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Livingston Intergovernmental Commission

Annual Financial Report
December 31, 1998

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Livingston Intergovernmental Commission

**Annual Financial Report
Year Ended December 31, 1998**

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INDEPENDENT AUDITOR'S REPORT

Board of Commissioners
Livingston Intergovernmental Commission
Livingston, Louisiana

We have audited the accompanying component unit financial statements of Livingston Intergovernmental Commission, a component unit of the Town of Livingston, as of December 31, 1998 and for the year then ended, as listed in the table of contents. These component unit financial statements are the responsibility of Livingston Intergovernmental Commission's management. Our responsibility is to express an opinion on these component unit financial statements based on our audit.

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

Governmental Accounting Standards Board Technical Bulletin 98-1, *Disclosures About Year 2000 Issues*, as amended by Governmental Accounting Standards Board Technical Bulletin 99-1, *Disclosures About Year 2000 Issues - an Amendment to Technical Bulletin 98-1*, requires disclosure of certain matters regarding the year 2000 issue. Livingston Intergovernmental Commission has included such disclosures in Note 12. Because of the unprecedented nature of the year 2000 issue, its effects and the success of related remediation efforts will not be fully determinable until the year 2000 and thereafter. Accordingly, insufficient audit evidence exists to support Livingston Intergovernmental Commission's disclosures with respect to the year 2000 issue made in Note 12. Further, we do not provide assurance that Livingston Intergovernmental Commission's year 2000 remediation efforts will be successful in whole or in part, or that parties with which Livingston Intergovernmental Commission does business will be year 2000 ready.


In our opinion, except for the effects of such adjustments, if any, as might have been determined to be necessary had we been able to examine evidence regarding year 2000 disclosures, the component unit financial statements referred to above present fairly, in all material respects, the financial position of Livingston Intergovernmental Commission as of December 31, 1998, and the results of its operations for the year then ended in conformity with generally accepted accounting principles.

In accordance with *Government Auditing Standards*, we have also issued our report dated April 28, 1999 on our consideration of Livingston Intergovernmental Commission's internal control over financial reporting and our tests of its compliance with certain provisions of laws, regulations, contracts, and grants.

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Board of Commissioners
Livingston Intergovernmental Commission
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Our audit was made for the purpose of forming an opinion on the component unit financial statements taken as a whole. The supplemental information listed in the table of contents is presented for purposes of additional analysis and is not a required part of the component unit financial statements of Livingston Intergovernmental Commission. Such information has been subjected to the auditing procedures applied in the audit of the component unit financial statements and, in our opinion, is fairly presented in all material respects in relation to the component unit financial statements taken as a whole.


Bruce Harrell & Company, CPAs
A Professional Accounting Corporation

April 28, 1999

Livingston Intergovernmental Commission

Statement A

**Combined Balance Sheet
Fiduciary Fund Type
December 31, 1998**

	<u>Expendable Trust Funds</u>
Assets	
Cash & Cash Equivalents	\$ 160,320
Investments, At Fair Value	5,393,649
Accrued Interest Receivable	48,655
Due From Other Funds	6,086
Property & Equipment:	
Land	112,655
Building	368,877
Equipment	101,489
Furniture & Fixtures	15,474
Total Assets	<u>\$ 6,207,205</u>
 Liabilities & Fund Balance	
Liabilities:	
Accounts Payable	\$ 9,283
Accrued Expenses Payable	3,109
Compensated Absences Payable	11,282
Due To Other Funds	6,086
Total Liabilities	<u>29,760</u>
Fund Balance	<u>6,177,445</u>
Total Liabilities & Fund Balance	<u>\$ 6,207,205</u>

The accompanying notes are an integral part of these statements.

