

Town of Livingston, Louisiana
Annual Financial Statements

As of and for the Year Ended December 31, 2003

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 7-21-04

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

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Town of Livingston, Louisiana
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With Supplemental Information Schedules

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**INDEPENDENT AUDITOR'S REPORT
ON THE BASIC FINANCIAL STATEMENTS**

The Honorable Mayor Derral Jones
and Members of the Board of Aldermen
Town of Livingston, Louisiana

I have audited the accompanying financial statements of the governmental activities, the business-type activities, and each major fund of the Town of Livingston, Louisiana, as of and for the year ended December 31, 2003, which collectively comprise the Town's basic financial statements as listed in the Table of Contents. These financial statements are the responsibility of the Town of Livingston, Louisiana'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 *Governmental Auditing Standards*, issued by the Comptroller General of the United States. Those standards require that I plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit 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. 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, the business-type activities, and each major fund of the Town of Livingston, Louisiana, as of December 31, 2003, and the respective changes in financial position and cash flows, where applicable, and for the year then ended in conformity with accounting principles generally accepted in the United States of America.

In accordance with *Governmental Auditing Standards*, I have also issued my report dated June 11, 2004 on my consideration of the Town of Livingston, Louisiana's internal control over financial reporting and our 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.

The management's discussion and analysis, budgetary comparison information, and other supplemental schedules on Pages 8 through 16, 53 through 56, and 58 through 74 of this report are not a required part of the basic financial statements but are supplementary information required by accounting principles generally accepted in the United States of America. We have applied certain limited procedures, which consisted principally of inquiries of management regarding the methods of measurement and presentation of the supplementary information. However, I did not audit the information and express no opinion on it.

LEROY J. CHUSTZ
Certified Public Accountant
A Professional Accounting Corporation

The Honorable Mayor, Derral Jones
and Members of the Board of Aldermen
Town of Livingston, Louisiana

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My audit was performed for the purpose of forming opinions on the financial statements that collectively comprise the Town of Livingston, Louisiana's basic financial statements. The supplemental information schedules listed in the Table of Contents as Schedules 13 through 15 are presented for the purpose of additional analysis and are not a required part of the basic financial statements. Such information has been subjected to the auditing procedures applied in the audit of the basic financial statements and, in my opinion, is fairly stated in all material respects in relation to the basic financial statements taken as a whole.

Leroy J. Chustz
Certified Public Accountant
June 11, 2004

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

Town of Livingston, Louisiana

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

Introduction

The Town of Livingston, Louisiana (the Town) is pleased to present its Annual Financial Statements developed in compliance with Governmental Accounting Standards Board Statement No. 34, *Basic Financial Statements - Management's Discussion and Analysis - For State and Local Governments* (GASB 34), and related standards. Although the Town 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, 2001, to provide financial statement users a more detailed and comprehensive analysis of the Town's financial performance. This is the third year of presentation under the new GASB 34 format.

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

Since Management's Discussion and Analysis (MD&A) is designed to focus on the current year's activities, resulting changes, and currently known facts, please read it in conjunction with the Town's financial statements on pages 17 through 51 of this report.

Financial Highlights

- At December 31, 2003, the Town's assets exceeded its liabilities by \$5,324,041 (net assets). Of this amount, \$768,643 (unrestricted net assets) may be used to meet the Town's ongoing obligations to its citizens.
- For the year ended December 31, 2003, the Town's total net assets increased by \$46,503.
- At December 31, 2003, the Town's governmental funds reported combined ending fund balances of \$361,834, a decrease of \$18,783 for the year. Of this amount, 100% is available for spending at the Town's discretion (unreserved fund balances).
- At December 31, 2003, the Town's proprietary funds reported combined ending net assets of \$3,617,446, an increase of \$72,862 for the year. Of this amount, approximately 11%, or \$406,809, is available for spending at the Town's discretion (unrestricted net assets).
- For the year ended December 31, 2003, the Town's total debt decreased by \$94,227, or approximately 16%, due primarily to capital lease and revenue bond principal payments.

Overview of the Annual Financial Report

The financial statement focus is on both the Town as a whole and on the major individual funds. Both perspectives, government-wide and major funds, allow the user to address relevant questions, broaden a basis for comparison, and enhance the Town's accountability. The statements then proceed to provide an increasingly detailed look at specific financial activities.

The MD&A is intended to serve as an introduction to the Town's basic financial statements, which consist of three components: (1) government-wide financial statements, (2) fund financial statements, and (3) notes to the financial statements. This report also contains other supplementary information in addition to the basic financial statements.

Town of Livingston, Louisiana

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

Government-Wide Financial Statements

The government-wide financial statements are designed to provide readers with a broad overview of the Town's finances in a manner similar to a private-sector business. Governmental and business-type activities are presented in separate columns along with a total column for the primary government. Component unit information is presented separately in the notes to the financial statements.

The Statement of Net Assets presents information on the Town's assets and liabilities using the accrual basis of accounting, in a manner similar to the accounting used by private business enterprises. The difference between the assets and liabilities is reported as net 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 Town is improving or deteriorating.

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

In both of the government-wide financial statements, the Town's activities are divided into two types:

- **Governmental activities** - Most of the Town's basic services are reported here, including general government, public safety, highways and streets, sanitation, health and welfare, and parks and recreation. These activities are financed primarily by property taxes, franchise taxes, sales taxes, and fines.
- **Business-type activities** - The Town charges a fee to customers to help it cover all of the cost of the services provided. The Town's water, natural gas, and sewer utility systems are reported in this section.

The government-wide financial statements include the Town of Livingston, Louisiana (primary government) only and can be found on pages 17 through 20 of this report. Component unit information is reported separately in Note 22 to the financial statements which can be found on pages 50 and 51 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 Town, like other state and local governments, uses fund accounting to ensure and demonstrate compliance with finance-related and legal requirements. The Town uses two categories of funds to account for financial transactions: governmental funds and proprietary funds. Traditional users of governmental financial statements will find the fund financial statements presentation more familiar.

Town of Livingston, Louisiana

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

Governmental funds are used to account for most of the Town's basic services. However, unlike the government-wide financial statements, governmental fund financial statements focus on how money flows into and out of those funds and the balances that are left at year-end that are available for spending. These funds are reported using the modified accrual basis of accounting, which measures cash and all other financial assets that can readily be converted to cash. The governmental fund statements provide a detailed short-term view of the Town's general government operations and the basic services it provides. Governmental fund information helps to determine whether there are more or fewer financial resources that can be spent in the near future to finance the Town's programs. The basic governmental fund financial statements can be found on pages 22 through 25 of this report.

Proprietary funds account for water, natural gas, and sewer utility services provided by the Town to its customers. Proprietary funds statements provide the same type of information as the government-wide financial statements, but the fund presentation provides more detail. The basic proprietary fund financial statements can be found on pages 26 through 31 of this report.

Because the focus of governmental funds is narrower than that of the government-wide financial statements, there are differences in the information presented for government funds and for governmental activities in the government-wide financial statements. Review of these differences provides the reader of the financial statements insight on the long-term impact of the Town's more immediate decisions on the current use of financial resources. Both the governmental fund, Balance Sheet, and the governmental fund Statement of Revenues, Expenditures and Changes in Fund Balances provide a reconciliation to facilitate this comparison between governmental funds and governmental activities. The reconciliations can be found on pages 23 and 25 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 32 through 51 of this report.

Town of Livingston, Louisiana

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

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 Town'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 18 of this report.

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

	<u>Governmental Activities</u>		<u>Business-Type Activities</u>		<u>Total</u>	
	<u>2003</u>	<u>2002</u>	<u>2003</u>	<u>2002</u>	<u>2003</u>	<u>2002</u>
Assets:						
Current and Other Assets	\$ 399,028	\$ 413,928	\$ 745,810	\$ 699,676	\$ 1,144,838	\$ 1,113,604
Capital Assets	<u>1,352,114</u>	<u>1,389,014</u>	<u>3,515,170</u>	<u>3,572,147</u>	<u>4,867,284</u>	<u>4,961,161</u>
Total Assets	<u>1,751,142</u>	<u>1,802,942</u>	<u>4,260,980</u>	<u>4,271,823</u>	<u>6,012,122</u>	<u>6,074,765</u>
Liabilities:						
Long-Term Debt Outstanding	7,353	36,677	479,920	544,823	487,273	581,500
Other Liabilities	<u>37,194</u>	<u>33,311</u>	<u>163,514</u>	<u>182,416</u>	<u>200,708</u>	<u>215,727</u>
Total Liabilities	<u>44,547</u>	<u>69,988</u>	<u>643,434</u>	<u>727,239</u>	<u>687,981</u>	<u>797,227</u>
Net Assets:						
Invested in Capital Assets, Net of Related Debt	1,344,761	1,352,337	3,035,250	3,027,323	4,380,011	4,379,660
Restricted	-	-	175,387	164,105	175,387	164,105
Unrestricted	<u>361,834</u>	<u>380,617</u>	<u>406,809</u>	<u>353,156</u>	<u>768,643</u>	<u>733,773</u>
Total Net Assets	<u>\$ 1,706,595</u>	<u>\$ 1,732,954</u>	<u>\$ 3,617,446</u>	<u>\$ 3,544,584</u>	<u>\$ 5,324,041</u>	<u>\$ 5,277,538</u>

Approximately 82% of the Town's net assets reflects its investment in capital assets (land, buildings, equipment, infrastructure, and improvements) net of any outstanding related debt used to acquire those capital assets. These capital assets are used to provide services to citizens and do not represent resources available for future spending. Although the Town's investment in its capital assets is reported net of related debt, it should be noted that the resources needed to repay this debt must be provided from other sources, since the capital assets cannot be used to liquidate these liabilities.

