause future financial statements to be materially misstated, even though we have concluded that such adjustments are not material to the current financial statements. We proposed no audit adjustments that could, in our judgment, either individually or in the aggregate, have a significant effect on the Livingston Intergovernmental Commission's financial reporting process.

This information is intended solely for the use of the Board of Commissioners of Livingston Intergovernmental Commission, the Legislative Auditor, State of Louisiana and management of Livingston Intergovernmental Commission and should not be used for any other purpose.

Very truly yours,



For the Firm

WRHAM

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