Livingston Intergovernmental Commission

Statement B

**Combined Statement of Revenues, Expenditures, and Changes in Fund Balance
Fiduciary Fund Type
Year Ended December 31, 1998**

	<u>Expendable Trust Funds</u>
Revenues	
Investment Income:	
Net Increase (Decrease) In Fair Value Of Investments	\$ 275,137
Interest Earned	196,509
Total Revenues	<u>471,646</u>
 Expenditures	
Commissioner Per Diem	3,400
Salaries	104,693
Employee Group Insurance	19,743
Payroll Taxes	8,435
Workmens' Compensation Insurance	1,262
Supplies & Materials	1,564
Advertising & Printing	865
Electricity	8,539
Telephone	2,807
Sanitation	7,285
Miscellaneous	759
Repairs & Maintenance	7,052
Legal & Accounting	46,703
Medical Director	50,000
Medical Examinations	3,193
Environmental Surveillance Contract	21,000
Site Surveillance	14,984
Property & Liability Insurance	3,416
Loss On Fixed Asset Disposal	1,339
Total Expenditures	<u>307,039</u>
Excess Revenues (Expenditures)	164,607
Fund Balance, Beginning Of Year	5,921,272
Prior Period Adjustments (Note 10)	91,566
Fund Balance, End Of Year	<u>\$ 6,177,445</u>

The accompanying notes are an integral part of these statements.

**Livingston Intergovernmental Commission
Livingston, Louisiana**

**Notes to the Financial Statements
As of and for the Year Ended December 31, 1998**

INTRODUCTION

Livingston Intergovernmental Commission (the Commission) is a joint commission established December 4, 1985 between the Livingston Parish Police Jury 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's purpose is 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.

The Commission is composed of five board members appointed as follows: (1) the President of the Livingston Parish Police Jury 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 Police Jury who shall reside in the area evacuated as a result of the derailment or who shall be the Police Juror who officially represents the Police Jury 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.

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

A. BASIS OF PRESENTATION

The accompanying financial statements of the Commission have been prepared in conformity with *Generally Accepted Accounting Principles* (GAAP) as applied to governmental units. The *Governmental Accounting Standards Board* (GASB) is the accepted standard-setting body for establishing governmental accounting and financial reporting principles.

B. REPORTING ENTITY

The financial reporting entity consists of (a) the primary government, (b) organizations for which the primary government is financially accountable, and (c) other organizations for which nature and significance of their relationship with the primary government are such that exclusion would cause the reporting entity's financial statements to be misleading or incomplete.

Government Accounting Standards Board Statement No. 14 established criteria for determining which component units should be considered part of the primary government for financial reporting purposes. The basic criterion

**Livingston Intergovernmental Commission
Livingston, Louisiana**

**Notes to the Financial Statements
As of and for the Year Ended December 31, 1998**

for including a potential component unit within the reporting entity is financial accountability. The GASB has set forth criteria to be considered in determining financial accountability. These criteria include:

1. Appointing a voting majority of an organization's governing body, and
 - a. The ability of the primary government to impose its will on that organization and/or
 - b. The potential for the organization to provide specific financial benefits to or impose specific financial burdens on the primary government.
2. Organizations for which the primary government does not appoint a voting majority but are fiscally dependent on the primary government.
3. Organizations for which the reporting entity financial statements would be misleading if data of the organization is not included because of the nature or significance of the relationship.

Because the Town of Livingston appoints the majority of the governing board and has the ability to significantly influence operations, the Commission was determined to be a component unit of the Town of Livingston, the financial reporting entity. The accompanying financial statements present information only on the funds maintained by the Commission and do not present information on the Town of Livingston, the general government services provided by that governmental unit, or the other governmental units that comprise the governmental reporting entity.

C. FUND ACCOUNTING

The Commission uses funds to report its financial position and results of operations. Fund accounting is designed to demonstrate legal compliance and to aid financial management by segregating transactions relating to certain government functions or activities.

A fund is a separate accounting entity with a self-balancing set of accounts. The Commission has one category of funds, fiduciary funds, and within this category has one fund type, expendable trust funds. Fiduciary funds account for assets held on behalf of outside parties, including other governments, or on behalf of other funds within the Commission. The expendable trust funds' resources, including both principal and earnings, may be expended. The Commission's expendable trust funds are as follows:

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.