Approximately 3% of the Town's net assets represents resources that are subject to external restriction on how they may be used. The Town's restricted net assets consist of cash reserves required by revenue bond agreements and cash for customer deposits net of corresponding liabilities.

Approximately 15% of the Town's net assets are unrestricted and may be used to meet the Town's ongoing obligations to its citizens.

At the end of the current fiscal year, the Town was able to report positive balances in all three categories of net assets, both for the Town as a whole, as well as for separate governmental and business-type activities. The same held true for the prior fiscal year.

The Town's activities increased its total net assets by \$46,503, with governmental activities decreasing net assets by \$26,359 and business-type activities increasing net assets by \$72,862.

Town of Livingston, Louisiana

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

In order to further understand what makes up the changes in net assets, the following table provides a summary of the results of the Town's activities for the current year as compared to the prior year. An analysis of the primary sources of these changes follows the table. For more detailed information, see the Statement of Activities on pages 19 and 20 of this report.

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

	Governmental Activities		Business-Type Activities		Total	
	2003	2002	2003	2002	2003	2002
Revenues:						
Program Revenues:						
Charges for Services	\$ 497,736	\$ 381,982	\$ 923,516	\$ 839,420	\$ 1,421,252	\$ 1,221,402
Operating Grants and Contributions	69,543	90,836	-	-	69,543	90,836
Capital Grants and Contributions	-	3,300	-	1,606	-	4,906
General Revenues:						
Sales Taxes	200,924	201,475	-	-	200,924	201,475
Ad Valorem Taxes	27,336	26,094	-	-	27,336	26,094
Franchise Taxes	83,460	72,197	-	-	83,460	72,197
Interest Income	4,209	7,078	6,920	13,320	11,129	20,398
Other Revenues	8,982	22,796	-	-	8,982	22,796
Total Revenues	892,190	805,758	930,436	854,346	1,822,626	1,660,104
Expenses:						
General and Administrative	282,052	242,162	-	-	282,052	242,162
Police Protection	209,669	227,245	-	-	209,669	227,245
Fire Protection	61,014	61,587	-	-	61,014	61,587
Public Works	134,729	136,437	-	-	134,729	136,437
Sanitation	53,096	51,961	-	-	53,096	51,961
Health and Welfare	4,836	3,938	-	-	4,836	3,938
Parks and Recreation	273,153	220,353	-	-	273,153	220,353
Water, Gas, and Sewer Utility	-	-	757,574	608,013	757,574	608,013
Total Expenses	1,018,549	943,683	757,574	608,013	1,776,123	1,551,696
Change in Net Assets Before Transfers	-126,359	-137,925	172,862	246,333	46,503	108,408
Transfers	100,000	100,000	-100,000	-100,000	-	-
Change in Net Assets	-26,359	-37,925	72,862	146,333	46,503	108,408
Net Assets, Beginning	1,732,954	1,770,879	3,544,584	3,398,251	5,277,538	5,169,130
Net Assets, Ending	\$ 1,706,595	\$ 1,732,954	\$ 3,617,446	\$ 3,544,584	\$ 5,324,041	\$ 5,277,538

Governmental Activities

The Town's governmental net assets decreased by \$26,359, or 2% of the prior year ending net assets, to \$1,706,595. The overall decrease in net assets is partially offset by a \$100,000 transfer of funds from the Town's business-type activities. The change in net assets is \$11,566 greater than the prior year, this difference being caused by a \$86,432 increase in revenues and a \$74,866 increase in expenses, respectively, over prior year amounts.

Town of Livingston, Louisiana

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

The increase in revenues noted above is primarily comprised of increased charges for services and decreased operating grants and contributions. The increase in charges for services of \$115,734 is largely attributable to recent recreational park improvements which allowed the Town to host numerous additional sports events and collect a larger volume of entry and gate fees. The decrease in operating grants and contributions of \$21,293 is due mostly to decreases in grant funds the Town received for the hiring of new police officers and decreases in grant funds the Town received for police officer supplemental pay.

The increase in expenses noted above is primarily comprised of increased parks and recreation expense. The increase in parks and recreation expense of \$52,800 is due mainly to recent recreational park improvements which allowed the Town to host numerous additional sports events, resulting in higher salary, tournament, and other related expenses.

Business-Type Activities

The Town's business-type net assets increased by \$72,862, or 2% of the prior year ending net assets, to \$3,617,446. The overall increase in net assets is partially offset by a \$100,000 transfer of funds to the Town's governmental activities. The change in net assets is \$73,471 less than the prior year, this difference being caused by a \$76,090 increase in revenues and a \$149,561 increase in expenses, respectively, over prior year amounts.

The increase in revenues noted above is primarily comprised of increased charges for services. The increase in charges for services of \$84,096 is largely attributable to increased water, gas, and sewer charges resulting from rate increases during the year for each of the Town's three utility services, as well as increased numbers of customers utilizing the Town's system.

The increase in expenses noted above is primarily comprised of increased cost of natural gas sold and increased equipment and system maintenance expenses. The increase in the cost of natural gas sold of \$35,647 is reflective of a nationwide increase in energy costs in the current year from the prior year, as well as increased numbers of customers utilizing the Town's system. The increase in equipment and system maintenance expenses of \$61,488 is due mainly to aging equipment and system infrastructure, as well as expanded system utilization by a larger customer base.

Fund Financial Analysis

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

Governmental Funds

The focus of the Town's governmental funds is to provide information on near-term inflows, outflows, and balances of spendable resources. Such information is useful in assessing the Town's financing requirements. In particular, unreserved fund balance may serve as a useful measure of the Town's net resources available for spending at the end of the year. The basic governmental fund financial statements can be found on pages 22 through 25 of this report.

Town of Livingston, Louisiana

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

At the end of the current year, the Town's governmental funds reported combined ending fund balances of \$361,834, all of which are unreserved and available for spending at the Town's discretion. This represents a decrease of \$18,783, or 5% of the prior year's ending balances. This decrease is insignificant.

The general fund is the chief operating fund of the Town. At the end of the current year, the total fund balance for the general fund was \$361,834, all of which was unreserved. As a measure of the general fund's liquidity, it may be useful to compare both unreserved fund balance and total fund balance to total fund expenditures. Unreserved fund balance represents 36% of total general fund expenditures, while total fund balance represents 36% of the same amount.

During the current year, the Town's general fund balance decreased by \$18,783. The reduction in general fund balance is insignificant.

Proprietary Funds

The Town's proprietary funds provide the same type of information found in the government-wide financial statements, but in more detail.

General Fund Budgetary Highlights

The Town of Livingston 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 did not exceed budgeted expenditures and other uses by 5%.

For the general fund, actual revenues and other sources exceeded final budgeted amounts by \$28,150. Actual expenditures and other uses exceeded final budgeted amounts by \$48,253. Actual excess expenditures and other uses were \$20,103 more than final budgeted amounts.

For the general fund, original budgeted revenues and other sources were \$1,015,800 and final budgeted revenues and other sources were \$963,100. Original budgeted expenditures and other uses were \$1,055,300 and final budgeted expenditures and other uses were \$961,780.

Significant variations from the general fund's original and final amended budgets were as follows:

- Budgeted parks and recreation revenues were increased by \$102,000, due to the large increase in the number of sports events hosted by the Town.
- Budgeted nonrecurring grant revenues were decreased by \$164,000, because the grants were delayed until the next fiscal year.
- Budgeted parks and recreation expenditures were increased by \$69,300, due to the large increase in the number of sports events hosted by the Town.
- Budgeted expenditures for sidewalk and park improvement projects to be funded by nonrecurring grant revenues were decreased by \$156,400 and \$24,000, because the grants were delayed until the next fiscal year.

Town of Livingston, Louisiana

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

Capital Assets and Debt Administration

Capital Assets

The Town elected early implementation of GASB 34 in the fiscal year ending December 31, 2001. However, as a Phase III government (a government with annual revenues of less than \$10 million), the Town elected not to retroactively report infrastructure assets prior to implementation. Historically, a government's largest group of assets, infrastructure assets (roads, bridges, street lighting, etc.) have not been reported nor depreciated in governmental financial statements. Beginning with the fiscal year ended December 31, 2001, these assets are now valued and reported within the governmental activities column of the government-wide financial statements.

The Town's investment in capital assets for its governmental and business-type activities as of December 31, 2003, amounts to \$4,867,284 (net of depreciation). The total decrease in the Town's investment in capital assets for the current fiscal year was \$93,877 (net of depreciation).

Major capital asset events during the current year included water utility system extensions, gas utility system extensions, sewer lift station improvements, ballpark asphalt overlay, and ballfield improvements.

The following table provides a summary of the Town's capital assets (net of depreciation) at the end of the current year as compared to the prior year. For more detailed information, see Note 7 to the financial statements on pages 42 and 43 of this report.

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

	Governmental Activities		Business-Type Activities		Total	
	2003	2002	2003	2002	2003	2002
Land	\$ 113,580	\$ 113,580	\$ -	\$ -	\$ 113,580	\$ 113,580
Buildings	262,236	274,547	6,489	7,102	268,725	281,649
Improvements	483,360	466,509	-	-	483,360	466,509
Vehicles and Equipment	292,183	323,737	47,131	57,104	339,314	380,841
Infrastructure	200,755	210,641	-	-	200,755	210,641
Water Utility System	-	-	1,597,698	1,583,789	1,597,698	1,583,789
Gas Utility System	-	-	263,316	265,600	263,316	265,600
Sewer Utility System	-	-	1,600,536	1,658,552	1,600,536	1,658,552
Capital Assets, Net	\$ 1,352,114	\$ 1,389,014	\$ 3,515,170	\$ 3,572,147	\$ 4,867,284	\$ 4,961,161

Town of Livingston, Louisiana

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

Long-Term Debt

At December 31, 2003, the Town had total debt outstanding of \$487,273. Of this total, \$64,290 is due within one year and \$422,983 is due within greater than one year. The following table provides a summary of the Town's outstanding debt at the end of the current year as compared to the prior year. For more detailed information, see Note 11 to the financial statements on pages 45 and 46 of this report.

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

	Governmental Activities		Business-Type Activities		Total	
	2003	2002	2003	2002	2003	2002
Capital Leases	\$ 7,353	\$ 36,677	\$ 9,785	\$ 29,693	\$ 17,138	\$ 66,370
Revenue Bonds	-	-	470,135	515,130	470,135	515,130
Total Outstanding Debt	<u>\$ 7,353</u>	<u>\$ 36,677</u>	<u>\$ 479,920</u>	<u>\$ 544,823</u>	<u>\$ 487,273</u>	<u>\$ 581,500</u>

Other Factors Affecting the Town

The Town of Livingston's management approach is conservative. When possible, the Mayor and Aldermen attempt to provide services for the Town based on existing revenues and to finance long-term projects only when absolutely necessary. The Town also attempts to keep utility rates at the minimum required to cover the costs of utility system operation. However, gas system rates are largely dependent on the amounts charged the Town for the cost of gas sold. In addition, the Town was required to respond to the need for sewer system improvements as mandated for municipalities by the United States Environmental Protection Agency and the Louisiana Department of Environmental Quality. The Town approved an increase in sewer rates of \$7.50 in year 2000, to be phased in at \$1.50 per year from the years 2000 through 2004 to fund these improvements.

Contacting the Town's Financial Management

This financial report is designed to provide the Town's citizens, taxpayers, creditors and investors with a general overview of the Town's finances and show the Town's accountability for the money it receives. Questions regarding this report or requests for additional information should be addressed to the Town of Livingston, 20550 Circle Drive, Livingston, Louisiana 70754, telephone (225) 686-7773.

Basic Financial Statements
Government-Wide Financial Statements

Town of Livingston, Louisiana

Statement A

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

	<u>Governmental Activities</u>	<u>Business-Type Activities</u>	<u>Total</u>
Assets			
Cash and Cash Equivalents	\$ 55,199	\$ 135,799	\$ 190,998
Investments	224,748	150,000	374,748
Inventory, Natural Gas	-	9,967	9,967
Taxes Receivable	62,482	-	62,482
Accounts Receivable, Net	-	174,715	174,715
Accrued Interest	-	747	747
Prepaid Expenses	18,043	6,105	24,148
Royalties Receivable	425	-	425
Due From Other Funds	10,645	5,334	15,979
Due From Other Governments	27,486	-	27,486
Restricted Assets:			
Cash and Cash Equivalents	-	35,908	35,908
Investments	-	227,135	227,135
Capital Assets, Net	<u>1,352,114</u>	<u>3,515,170</u>	<u>4,867,284</u>
Total Assets	<u>1,751,142</u>	<u>4,260,880</u>	<u>6,012,022</u>
Liabilities			
Accounts Payable	11,386	59,476	70,862
Other Accrued Expenses	20,431	5,737	26,168
Protested Taxes	43	-	43
Due To Other Funds	5,334	10,645	15,979
Customer Deposits	-	87,656	87,656
Current Portion of Long-Term Debt:			
Revenue Bonds Payable	-	47,152	47,152
Capital Leases Payable	7,353	9,785	17,138
Long-Term Debt:			
Revenue Bonds Payable	-	422,983	422,983
Capital Leases Payable	-	-	-
Total Liabilities	<u>44,547</u>	<u>643,434</u>	<u>687,981</u>
Net Assets			
Invested in Capital Assets, Net of Related Debt	1,344,761	3,035,250	4,380,011
Restricted for Debt Service	-	175,387	175,387
Unrestricted	<u>361,834</u>	<u>406,809</u>	<u>768,643</u>
Total Net Assets	<u>\$ 1,706,595</u>	<u>\$ 3,617,446</u>	<u>\$ 5,324,041</u>

The accompanying notes are an integral part of these financial statements.

Town of Livingston, Louisiana

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

Functions/Programs	Expenses	Program Revenues		
		Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions
Governmental Activities:				
General and Administrative	\$ 282,052	\$ 105,272	\$ -	\$ -
Police Protection	209,669	77,547	48,743	-
Fire Protection	61,014	-	14,514	-
Public Works	134,729	-	6,286	-
Sanitation	53,096	43,042	-	-
Health & Welfare	4,836	-	-	-
Parks and Recreation	273,153	271,875	-	-
Total Governmental Activities	<u>1,018,549</u>	<u>497,736</u>	<u>69,543</u>	<u>-</u>
Business-Type Activities:				
Water Utility	237,526	385,872	-	-
Gas Utility	283,927	395,237	-	-
Sewer Utility	236,121	142,407	-	-
Total Business-Type Activities	<u>757,574</u>	<u>923,516</u>	<u>-</u>	<u>-</u>
Total Primary Government	<u>\$ 1,776,123</u>	<u>\$ 1,421,252</u>	<u>\$ 69,543</u>	<u>\$ -</u>

General Revenues:

Taxes:

Sales & Use Taxes

Ad Valorem Taxes

Franchise Taxes

Alcoholic Beverage Taxes

Interest Income

Oil, Gas & Mineral Royalties

Operating Transfers In (Out)

Gain on Sales of Fixed Assets

Total General Revenues

Change in Net Assets

Net Assets - Beginning

Net Assets - Ending

The accompanying notes are an integral part of these financial statements.

Statement B

Net (Expense) Revenue and
Changes in Net Assets

Governmental Activities	Business-Type Activities	Total
\$ -176,780	\$ -	\$ -176,780
-83,379	-	-83,379
-46,500	-	-46,500
-128,443	-	-128,443
-10,054	-	-10,054
-4,836	-	-4,836
-1,278	-	-1,278
<u>-451,270</u>	<u>-</u>	<u>-451,270</u>
-	148,346	148,346
-	111,310	111,310
-	-93,714	-93,714
<u>-</u>	<u>165,942</u>	<u>165,942</u>
<u>-451,270</u>	<u>165,942</u>	<u>-285,328</u>
200,924	-	200,924
27,336	-	27,336
83,460	-	83,460
2,159	-	2,159
4,209	6,920	11,129
4,833	-	4,833
100,000	-100,000	-
1,990	-	1,990
<u>424,911</u>	<u>-93,080</u>	<u>331,831</u>
-26,359	72,862	46,503
1,732,954	3,544,584	5,277,538
<u>\$ 1,706,595</u>	<u>\$ 3,617,446</u>	<u>\$ 5,324,041</u>

Basic Financial Statements
Fund Financial Statements

Town of Livingston, Louisiana

Statement C

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

	<u>General Fund</u>
Assets	
Cash & Cash Equivalents	\$ 55,199
Investments	224,748
Taxes Receivable:	
Ad Valorem Taxes	7,081
Public Utility Franchise Taxes	18,419
Sales and Use Taxes	36,982
Prepaid Expenses	18,043
Royalties Receivable	425
Due From Enterprise Fund	10,645
Due From Other Governments:	
State of Louisiana, Beer Tax Distribution	486
United States Department of Justice	13,963
Livingston Parish Fire District #12	10,942
State of Louisiana, Highway Maintenance	2,095
Total Assets	<u>\$ 399,028</u>
Liabilities and Fund Balance	
Liabilities:	
Accounts Payable	\$ 11,386
Other Accrued Expenses	20,431
Protested Taxes	43
Due To Enterprise Fund	5,334
Total Liabilities	<u>37,194</u>
Fund Balance:	
Unreserved & Undesignated	<u>361,834</u>
Total Fund Balance	<u>361,834</u>
Total Liabilities and Fund Balance	<u>\$ 399,028</u>

The accompanying notes are an integral part of these financial statements.

Town of Livingston, Louisiana

Statement D

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

Fund Balances, Governmental Funds	\$ 361,834
<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 are therefore not reported in the governmental funds. These assets consist of:</p>	
Capital assets, net of depreciation	1,352,114
<p>Long-term liabilities, including bonds payable, are not due and payable in the current period and are therefore not reported in the governmental funds. These liabilities consist of:</p>	
Capital lease obligations	-7,353
Net Assets, Governmental Activities	<u>\$ 1,706,595</u>

The accompanying notes are an integral part of these financial statements.

Town of Livingston, Louisiana

Statement E

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

	<u>General Fund</u>
Revenues	
Taxes	\$ 311,720
Licenses and Permits	88,597
Intergovernmental	44,559
Sanitation Fees	43,042
Fines	76,997
Interest Income	4,209
Oil, Gas, & Mineral Royalties	4,833
Rental Income	13,500
Court Fees	550
Fire Department	-
Parks and Recreation	271,875
Miscellaneous Income	3,175
Louisiana Law Enforcement Grant	2,473
COPS Universal Hiring Grant	24,670
Recreational Trails Grant	-
DOTD ISTEPA Grant	-
Total Revenues	<u>890,200</u>
Expenditures	
General and Administrative	279,804
Police Department	205,366
Fire Department	41,174
Street Department	135,753
Sanitation Department	53,096
Health Department	4,836
Parks and Recreation	290,004
Total Expenditures	<u>1,010,033</u>
Excess Revenues (Expenditures)	<u>-119,833</u>
Other Financing Sources (Uses)	
Operating Transfers In	100,000
Sales of Fixed Assets	1,050
Total Other Financing Sources (Uses)	<u>101,050</u>
Net Change in Fund Balance	-18,783
Fund Balance, Beginning	<u>380,617</u>
Fund Balance, End of Year	<u>\$ 361,834</u>

The accompanying notes are an integral part of these financial statements.