Environmental Surveillance Fund was 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
Livingston, Louisiana**

**Notes to the Financial Statements
As of and for the Year Ended December 31, 1998**

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.

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.

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.

Contingency Fund - No monies were received in 1998 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 derailment 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:

**Livingston Intergovernmental Commission
Livingston, Louisiana**

**Notes to the Financial Statements
As of and for the Year Ended December 31, 1998**

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. 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 Police Jury, and the Board of Aldermen of the Town of Livingston.

D. BASIS OF ACCOUNTING

The accounting and financial reporting treatment applied to a fund is determined by its measurement focus. Expendable trust funds are accounted for using a current financial resources measurement focus. With this measurement focus, only current assets and current liabilities are generally included on the balance sheet. The modified accrual basis of accounting is used by all expendable trust funds. Revenues are recognized when they become measurable and available as current assets. Expenditures are recognized when the related fund liability is incurred. Transfers between funds that are not expected to be repaid are accounted for as other financing sources or uses, and are recognized at the time the underlying events occur.

E. CASH & CASH EQUIVALENTS

Cash includes amounts in demand deposits and interest-bearing money market deposits. Cash equivalents include amounts in time deposits and those investments with original maturities of ninety days or less. Under state law, the Commission may deposit funds in demand deposits, interest-bearing demand deposits, or time deposits with state banks organized under Louisiana law or any state of the United States, or under the laws of the United States.

F. INVESTMENTS

Investments are limited by Louisiana RS 33:2955 and the Commission's investment policy. If the original maturities of investments exceed ninety days, they are classified as investments; however, if the original maturities are ninety days or less, they are classified as cash equivalents. Investments are carried at fair value.

G. SHORT-TERM INTERFUND RECEIVABLES & PAYABLES

During the course of operations, numerous transactions occur between individual funds for goods provided or services rendered. These receivables and payables are classified as due from other funds or due to other funds on the balance sheet. Short-term interfund loans are classified as interfund receivables and payables.

**Livingston Intergovernmental Commission
Livingston, Louisiana**

**Notes to the Financial Statements
As of and for the Year Ended December 31, 1998**

H. PROPERTY & EQUIPMENT

Fixed assets of expendable trust funds are included on the balance sheet of the funds at historical cost. Donated property and equipment are valued at fair value on the date donated. Depreciation is not required for expendable trust funds and has, therefore, not been provided for.

I. 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.

NOTE 2 - CASH & CASH EQUIVALENTS

At December 31, 1998, the Commission has cash and cash equivalents (book balances) totaling \$160,320 as follows:

Cash on Hand	\$ 20
Demand Deposits	460
Interest-Bearing Money Market Deposits	159,840
	<u>\$ 160,320</u>

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. At December 31, 1998, the Commission has \$160,573 in deposits (collected bank balances). These deposits are secured from risk by \$460 of federal deposit insurance and \$160,113 of U.S. Government securities.

**Livingston Intergovernmental Commission
Livingston, Louisiana**

**Notes to the Financial Statements
As of and for the Year Ended December 31, 1998**

NOTE 3 - INVESTMENTS

Investments are categorized into these three categories of credit risk:

1. Insured or registered, or securities held by the Commission or its agent in the Commission's name
2. Uninsured and unregistered, with securities held by the counterparty's trust department or agent in the Commission's name
3. Uninsured and unregistered, with securities held by the counterparty, 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, 1998, the Commission's investment balances are as follows:

	Carrying Amount	Fair Value
Federal National Mortgage Association (FNMA)	\$ 520,861	\$ 520,861
Federal Home Loan Mortgage Corporation (FHLMC)	267,010	267,010
Government National Mortgage Association (GNMA)	254,572	254,572
Separate Trading of Registered Interest/Principal of Securities (STRIPS)	1,565,772	1,565,772
Student Loan Marketing Association (SLMA)	65,027	65,027
Treasury Investment Growth Receipts (TIGR)	834,270	834,270
United States Treasury Notes	1,886,137	1,886,137
	\$ 5,393,649	\$ 5,393,649