Town of Livingston, Louisiana

Statement F

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

Net Change in Fund Balances, Governmental Funds **\$ -18,783**

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	57,908
Depreciation expense	-92,240

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:

Gain on asset disposition	940
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Repayment of capital lease principal is an expenditure in governmental funds, but the repayment reduces long-term liabilities in the statement of net assets. These differences consist of:

Capital lease principal payments	25,816
----------------------------------	--------

Change in Net Assets, Governmental Activities **\$ -26,359**

The accompanying notes are an integral part of these financial statements.

Town of Livingston, Louisiana

Statement G

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

	<u>Enterprise Fund</u>
Assets	
Current Assets:	
Cash and Cash Equivalents	\$ 135,799
Investments	150,000
Inventory, Natural Gas	9,967
Accounts Receivable, Net	174,715
Accrued Interest	747
Prepaid Expenses	6,105
Due From General Fund	5,334
Total Current Assets	<u>482,667</u>
Restricted Assets:	
Cash and Cash Equivalents	35,908
Investments	227,135
Total Restricted Assets	<u>263,043</u>
Property, Plant, and Equipment	
Buildings	13,349
Water Utility System	2,555,353
Gas Utility System	431,454
Sewer Utility System	3,050,709
Machinery and Equipment	131,628
Accumulated Depreciation	-2,667,323
Net Property, Plant, and Equipment	<u>3,515,170</u>
Total Assets	<u>4,260,880</u>
 Liabilities	
Current Liabilities (Payable From Current Assets):	
Accounts Payable	59,476
Other Accrued Expenses	5,737
Revenue Bonds Payable	47,152
Capital Lease Payable	9,785
Due To General Fund	10,645
Total Current Liabilities (Payable From Current Assets)	<u>132,795</u>
Current Liabilities (Payable From Restricted Assets):	
Customer Deposits Payable	87,656
Total Current Liabilities (Payable From Restricted Assets)	<u>87,656</u>
Long-Term Liabilities:	
Revenue Bonds Payable	422,983
Capital Lease Payable	-
Total Long-Term Liabilities	<u>422,983</u>
Total Liabilities	<u>643,434</u>

(Continued)

The accompanying notes are an integral part of these financial statements.

Town of Livingston, Louisiana

Statement G

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

	<u>Enterprise Fund</u>
Net Assets	
Invested in Capital Assets, Net of Related Debt	\$ 3,035,250
Restricted for Debt Service	175,387
Unrestricted	<u>406,809</u>
Total Net Assets	<u>\$ 3,617,446</u>

(Concluded)

The accompanying notes are an integral part of these financial statements.

Town of Livingston, Louisiana

Statement H

**Statement of Revenues, Expenses, and Changes in Net Assets
Proprietary Funds
For the Year Ended December 31, 2003**

	<u>Enterprise Fund</u>
Operating Revenues	
Gas Sales	\$ 380,485
Less Cost of Gas Sold	-159,292
Gross Profit on Gas Sales	<u>221,193</u>
Water Sales	354,274
Sewer Service Charges	131,292
Service Connection Charges	23,013
Delinquent Charges	26,430
Other Operating Revenues	8,022
Total Operating Revenues	<u><u>764,224</u></u>
 Operating Expenses	
Bad Debt Expense	1,637
Contract Repairs	5,784
Depreciation	164,003
Employee Insurance	23,215
Employee Retirement	4,134
Equipment Expense	28,071
Insurance	11,643
Janitorial	2,293
Materials and Supplies	46,173
Office Expense	11,905
Other Operating Expenses	8,479
Payroll Taxes	10,290
Professional Services	25,489
Safe Drinking Water Fees	8,865
Salaries Maintenance	91,334
Salaries Office	45,622
Sewer Expense	40,879
Truck Expense	7,097
Uniform Rental	377
Utilities	34,048
Total Operating Expenses	<u><u>571,338</u></u>
 Operating Income (Loss)	 <u><u>192,886</u></u>

(Continued)

The accompanying notes are an integral part of these financial statements.

Town of Livingston, Louisiana

Statement H

**Statement of Revenues, Expenses, and Changes in Net Assets
Proprietary Funds
For the Year Ended December 31, 2003**

	<u>Enterprise Fund</u>
Nonoperating Revenues (Expenses)	
Interest Revenue	\$ 6,920
Interest Expense	-26,944
Total Nonoperating Revenues (Expenses)	<u>-20,024</u>
Income (Loss) Before Contributions and Transfers	<u>172,862</u>
Contributions and Transfers	
Operating Transfers In	-
Operating Transfers Out	-100,000
Capital Contributions	-
Total Contributions and Transfers	<u>-100,000</u>
Change in Net Assets	72,862
Net Assets, Beginning	3,544,584
Net Assets, Ending	<u>\$ 3,617,446</u>

(Concluded)

The accompanying notes are an integral part of these financial statements.

Town of Livingston, Louisiana
Statement of Cash Flows
Proprietary Funds
For the Year Ended December 31, 2003

Statement I

	<u>Enterprise Fund</u>
Cash Flows From Operating Activities	
Received From Customers	\$ 876,922
Received for Meter Deposit Fees	4,340
Other Receipts	8,022
Payments for Interfund Services	-39,784
Payments for Operations	-389,239
Payments to Employees	-176,938
Net Cash Provided (Used) by Operating Activities	<u>283,323</u>
Cash Flows From Noncapital Financing Activities	
Transfers to Other Funds	-100,000
Net Cash Provided (Used) by Noncapital Financing Activities	<u>-100,000</u>
Cash Flows From Capital and Related Financing Activities	
Capital Contributions Received	-
Paid for Capital Acquisitions	-107,026
Principal Repayments, Revenue Bonds Payable	-44,995
Principal Repayments, Capital Lease Payable	-19,909
Interest Payments - Revenue Bonds Payable	-24,593
Interest Payments - Capital Lease Payable	-1,320
Net Cash Provided (Used) by Capital and Related Financing Activities	<u>-197,843</u>
Cash Flows From Investing Activities	
Receipt of Interest	7,195
Purchase of Investments	-11,368
Net Cash Provided (Used) by Investing Activities	<u>-4,173</u>
Net Increase (Decrease) in Cash	-18,693
Cash, Beginning of Year	<u>190,400</u>
Cash, End of Year	<u>\$ 171,707</u>
Reconciliation of Cash and Cash Equivalents to the Statement of Net Assets	
Cash and Cash Equivalents, Unrestricted	\$ 135,799
Cash and Cash Equivalents, Restricted	35,908
Total Cash and Cash Equivalents	<u>\$ 171,707</u>

(Continued)

The accompanying notes are an integral part of these financial statements.

Town of Livingston, Louisiana
Statement of Cash Flows
Proprietary Funds
For the Year Ended December 31, 2003

Statement I

	<u>Enterprise Fund</u>
Reconciliation of Net Operating Income (Loss) to Net Cash Provided (Used) by Operating Activities	
Operating Income (Loss)	\$ 192,886
Adjustments to Reconcile Operating Income (Loss) to Net Cash Provided (Used) by Operating Activities:	
Depreciation	164,004
Change in Inventories	-9,967
Change in Accounts Receivable	-36,934
Change in Prepaid Expenses	-1,400
Change in Due From Other Funds	-5,334
Change in Accounts Payable	11,539
Change in Accrued Expenses	-1,360
Change in Due to Other Funds	-34,451
Change in Customer Deposits	4,340
Net Cash Provided (Used) by Operating Activities	<u>\$ 283,323</u>

(Concluded)

The accompanying notes are an integral part of these financial statements.

Basic Financial Statements
Notes to the Financial Statements

**Town of Livingston, Louisiana
Notes to the Financial Statements**

As of and for the Year Ended December 31, 2003

Introduction

The Town of Livingston, Louisiana was incorporated November 4, 1955, under the provisions of the Lawrason Act. The Town operates under a Mayor/Board of Aldermen form of government. The Mayor and each of five aldermen are elected at large for four-year terms. The Mayor and Aldermen are compensated per diem for each meeting attended; in addition, the Mayor receives a salary. The Town is located 28 miles east of Baton Rouge, Louisiana, north of Interstate Highway 12, with U.S. Highway 190 intersecting the northern part of the town. The Town's total population is 1,342, as reported by the U.S. Census Bureau, Census 2000. The town provides police and fire protection, services to maintain and develop streets, drainage, and sanitation, support of recreation activities, general and administrative services, and utilities services for area residents. The Town provides water, gas, and sewer utility services to 1,707 water customers, 469 gas customers, and 807 sewer customers inside and outside of the Town limits. The Town employs 15 full-time employees in addition to the Mayor and Board of Aldermen.

Governmental Accounting Standards Board (GASB) Statement No. 14, *The Reporting Entity*, established criteria for determining the governmental reporting entity and component units that should be included within the reporting entity. Under provisions of this statement, the Town is considered a primary government, since it is a special purpose government that has a separately elected governing body, is legally separate, and is fiscally independent of other state and local governments. As used in GASB Statement No. 14, fiscally independent means that the Town may, without the approval or consent of another governmental entity, determine or modify its own budget, levy its own taxes or set rates or charges, and issue bonded debt.

The Town has oversight of a component unit, Livingston Intergovernmental Commission, that is discretely presented in the notes to the financial statements. Copies of this component unit's separately-issued financial statements may be obtained from Livingston Intergovernmental Commission at 13960 Florida Boulevard, Post Office Box 609, Livingston, Louisiana 70754. The Commission's telephone number is (225) 686-2677.

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 activities) report information on all of the nonfiduciary activities of the primary government and its component units. For the most part, the effect of interfund activity has been removed from these statements. Governmental activities, which normally are supported by taxes and intergovernmental revenues, are reported separately from business-type activities, which rely to a significant extent on fees and charges for support. Likewise, the primary government is reported separately from certain legally separate component units for which the primary government is financially accountable.

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.

Town of Livingston, Louisiana
Notes to the Financial Statements

As of and for the Year Ended December 31, 2003

Separate financial statements are provided for governmental funds and proprietary funds. Major individual governmental funds and major individual enterprise funds are presented as separate columns in the fund financial statements.

B. Measurement Focus, Basis of Accounting, and Financial Statement Presentation

The government-wide financial statements are reported using the economic resources measurement focus and the accrual basis of accounting, as are the proprietary fund financial statements. Revenues are recorded when earned and expenses are recorded when a liability is incurred, regardless of the timing of related cash flows. Property taxes are recognized as revenues in the year for which they are levied. Grants and similar items are recognized as revenue as soon as all eligibility requirements imposed by the provider have been met.

Governmental fund financial statements are reported using the current financial resources measurement focus and the modified accrual basis of accounting. Revenues are recognized as soon as they are both measurable and available. Revenues are considered to be available when they are collectible within the current period or soon enough thereafter to pay liabilities of the current period. For this purpose, the government considers revenues to be available if they are collected within 60 days of the end of the current fiscal period. Expenditures generally are recorded when a liability is incurred, as under accrual accounting. However, debt service expenditures, as well as expenditures related to compensated absences and claims and judgments, are recorded only when payment is due.

Property taxes, franchise taxes, licenses, and interest associated with the current fiscal period are all considered to be susceptible to accrual and so have been recognized as revenues of the current fiscal period. Only the portion of special assessment receivable, if any, due within the current fiscal period is considered to be susceptible to accrual as revenue of the current period. All other revenue items are considered to be measurable and available only when cash is received by the government.

The Town reports the following major governmental funds:

The *General Fund* is the Town's primary operating fund. It accounts for all financial resources of the general government, except those required to be accounted for in other funds.

The Town reports the following major proprietary funds:

The *Enterprise Fund* accounts for operations (a) that are financed and operated in a manner similar to private business enterprise where the intent of the governing body is that costs (expenses, including depreciation) of providing goods or services to the general public on a continuing basis be financed or recovered primarily through user fees, or (b) where the governing body has decided that periodic determination of revenues earned, expenses incurred, and/or net income is appropriate for capital maintenance, public policy, management control, accountability, or other purposes.

Town of Livingston, Louisiana
Notes to the Financial Statements

As of and for the Year Ended December 31, 2003

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. Exceptions to this general rule, if applicable, are payments-in-lieu of taxes and other charges between the governments enterprise operations. Elimination of these charges would distort the direct costs and program revenues reported for the various functions concerned.

Amounts reported as program revenues include 1) charges to customers or applicants for goods, services, or privileges provided, 2) operating grants and contributions, and 3) capital grants and contributions, including special assessments. Internally dedicated resources are reported as general revenues rather than as program revenues. Likewise, general revenues include all taxes.

Proprietary funds distinguish operating revenues and expenses from nonoperating items. Operating revenues and expenses generally result from providing services and producing and delivering goods in connection with a proprietary fund's principal ongoing operations. The principal operating revenues of the proprietary funds are user charges for the services provided by the enterprise funds. Operating expenses for enterprise funds and internal service funds include the cost of sales and services, administrative expenses, and depreciation on capital assets. All revenues and expenses not meeting this definition are reported as nonoperating revenues and expenses.

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

C. Deposits and Investments

The Town'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 Town's investment policy allow the Town 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 Town, as well as for its component units, are reported at fair market value. The state investment pool, LAMP, operates in accordance with state laws and regulations. The reported value of the pool is the same as the fair value of the pool shares.

**Town of Livingston, Louisiana
Notes to the Financial Statements**

As of and for the Year Ended December 31, 2003

D. Receivables and Payables

Activity between funds that are representative of lending/borrowing arrangements outstanding at the end of the fiscal year are referred to as either "due to/from other funds" (i.e., the current portion of interfund loans) or "advances to/from other funds" (i.e., the non-current portion of interfund loans). All other outstanding balances between funds are reported as "due to/from other funds." Any residual balances outstanding between the governmental activities and business-type activities are reported in the government-wide financial statements as "internal balances."

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

All trade and property tax receivables are shown net of an allowance for uncollectible amounts.

Property taxes are levied on a calendar year basis and become due on January 1 of each year. The following is a summary of authorized and levied ad valorem taxes:

	<u>Authorized Millage</u>	<u>Levied Millage</u>	<u>Expiration Date</u>
General Corporate Purposes	5.19	5.19	None

Sales Taxes are levied at one percent. The proceeds of this sales and use tax are dedicated to general corporate purposes.

E. Inventories and Prepaid Items

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

F. Restricted Assets

Certain proceeds of the Enterprise Fund revenue bonds, as well as certain resources set aside for their repayment, are classified as restricted assets because their use is limited by applicable debt covenants.

G. Capital Assets

Capital assets, which include property, plant, equipment, and infrastructure assets (e.g. roads, bridges, sidewalks, and similar items) are reported in the applicable governmental or business-type activities columns in the government-wide financial statements. Capital assets are capitalized at historical cost or estimated cost if historical cost is not available. Donated assets are recorded as capital assets at their estimated fair market value at the date of donation. The Town maintains a threshold level of \$1,000 or more for capitalizing capital assets.

Town of Livingston, Louisiana
Notes to the Financial Statements

As of and for the Year Ended December 31, 2003

The Town elected early implementation of GASB 34 in the fiscal year ending December 31, 2001. However, as a Phase III government (a government with annual revenues of less than \$10 million), the Town elected not to retroactively report infrastructure assets prior to implementation. Historically, a government's largest group of assets, infrastructure assets (roads, bridges, street lighting, etc.) have not been reported nor depreciated in governmental financial statements. Beginning with the fiscal year ended December 31, 2001, these assets are now valued and reported within the governmental activities column of the government-wide financial statements.

The cost of normal maintenance and repairs that do not add to the value of the assets or materially extend their lives are not capitalized.

Major outlays for capital assets and improvements are capitalized as projects are constructed. Interest incurred during the construction phase of capital assets of business-type activities is included as part of the capitalized value of the assets constructed.

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

Buildings	20 - 40 Years
Improvements	20 - 40 Years
Vehicles and Equipment	5 - 15 Years
Infrastructure	20 - 40 Years
Water Utility System	20 - 40 Years
Gas Utility System	20 - 40 Years
Sewer Utility System	20 - 40 Years

H. Compensated Absences

The Town has the following policy relating to vacation and sick leave:

All employees during their first and second year of service will receive one week paid vacation each year. One week of vacation can be taken after the first six months of the first year. Employees with two or more years service will receive two weeks paid vacation each year. Employees with 10 years or more will receive three weeks. Employees with 20 years or more will receive four weeks. Preference will be posted by January 15 of each year. Vacations will be approved by the department head and the Mayor. Vacation will be calculated on a calendar year. An employee hired after the first six months of a year will receive one week during the following calendar year. Vacation time accrued must be taken by the end of the fiscal year.

After six months employment, an employee may receive eight hours sick leave each month. After two years employment, the sick leave will increase to ten hours each month. All employees who have been employed by the Town five years or longer will receive twelve hours sick leave each month. An employee may accumulate a maximum of one thousand four hundred forty hours sick leave. No pay shall be granted for sick days if employee resigns or is terminated. No sick days shall be taken in lieu of vacations.

In accordance with GASB-16, *Accounting for Compensated Absences*, no liability has been accrued for unused employee sick leave.

Town of Livingston, Louisiana
Notes to the Financial Statements

As of and for the Year Ended December 31, 2003

I. Long-Term Obligations

In the government-wide financial statements and the proprietary fund types in the fund financial statements, long-term debt and other long-term obligations are reported as liabilities in the applicable governmental activities, business-type activities, or proprietary fund type statement of net 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.

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. Comparative Data/Reclassifications

Certain amounts presented in the prior year data have been reclassified in order to be consistent with the current year's presentation.

L. Extraordinary and Special Items

Extraordinary items are transactions or events that are both unusual in nature and infrequent in occurrence. Special items are transactions or events within the control of the municipality, which are either unusual in nature or infrequent in occurrence.

M. Estimates

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

N. Reconciliations of Government-Wide and Fund Financial Statements

Explanation of certain differences between the governmental fund balance sheet and the government-wide statement of net assets is presented in Statement D of the basic financial statements. Explanation of certain differences between the governmental fund statement of revenues, expenses, and changes in fund balances and the government-wide statement of activities is presented in Statement F of the basic financial statements.