The passage of Acts 374 and 1126 of the 1995 session of the Louisiana Legislature amended the provisions of Louisiana RS 33:2955 pertaining to local government investments. As a result of this amendment, certain securities held by the Commission which were once considered acceptable investments are now considered unacceptable. Louisiana Attorney General Opinion 95-442 states that the Commission is not legally required to divest itself of these securities which were legal when acquired prior to August 15, 1995. The securities held by the Commission at December 31, 1998 deemed unacceptable by the amendment of Louisiana RS 33:2955 are as follows:

	Carrying Amount	Fair Value
Treasury Investment Growth Receipts (TIGR)	\$ 834,270	\$ 834,270
	\$ 834,270	\$ 834,270

**Livingston Intergovernmental Commission
Livingston, Louisiana**

**Notes to the Financial Statements
As of and for the Year Ended December 31, 1998**

NOTE 4 - PROPERTY & EQUIPMENT

The changes in property & equipment follows:

	Balance 12/31/97	Asset Additions	Asset Deletions	Balance 12/31/98
Land	\$ 112,655	\$ -	\$ -	\$ 112,655
Building	368,725	152	-	368,877
Equipment	99,572	3,256	1,339	101,489
Furniture & Fixtures	15,322	152	-	15,474
	<u>\$ 596,274</u>	<u>\$ 3,560</u>	<u>\$ 1,339</u>	<u>\$ 598,495</u>

NOTE 5 - COMPENSATED ABSENCES

At December 31, 1998, employees of the Commission have accumulated and vested \$11,282 of employee leave benefits, which was computed in accordance with GASB Codification Section C60. Of this amount, \$1,604 is recorded as an obligation of the Operating Expense Fund, \$4,430 is recorded as an obligation of the Environmental Surveillance Fund, and \$5,338 is recorded as an obligation of the Health Surveillance Fund.

NOTE 6 - INTERFUND ASSETS & LIABILITIES

Due to and due from other funds at December 31, 1998:

Due To Health Surveillance Fund	Due From Operating Expense Fund	\$ 2,634
Due To Health Surveillance Fund	Due From Environmental Fund	3,452
		<u>\$ 6,086</u>

NOTE 7 - LITIGATION & CLAIMS

At December 31, 1998, the Commission is aware of two asserted claims or loss contingencies. The likelihood of an unfavorable outcome is believed to be remote in both cases; however, any unfavorable outcome of these claims could result in substantial potential losses which cannot be estimated.

NOTE 8 - COMMITMENTS

The Commission allowed their medical services contract to expire in 1998; however, a new five-year medical services contract was entered into in March 1999 as described in Note 11.

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.

**Livingston Intergovernmental Commission
Livingston, Louisiana**

**Notes to the Financial Statements
As of and for the Year Ended December 31, 1998**

NOTE 9 - COMPENSATION OF COMMISSIONERS

Members of the Board of Commissioners are compensated on a per diem basis for each meeting attended. In 1998, the per diem amount is \$50 per member per meeting. Compensation paid in 1998 is as follows:

Dale Erdey, Chairman	\$ 700
Steve Stafford, Vice-Chairman	750
Roy McDonald, Commissioner	650
Jimmy Zeigler, Commissioner	550
Derral Jones, Commissioner	750
	<u>\$ 3,400</u>

NOTE 10 - PRIOR-PERIOD ADJUSTMENTS

GASB-16, *Accounting for Compensated Absences*, requires the accrual of vacation and other leave with similar characteristics when earned rather than when taken. As of December 31, 1997, compensated absences payable in the amount of \$8,596 had not been properly accrued on the Commission's component unit financial statements. Of this amount, \$1,284 is attributable to the Operating Expense Fund, \$4,196 is attributable to the Health Surveillance Fund, and \$3,116 is attributable to the Environmental Surveillance Fund.

GASB-31, *Accounting and Financial Reporting for Certain Investments and for External Investment Pools*, requires the Commission to value all of its investments at fair value on the Commission's component unit financial statements. Because retroactive application of the standard is required, the cumulative effect of the Commission's revaluation of its securities as of December 31, 1997 results in a fund balance increase of \$100,162. Of this amount, \$5,817 is attributable to the Operating Expense Fund, \$30,119 is attributable to the Health Surveillance Fund, \$12,442 is attributable to the Environmental Surveillance Fund, and \$51,784 is attributable to the Thirty-Year Indemnity Fund.

The \$91,566 net prior-period adjustment for the year ended December 31, 1998 is summarized below:

Unrecorded Compensated Absences Payable	\$ (8,596)
Cumulative Effect of the Implementation of GASB-31	100,162
	<u>\$ 91,566</u>

NOTE 11 - SUBSEQUENT EVENTS

A new health surveillance program began to be administered by the Commission in March 1999. This new program is a result of the settlement of the Combustion, Inc. litigation, and is being administered jointly with the current health surveillance program resulting from the Illinois Central Gulf Railroad Company litigation. The elimination of duplication of facilities and staff made possible by this joint administration of similar health surveillance programs is expected to enhance the longevity and quality of service of both programs. In January 1999, the Commission received the \$1,500,000 settlement from the Combustion, Inc. litigation to fund the new health surveillance program. A total of

**Livingston Intergovernmental Commission
Livingston, Louisiana**

**Notes to the Financial Statements
As of and for the Year Ended December 31, 1998**

\$200,000 of this amount is expected to be used to improve the medical facilities, with the remaining \$1,300,000 to be used to fund the medical services contract.

The Commission allowed their existing medical services contract to expire and entered into a new \$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.

NOTE 12 - YEAR 2000 ISSUE

The year 2000 issue is the result of shortcomings in many electronic data processing systems and other electronic equipment that may adversely affect the Commission's operations as early as fiscal year 1999.

The Commission has not inventoried computer systems and other electronic equipment that may be affected by the year 2000 issue and that are necessary to conduct the Commission's operations. The Commission maintains responsibility for accounting and financial reporting and is in the process of reviewing hardware and software systems for year 2000 compliance.

Because of the unprecedented nature of the year 2000 issue, its effect and the success of related remediation efforts will not be fully determinable until the year 2000 and thereafter. Management cannot assure that the Commission will be year 2000 ready, the Commission's remediation efforts will be successful in whole or in part, or that parties with whom the Commission does business will be year 2000 ready.

Supplemental Information

Livingston Intergovernmental Commission

Schedule 1

Combining Balance Sheet
Fiduciary Fund Type
December 31, 1998

	Expendable Trust Funds				Total Expendable Trust Funds
	Operating Expense	Environmental Surveillance	Health Surveillance	Thirty-Year Indemnity	
Assets					
Cash & Cash Equivalents	\$ 43,978	\$ 41,939	\$ 35,671	\$ 38,732	\$ 160,320
Investments, At Fair Value	713,562	1,364,983	915,062	2,400,042	5,393,649
Accrued Interest Receivable	12,944	20,057	15,654	-	48,655
Due From Other Funds	-	-	6,086	-	6,086
Property & Equipment:					
Land	-	19,655	93,000	-	112,655
Building	-	7,700	361,177	-	368,877
Equipment	5,051	23,904	72,534	-	101,489
Furniture & Fixtures	2,035	573	12,866	-	15,474
Total Assets	<u>\$ 777,570</u>	<u>\$ 1,478,811</u>	<u>\$ 1,512,050</u>	<u>\$ 2,438,774</u>	<u>\$ 6,207,205</u>
Liabilities & Fund Balance					
Liabilities:					
Accounts Payable	\$ 469	\$ 2,698	\$ 1,187	\$ 4,929	\$ 9,283
Accrued Expenses Payable	-	-	3,109	-	3,109
Compensated Absences Payable	1,604	4,340	5,338	-	11,282
Due To Other Funds	2,634	3,452	-	-	6,086
Total Liabilities	<u>4,707</u>	<u>10,490</u>	<u>9,634</u>	<u>4,929</u>	<u>29,760</u>
Fund Balance	<u>772,863</u>	<u>1,468,321</u>	<u>1,502,416</u>	<u>2,433,845</u>	<u>6,177,445</u>
Total Liabilities & Fund Balance	<u>\$ 777,570</u>	<u>\$ 1,478,811</u>	<u>\$ 1,512,050</u>	<u>\$ 2,438,774</u>	<u>\$ 6,207,205</u>