Town of Livingston, Louisiana
Notes to the Financial Statements

As of and for the Year Ended December 31, 2003

2. Stewardship, Compliance and Accountability

The Town uses the following budget practices:

1. The Town Clerk prepares a proposed budget and submits same to the Mayor and Board of Aldermen no later than fifteen days prior to the beginning of each fiscal year.
2. A summary of the proposed budget is published and the public notified that the proposed budget is available for public inspection. At the same time, a public hearing is called.
3. A public hearing is held on the proposed budget at least ten days after publication of the call for the hearing.
4. After the holding of the public hearing and completion of all action necessary to finalize and implement the budget, the budget is adopted through passage of an ordinance prior to the commencement of the fiscal year for which the budget is being adopted.
5. Budgetary amendments involving the transfer of funds from one department, program or function to another or involving the increase in expenditures resulting from revenues exceeding amounts estimated, require the approval of the Board of Aldermen.
6. All budgetary appropriations lapse at the end of each fiscal year.
7. Budgets for the general and enterprise funds are adopted on a basis consistent with generally accepted accounting principles (GAAP). Budgets for enterprise funds are presented on the accrual basis of accounting. Other governmental funds are presented on the modified accrual basis of accounting. Accordingly, the budgetary comparison schedules present actual expenditures in accordance with the accounting principles generally accepted in the United States on a basis consistent with the legally adopted budgets as amended. All budgetary amounts presented reflect the original budget and the amended budget (which have been adjusted for legally authorized revisions of the annual budget during the year).

3. Cash and Cash Equivalents

At December 31, 2003, the Town has cash and cash equivalents (book balances) totaling \$226,906 as follows:

Cash on Hand	\$	100
Demand Deposits		5
Interest-Bearing Demand Deposits		226,801
	\$	<u>226,906</u>

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

**Town of Livingston, Louisiana
Notes to the Financial Statements**

As of and for the Year Ended December 31, 2003

At December 31, 2003, the Town has \$822,415 in deposits (collected bank balances), including \$245,280 in demand deposits (cash & cash equivalents) and \$577,135 in time deposits (investments). These deposits are secured from risk by \$200,005 of federal deposit insurance and \$622,410 of pledged securities held by the custodial bank in the name of the fiscal agent bank (GASB Category 3).

Even though the pledged securities are considered uncollateralized (Category 3) under the provisions of GASB Statement 3, Louisiana Revised Statute 39:1229 imposes a statutory requirement on the custodial bank to advertise and sell the pledged securities within 10 days of being notified by the Town 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 town or its agent in the Town's name, 2) uninsured and unregistered, with securities held by the counterparty's trust department or agent in the Town's name, or 3) uninsured and unregistered, with securities held by the counterparty, or by its trust department or agent but not in the Town's name.

All investments held by the Town fall into Category I credit risk, defined as "insured or registered, or securities held by the Town of Livingston or its agent in the Town of Livingston's name." In accordance with GASB 31, *Accounting and Financial Reporting for Certain Investments and for External Investment Pools*, all investments are carried at fair market value, with the estimated fair market value based on quoted market prices.

At fiscal year-end, the Town's investment balances were as follows:

	Carrying Amount	Fair Value
Time Deposits	\$ 577,135	\$ 577,135
Louisiana Asset Management Pool	24,748	24,748
	\$ 601,883	\$ 601,883

In accordance with GASB Codification Section 150.165, the investment in LAMP at December 31, 2003, is not categorized in the three risk categories provided by GASB Codification Section 150.164 because the investment is in the pool of funds and therefore not evidenced by securities that exist in physical or book entry form. LAMP is administered by LAMP, Inc., a nonprofit corporation organized under the laws of the State of Louisiana, which was formed by an initiative of the State Treasurer in 1993. The corporation is governed by a board of directors comprising the State Treasurer, representatives from various organizations of local government, the Government Finance Office Association of Louisiana, and the Society of Louisiana CPAs. Only local governments having contracted to participate in LAMP have an investment interest in its pool of assets. The primary objective of LAMP is to provide a safe environment for the placement of public funds in short-term, high-quality investments. The LAMP portfolio includes only securities and other obligations in which local governments in Louisiana are authorized to invest. Accordingly, LAMP investments are restricted to securities issued, guaranteed, or backed by the U.S. Treasury, the U.S. Government, or one of its agencies, enterprises, or instrumentalities, as well as repurchase agreements collateralized by those securities. The dollar weighted average portfolio maturity of LAMP assets is restricted to not more than 90 days, and consists of no securities with a maturity in excess of 397 days. LAMP is designed to be highly liquid to give its participants immediate access to their account balances.

Town of Livingston, Louisiana
Notes to the Financial Statements

As of and for the Year Ended December 31, 2003

5. Receivables

In the government-wide statements, receivables consist of all revenues earned at year-end and not yet received. Allowances for uncollectible accounts are based upon historical trends and the period aging and write-off of accounts receivable. Major receivables balances for the governmental activities include sales taxes, franchise taxes, occupational licenses, fines, and grants. Business-type activities report utilities earnings as their major receivable.

In the fund financial statements, material receivables in governmental funds include revenue accruals such as sales tax, franchise taxes, occupational licenses, fines, and grants and other similar intergovernmental revenues since they are usually both measurable and available. Non-exchange transactions collectible but not available are deferred in the fund financial statements in accordance with modified accrual, but not deferred in the government-wide financial statements in accordance with the accrual basis. Interest and investment earnings are recorded only if paid within 60 days since they would be considered both measurable and available. Proprietary fund revenues consist of all revenues earned at year-end and not yet received. Utility accounts receivable comprise the majority of proprietary fund receivables. Allowances for uncollectible accounts receivable are based upon historical trends and the periodic aging and write-off of accounts receivable.

The General Fund receivables at December 31, 2003 consist of the following:

Taxes:		
Ad Valorem	\$	7,081
Public Utility Franchise		18,419
Sales and Use		36,982
Intergovernmental:		
State of Louisiana, Beer Tax Distribution		486
United States Department of Justice		13,963
Livingston Parish Fire District #12		10,942
State of Louisiana, Highway Maintenance		2,095
Royalties		425
	\$	<u>90,393</u>

The Enterprise Fund accounts receivable at December 31, 2003 consist of the following:

Current	\$	122,066
31 - 60 Days		22,201
61 - 90 Days		4,306
Over 90 Days		<u>10,966</u>
Subtotal		159,539
Less Allowance for Bad Debt		<u>2,500</u>
Accounts Receivables, Net		157,039
Accrued Billings		<u>17,676</u>
	\$	<u>174,715</u>

**Town of Livingston, Louisiana
Notes to the Financial Statements**

As of and for the Year Ended December 31, 2003

6. Interfund Receivables/Payables

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

	Due From Other Funds	Due To Other Funds
General Fund	\$ 10,645	\$ 5,334
Enterprise Fund	5,334	10,645
	\$ 15,979	\$ 15,979

The reason for the interfund receivables/payables balances is Enterprise Fund payroll expenses and lease payments are paid through the General Fund, the Enterprise Fund collects sanitation fees for the General Fund, and the General Fund collects credit card utility payments for the Enterprise Fund. The interfund balances are repaid monthly.

7. Capital Assets

The Town elected early implementation of GASB 34 in the fiscal year ending December 31, 2001. However, as a Phase III government (a government with annual revenues of less than \$10 million), the Town elected not to retroactively report infrastructure assets prior to implementation. Historically, a government's largest group of assets, infrastructure assets (roads, bridges, street lighting, etc.) have not been reported nor depreciated in governmental financial statements. Beginning with the fiscal year ended December 31, 2001, these assets are now valued and reported within the governmental activities column of the government-wide financial statements.

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

	Beginning Balance	Increases	Decreases	Ending Balance
Capital Assets Not Being Depreciated:				
Land	\$ 113,580	\$ -	\$ -	\$ 113,580
Total Capital Assets Not Being Depreciated	113,580	-	-	113,580
Capital Assets Being Depreciated:				
Buildings	492,634	-	-	492,634
Improvements	617,667	39,942	-	657,609
Vehicles and Equipment	704,704	17,966	18,512	704,158
Infrastructure	220,298	-	-	220,298
Total Capital Assets Being Depreciated	2,035,303	57,908	18,512	2,074,699
Less Accumulated Depreciation for:				
Buildings	218,087	12,310	-	230,397
Improvements	151,158	23,091	-	174,249
Vehicles and Equipment	380,967	46,953	15,944	411,976
Infrastructure	9,657	9,886	-	19,543
Total Accumulated Depreciation	759,869	92,240	15,944	836,165
Capital Assets Being Depreciated, Net	1,275,434	-34,332	2,568	1,238,534
Governmental Activities Capital Assets, Net	\$ 1,389,014	\$ -34,332	\$ 2,568	\$ 1,352,114

Town of Livingston, Louisiana
Notes to the Financial Statements

As of and for the Year Ended December 31, 2003

Depreciation was charged to governmental functions as follows:

General Administration	\$	10,164
Police Protection		19,885
Fire Protection		20,830
Public Works		18,270
Parks and Recreation		23,091
	\$	<u>92,240</u>

Capital assets and depreciation activity as of and for the year ended December 31, 2003 for business-type activities is as follows:

	<u>Beginning Balance</u>	<u>Increases</u>	<u>Decreases</u>	<u>Ending Balance</u>
Capital Assets Being Depreciated:				
Buildings	\$ 13,349	\$ -	\$ -	\$ 13,349
Vehicles and Equipment	126,932	4,696	-	131,628
Water Utility System	2,485,499	69,854	-	2,555,353
Gas Utility System	423,021	8,433	-	431,454
Sewer Utility System	<u>3,026,666</u>	<u>24,043</u>	-	<u>3,050,709</u>
Total Capital Assets Being Depreciated	<u>6,075,467</u>	<u>107,026</u>	-	<u>6,182,493</u>
Less Accumulated Depreciation for:				
Buildings	6,247	613	-	6,860
Vehicles and Equipment	69,828	14,668	-	84,496
Water Utility System	901,710	55,946	-	957,656
Gas Utility System	157,421	10,716	-	168,137
Sewer Utility System	<u>1,368,114</u>	<u>82,060</u>	-	<u>1,450,174</u>
Total Accumulated Depreciation	<u>2,503,320</u>	<u>164,003</u>	-	<u>2,667,323</u>
Capital Assets Being Depreciated, Net	<u>3,572,147</u>	<u>-56,977</u>	-	<u>3,515,170</u>
Business-Type Activities Capital Assets, Net	<u>\$ 3,572,147</u>	<u>\$ -56,977</u>	<u>\$ -</u>	<u>\$ 3,515,170</u>