The accompanying notes are an integral part of these statements.

Livingston Intergovernmental Commission

Schedule 2

**Combining Statement of Revenues, Expenditures, and Changes in Fund Balance
Fiduciary Fund Type
Year Ended December 31, 1998**

	Expendable Trust Funds				Total Expendable Trust Funds
	Operating Expense	Environmental Surveillance	Health Surveillance	Thirty-Year Indemnity	
Revenues					
Investment Income:					
Net Increase (Decrease) In Fair Value Of Investments	\$ 8,421	\$ 6,918	\$ 15,304	\$ 244,494	\$ 275,137
Interest Earned	45,439	87,226	59,700	4,144	196,509
Total Revenues	<u>53,860</u>	<u>94,144</u>	<u>75,004</u>	<u>248,638</u>	<u>471,646</u>
Expenditures					
Commissioner Per Diem	3,400	-	-	-	3,400
Salaries	15,264	41,086	48,343	-	104,693
Employee Group Insurance	3,547	8,933	7,263	-	19,743
Payroll Taxes	1,402	3,163	3,870	-	8,435
Workmens' Compensation Insurance	136	841	285	-	1,262
Supplies & Materials	399	87	1,078	-	1,564
Advertising & Printing	790	-	75	-	865
Electricity	1,684	1,381	5,474	-	8,539
Telephone	606	600	1,601	-	2,807
Sanitation	1,158	2,378	3,749	-	7,285
Miscellaneous	281	168	310	-	759
Repairs & Maintenance	3,635	306	3,111	-	7,052
Legal & Accounting	3,119	3,554	9,301	30,729	46,703
Medical Director	-	-	50,000	-	50,000
Medical Examinations	-	-	3,193	-	3,193
Environmental Surveillance Contract	-	21,000	-	-	21,000
Site Surveillance	-	14,984	-	-	14,984
Property & Liability Insurance	929	-	2,487	-	3,416
Loss On Fixed Asset Disposal	-	1,339	-	-	1,339
Total Expenditures	<u>36,350</u>	<u>99,820</u>	<u>140,140</u>	<u>30,729</u>	<u>307,039</u>
Excess Revenues (Expenditures)	17,510	(5,676)	(65,136)	217,909	164,607
Fund Balance, Beginning Of Year	750,819	1,464,671	1,541,630	2,164,152	5,921,272
Prior Period Adjustments (Note 10)	4,534	9,326	25,922	51,784	91,566
Fund Balance, End Of Year	<u>\$ 772,863</u>	<u>\$ 1,468,321</u>	<u>\$ 1,502,416</u>	<u>\$ 2,433,845</u>	<u>\$ 6,177,445</u>

The accompanying notes are an integral part of these statements.

Livingston Intergovernmental Commission

Schedule 3

**Summary Schedule of Prior Audit Findings
For the Year Ended December 31, 1998**

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

Reference Number: 97-1

Year Finding Initially Occurred: 1997

Description of Finding: The Commission's staff is too small to effect a meaningful segregation of duties.

Corrective Action Taken: Yes

Corrective Action Taken: The Commissioners have involved themselves more significantly in the financial affairs and daily operations of the Commission; however, the Commission's small staff makes a meaningful segregation of duties impossible. It is management's belief that no further practical or cost-effective action can be taken.