8. Accounts, Salaries, and Other Payables

The payables of \$97,030 at December 31, 2003 are as follows:

	<u>General Fund</u>	<u>Proprietary Fund</u>	<u>Total</u>
Accounts	\$ 11,386	\$ 59,476	\$ 70,862
Salaries	10,779	4,352	15,131
Withholdings	9,652	-	9,652
Bond Interest	-	1,031	1,031
Sales Tax	-	354	354
	<u>\$ 31,817</u>	<u>\$ 65,213</u>	<u>\$ 97,030</u>

**Town of Livingston, Louisiana
Notes to the Financial Statements**

As of and for the Year Ended December 31, 2003

9. Short-Term Debt

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

10. Leases

The Town records items under capital leases as an asset and an obligation in the accompanying financial statements. The following is an analysis of capital leases outstanding at December 31, 2003:

	<u>Equipment</u>
General Fund	\$ 7,353
Proprietary Fund	<u>9,785</u>
	<u>\$ 17,138</u>

The following is a schedule of future minimum lease payments under capital leases, together with the present value of the net minimum lease payments, as of December 31, 2003:

	<u>General Fund</u>	<u>Proprietary Fund</u>	<u>Total</u>
2004	\$ 9,494	\$ 11,571	\$ 21,065
Total Minimum Lease Payments	9,494	11,571	21,065
Less: Amounts Representing Interest	-2,141	-1,786	-3,927
Present Value of Net Minimum Lease Payments	<u>\$ 7,353</u>	<u>\$ 9,785</u>	<u>\$ 17,138</u>

As of December 31, 2003, the Town has operating leases as follows:

Equipment: Xerox photocopier
 Periodic Charge: \$225.87 per month
 Lease Term: 60 months

The minimum annual commitments under noncancellable operating leases are as follows:

	<u>Equipment</u>
2004	\$ 2,710
2005	2,710
2006	2,710
2007	2,710
2008	<u>678</u>
	<u>\$ 11,518</u>

**Town of Livingston, Louisiana
Notes to the Financial Statements**

As of and for the Year Ended December 31, 2003

11. Long-Term Obligations

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

	<u>Governmental Activities</u>		<u>Business-Type Activities</u>	
	<u>Capital Leases</u>	<u>Revenue Bonds</u>	<u>Capital Leases</u>	<u>Revenue Bonds</u>
Beginning Balance	\$ 33,169	\$ -	\$ 33,201	\$ 515,130
Increases	-	-	-	-
Decreases	25,816	-	23,416	44,995
Ending Balance	<u>\$ 7,353</u>	<u>\$ -</u>	<u>\$ 9,785</u>	<u>\$ 470,135</u>

The following is a summary of the current (due in one year or less) and the long-term (due in more than one year) portions of the long-term obligations:

	<u>Governmental Activities</u>		<u>Business-Type Activities</u>	
	<u>Capital Leases</u>	<u>Revenue Bonds</u>	<u>Capital Leases</u>	<u>Revenue Bonds</u>
Current Portion	\$ 7,353	\$ -	\$ 9,785	\$ 47,152
Long-Term Portion	-	-	-	422,983
	<u>\$ 7,353</u>	<u>\$ -</u>	<u>\$ 9,785</u>	<u>\$ 470,135</u>

As of December 31, 2003, outstanding revenue bond issues are as follows:

	<u>Principal Outstanding</u>
\$56,000 General Obligation Ad Valorem Tax Bonds, dated 2/20/75, due in monthly installments of \$275 through 2015, interest at 5% (these issues are secured by a dedication of a permanent Ad Valorem Tax of the Town).	\$ 22,752
\$28,000 General Obligation Ad Valorem Tax Bonds, of Sewer District No. 1 of the Town, dated 2/20/75, due in monthly installments of \$138 through 2015, interest at 5% (these issues are secured by a dedication of a permanent Ad Valorem Tax of the District).	11,748
\$843,000 Utility Revenue Bonds 2, dated 2/20/75, due in monthly installments of \$4,128 through 2015, interest at 5% (this issue is secured by the income and revenues derived from the operation of the Town's Utility System).	360,691
\$257,000 Utility Revenue Bonds 2, dated 2/20/75, due in monthly installments of \$1,258 through 2015, interest at 5% (this issue is secured by the income and revenues derived from the operation of the Town's Utility System).	74,944
	<u>\$ 470,135</u>

**Town of Livingston, Louisiana
Notes to the Financial Statements**

As of and for the Year Ended December 31, 2003

The annual requirements to amortize all debt outstanding at December 31, 2003, including interest payments of \$105,848, are as follows:

	Capital Leases	Revenue Bonds	Total
2004	\$ 21,065	\$ 69,588	\$ 90,653
2005	-	69,588	69,588
2006	-	69,588	69,588
2007	-	69,588	69,588
2008	-	69,588	69,588
2009 - 2012	-	224,116	224,116
	<u>\$ 21,065</u>	<u>\$ 572,056</u>	<u>\$ 593,121</u>

12. 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	\$ 100,000	\$ -
Enterprise Fund	-	100,000
	<u>\$ 100,000</u>	<u>\$ 100,000</u>

The reason for the interfund transfers is to reduce General Fund expenditures in excess of revenues.

13. Flow of Funds and Restrictions on Use - Utilities Revenues

The voters of the Town approved the issuance of \$1,100,000 Utility Revenue Bonds, \$56,000 General Obligation Ad Valorem Tax Bonds of the Town, and \$28,000 General Obligation Ad Valorem Tax Bonds of Sewer District No. 1 of the Town in an election held August 24, 1974. The governing authority of the Town adopted a resolution on January 13, 1975, authorizing issuance of the above utility bonds. On February 20, 1975, the Town sold \$1,184,000 of the authorized bonds to United States Department of Agriculture, Rural Utility Service (RUS). The bonds were issued for forty (40) years payable with interest at the rate of 5% per annum. The bonds and any installments may be paid prior to the due date and maturity thereof at a price of par and accrued interest to the date of prepayment. The proceeds of the bonds are restricted to use for redeeming \$198,640 of 1958 Water and Gas Revenue Bonds of the Town and construction and improvements to the combined utility system and are subject to the provisions of the above resolution adopted January 13, 1975.

Under the terms of the bond proceeds to the Town, the revenue bonds are payable as to principal and interest solely from the income and revenue derived from the operation of the combined utility system of the Town after provision has been made for payment of the reasonable and necessary expenses of administering, operating, and maintaining the system. The Ad Valorem Tax Bonds of the Town are secured by a dedication of a permanent Ad Valorem tax of the Town. These bonds do not constitute an indebtedness or pledge of the general credit of the Town within the meaning of any constitutional or statutory limitation of indebtedness.

**Town of Livingston, Louisiana
Notes to the Financial Statements**

As of and for the Year Ended December 31, 2003

The Town is to maintain its present gas rates and increase these rates when the wholesale price of natural gas increases by adding a fuel adjustment cost equal to the difference per 1,000 cubic feet. The Town has minimum water rates it must charge under this agreement.

Each month the Town will reserve into a Bond and Interest Sinking (Redemption) Fund a sum equal to one-twelfth (1/12) of the interest and principal due on the next bond payment due date, and a proportionate sum as may be required as the bonds respectfully become due. Money in the sinking funds shall be deposited as trust funds and shall be fully sufficient to assure the prompt payment of principal and interest installments as they become due, and may be used only for such payments. Alternately, RUS has set up a payment schedule whereby the Town can make such payments directly to its office, thus eliminating the need for the Bond and Interest Sinking Fund. There shall also be set aside into a Utility System Bond Reserve Fund a sum equal to 5% of the monthly bond payment, or \$290, after the construction becomes revenue-producing until there is accumulated therein an amount equal to the highest annual debt service payment in any future year. Such amounts may be used only for the payment of maturing bonds and interest coupons for which sufficient funds are not on deposit in the Bond and Interest Sinking Fund as to which there would otherwise be default. The balance in the fund at December 31, 2003 is \$69,588.

Funds will also be reserved into a Depreciation and Contingency Fund after completion of the project at the rate of \$275 per month. Money in this fund will be used for the making of extraordinary repairs or replacements to the system which are necessary to keep the system in operating condition, enhance its revenue producing capacity, or provide for a higher degree of service for which money is not available as a maintenance and operation expense. Money in this fund may also be used to pay principal and interest on the bonds falling due at any time there is not sufficient money for payments in the other bond funds. The balance in the fund at December 31, 2003 is \$90,750.

All the revenues received in any fiscal year and not required to be paid into any of the above noted funds shall be regarded as surplus and may be used for any lawful corporate purpose.

As of December 31, 2003, the Town has not assessed any Ad Valorem Taxes to be used for payment of the Ad Valorem tax bond issues. The Town has elected to make the payments out of current utility revenues.

14. Retirement Systems

Substantially all employees of the Town are members of the following statewide retirement systems: Municipal Employees Retirement System of Louisiana or Municipal Police Employees Retirement System of Louisiana. These systems are a cost-sharing, multiple-employer public employee retirement system (PERS), controlled and administered by a separate board of trustees. Pertinent information relative to each plan follows:

A. Municipal Employee Retirement System of Louisiana (System)

Plan Description. The System is composed of two distinct plans, Plan A and Plan B, with separate assets and benefit provisions. All employees of the municipality are members of Plan B.