Section II - Management Letter

No section II findings.

Livingston Intergovernmental Commission

Schedule 4

**Corrective Action Plan for Current-Year Audit Findings
For the Year Ended December 31, 1998**

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

Reference Number: 98-1

Description of Finding: It was noted in Footnote 12 (Year 2000 Issue) of the *Notes to the Financial Statements* that Livingston Intergovernmental Commission has not inventoried computer systems and other electronic equipment that may be affected by the year 2000 issue. It was also noted that management of the Commission cannot assure that parties with which the Commission does business will be year 2000 ready.

Corrective Action Planned: The Commission is in the process of reviewing hardware and software systems for year 2000 compliance, and plans to purchase new hardware and software systems in 1999 which are believed to be year 2000 compliant.

Name of Contact Person: Dale Erdey, Chairman, Livingston Intergovernmental Commission
Post Office Box 400
Livingston, Louisiana 70754

Anticipated Completion Date: July 1, 1999

Section II - Management Letter

No section II findings.

Special Report of Certified Public Accountants

Bruce C. Harrell, CPA

Warren A. Wool, CPA
Michael P. Estay, CPA
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MEMBERS
American Institute of CPAs
Society of Louisiana CPAs

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

Board of Commissioners
Livingston Intergovernmental Commission
Livingston, Louisiana

We have audited the component unit financial statements of Livingston Intergovernmental Commission as of and for the year ended December 31, 1998, and have issued our report thereon dated April 28, 1999, which was qualified because insufficient audit evidence exists to support Livingston Intergovernmental Commission's disclosure with respect to the year 2000 issue. Except as discussed in the preceding sentence, we conducted our audit in accordance with generally accepted auditing 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 Livingston Intergovernmental Commission's 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 those provisions was not an objective of our audit and, accordingly, we do not express such an opinion. The results of our tests disclosed instances of noncompliance that are required to be reported under *Government Auditing Standards* and are described in the Corrective Action Plan for Current Year Audit Findings as reference number 98-1.

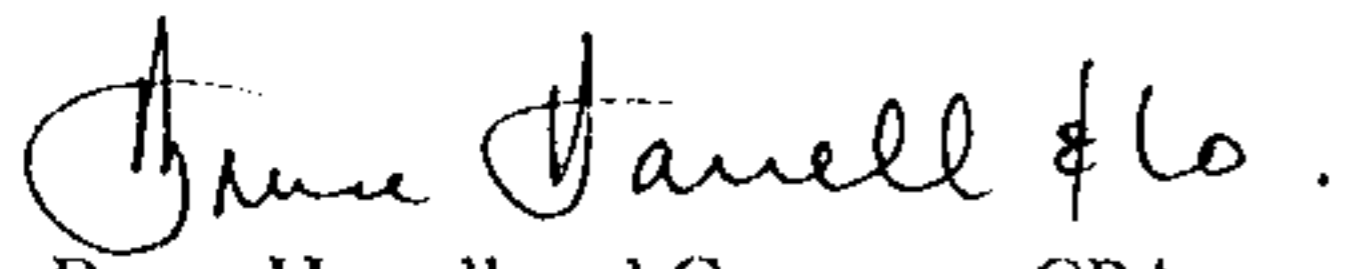
Internal Control Over Financial Reporting

In planning and performing our audit, we considered Livingston Intergovernmental Commission's internal control over financial reporting in order to determine our auditing procedures for the purpose of expressing our opinion on the financial statements and not to provide assurance on the internal control over financial reporting. Our 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 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. We noted no matters involving the internal control over financial reporting and its operation that we consider to be material weaknesses.

BRUCE HARRELL & CO.
CERTIFIED PUBLIC ACCOUNTANTS
A Professional Accounting Corporation

Board of Commissioners
Livingston Intergovernmental Commission
Page 2

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Bruce Harrell and Company, CPAs
A Professional Accounting Corporation

April 28, 1999