**Town of Livingston, Louisiana
Notes to the Financial Statements**

As of and for the Year Ended December 31, 2003

All permanent employees working at least 35 hours per week who are not covered by another pension plan and are paid wholly or in part from municipal funds and all elected officials are eligible to participate in the System. Under Plan B, employees who retire at or after age 60 with at least 10 years of creditable service or at or after age 55 with at least 30 years of creditable service are entitled to a retirement benefit, payable monthly for life, equal to 3 per cent of their final-average salary for each year of creditable service. Furthermore, with at least 10 years of creditable service, but less than 30 years, an employee may take early retirement benefits commencing at age 60, with the basic benefit reduced 3 per cent for each year retirement precedes age 60, unless he has at least 30 years of creditable service. In any case, monthly retirement benefits paid under Plan B cannot exceed 100 percent of final-average salary. Final-average salary is the employee's average salary over the 36 consecutive or joined months that produce the highest average. Employees who terminate with at least the amount of creditable service stated above and do not withdraw their employee contributions may retire at the ages specified above and receive the benefit accrued to their date of termination. The System also provides death and disability benefits. Benefits are established by state statute.

The System issues an annual publicly available financial report that includes financial statements and required supplemental information for the System. That report may be obtained by writing to the Municipal Employees Retirement System of Louisiana, 7937 Office Park Boulevard, Baton Rouge, Louisiana 70809, or calling (225) 925-4810.

Funding Policy. Under Plan B, members are required by state statute to contribute 5.0 percent of their annual covered salary and the Town is required to contribute at an actuarially determined rate. The current rate is 7.75 percent of annual covered payroll. Contributions to the System also include one-fourth of one percent (except Orleans and East Baton Rouge Parishes) of the taxes shown to be collectible by the tax rolls of each parish. These tax dollars are divided between Plan A and Plan B based proportionately on the salaries of the active members of each plan. The contribution requirements of plan members and the Town are established and may be amended by state statute. As provided by Louisiana Revised Statute 11:103, the employer contributions are determined by actuarial valuation and are subject to change each year based on the results of the valuation for the prior fiscal year. The Town's contributions to the System under Plan B for the years ending December 31, 2003, and 2002, and 2001 were \$4,528, \$0, and \$0, respectively, equal to the required contributions for each year.

B. Municipal Police Employees Retirement System of Louisiana (System)

Plan Description: All full-time police department employees engaged in law enforcement are required to participate in the System. Employees who retire at or after age 50 with at least 20 years of creditable service or at or after age 55 with at least 12 years of creditable service are entitled to a retirement benefit, payable monthly for life, equal to 3 1/3 percent of their final-average salary for each year of creditable service. Final-average salary is the employee's average salary over the 36 consecutive or joined months that produce the highest average. Employees who terminate with at least the amount of creditable service stated above, and do not withdraw their employee contributions, may retire at the ages specified previously and receive the benefit accrued to their date of termination. The System also provides death and disability benefits. Benefits are established or amended by state statute.

The System issues an annual publicly available financial report that includes financial statements and required supplementary information for the System. That report may be obtained by writing to the Municipal Police Employees Retirement System of Louisiana, 8401 United Plaza Boulevard, Baton Rouge, Louisiana 70809, or by calling (225) 929-7411.

Town of Livingston, Louisiana
Notes to the Financial Statements

As of and for the Year Ended December 31, 2003

Funding Policy: Plan members are required by state statute to contribute 7.5 percent of their annual covered salary and the Town of Livingston is required to contribute at an actuarially determined rate. The current rate is 15.25 percent of annual covered payroll. The contribution requirements of plan members and the Town are established and may be amended by state statute. As provided by Louisiana Revised Statute 11:103, the employer contributions are determined by actuarial valuation and are subject to change each year based on the results of the valuation for the prior fiscal year. The Town's contributions to the Police Retirement System for the years ending December 31, 2003, 2002, and 2001, were \$10,213, \$10,465, and \$8,387 respectively, equal to the required contributions for each year.

15. Reserved and Designated Fund Balances/Net Assets

At December 31, 2003, the general fund had no reserved or designated fund balances.

At December 31, 2003, the proprietary fund had restricted net assets of \$175,387, representing the Town's funds restricted by revenue bond debt covenants and contracts with customers for meter deposits, net of the related liability.

16. Risk Management

The Town is exposed to various risks of loss related to theft, damage, or destruction of assets, torts, injuries, natural disasters, and many other unforeseeable events. The Town purchases commercial insurance policies and bonds for any and all claims related to the aforementioned risks. The Town's payment of the insurance policy deductible is the only liability associated with these policies and bonds. There has been no significant decrease in insurance coverage from the prior year, and the amount of settlements has not exceeded the insurance coverage for the past three fiscal years.

17. Contingent Liabilities

At December 31, 2003, the Town was involved in one lawsuit, the likelihood of the outcome of which is not possible to determine or estimate, and sufficient insurance coverage for any claim is available; therefore, the Town has recorded no liability in relation to this litigation.

18. On-Behalf Payments for Fringe Benefits and Salaries

During the year ended December 31, 2003, the Town received the following on-behalf payments, which were recorded as revenues when received and expenditures when the cost was incurred:

State Supplemental Pay, Policemen	\$ 18,000
State Supplemental Pay, Firemen	3,600
	<u>\$ 21,600</u>

**Town of Livingston, Louisiana
Notes to the Financial Statements**

As of and for the Year Ended December 31, 2003

19. Fire Insurance Rebate

The Town maintains an active certified volunteer fire department as defined by Louisiana R. S. 22:1580 and is eligible for and receives a pro rata share of the fire insurance tax collected by the State. The amounts received by the fire department are based on the population in the Town and unincorporated areas that it serves. In accordance with the Revised Statutes, such money shall be used only for the purpose of rendering more efficient and efficacious the active volunteer fire department as the Town shall direct.

20. Oil, Gas, and Mineral Lease

On January 4, 1983, the Town leased all of its lands, streets, alleys, public ways and places containing 141.60 acres, more or less to Callon Petroleum Company (high bidder) of Natchez, Mississippi, for the purpose of exploring by any method, including but not limited to, geophysical and geological exploration for formations of structures and prospecting and drilling for, mining, and producing sulphur, potash, oil, gas and any other liquid or gaseous hydrocarbon minerals.

The rights herein granted are limited as to depth and said rights extend only from the surface of the earth to 100 feet below the base of the Wilcox formation, or its stratigraphic equivalent. All rights for minerals lying below said depth to the center of the earth are expressly reserved to the lessor.

The Town's 25% royalty rights under the above lease are currently assigned to TMR Exploration, Inc. During the fiscal year ending December 31, 2003, the Town of Livingston recorded \$4,833 in royalty income. The royalties received under the oil, gas, and mineral leases are reported in the Town's general fund.

21. Industrial Building Lease

On September 1, 2000, the Town's industrial building was leased. The term of the lease is 3 years, with a required lease payment of \$1,500 per month. The lease expired on September 1, 2003, and the lessee vacated the property. All required payments were made for the year 2003. At December 31, 2003, the property remains vacant.

22. Component Unit Information

The Town has determined that Livingston Intergovernmental Commission is a major component unit. There were no significant transactions between the Town and the Commission for the year ended December 31, 2003. In accordance with Governmental Accounting Standards Board Statement No. 34, *Basic Financial Statements - Management's Discussion and Analysis - For State and Local Governments*, the Commission's condensed financial statements are presented below. Copies of this component unit's separately-issued financial statements may be obtained from Livingston Intergovernmental Commission at 13960 Florida Boulevard, Post Office Box 609, Livingston, Louisiana 70754. The Commission's telephone number is (225) 686-2677.

**Town of Livingston, Louisiana
Notes to the Financial Statements**

As of and for the Year Ended December 31, 2003

**Livingston Intergovernmental Commission
Condensed Statement of 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%

**Livingston Intergovernmental Commission
Condensed Statement of Activities
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>	-75%
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>	-2%
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>	-6%

23. Subsequent Events

At the Town's regular meeting on February 12, 2004, the Board authorized the Mayor to execute a municipal lease of up to \$200,000 to purchase new police cars, a tractor, a dump truck, a boring machine, and a golf cart.

Required Supplemental Information (Part II)
Schedule of Revenues, Expenditures, and Changes in Fund Balance
Budget and Actual
General Fund

Town of Livingston, Louisiana

Schedule 1

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

Revenues	Budgeted Amounts		Actual Amounts: GAAP Basis	Variance With Final Budget: Favorable (Unfavorable)
	Original	Final		
Taxes:				
Sales and Use Taxes	\$ 200,000	\$ 200,000	\$ 200,924	\$ 924
Ad Valorem Taxes	25,000	31,000	27,336	-3,664
Public Utility Franchise Taxes	80,000	83,000	83,460	460
Licenses and Permits:				
Business Licenses	85,000	87,000	86,173	-827
Beer Permits	200	100	85	-15
Building Permits	1,500	2,100	2,339	239
Intergovernmental:				
Livingston Parish Fire Protection Dist. 12	10,000	10,000	10,942	942
Louisiana Alcoholic Beverage Tax	2,500	2,000	2,159	159
Louisiana Fire Insurance Rebate	3,300	3,600	3,572	-28
Louisiana Highway Maintenance	4,200	4,200	6,286	2,086
State Supplemental Pay	-	-	21,600	21,600
Sanitation Fees	45,000	45,000	43,042	-1,958
Fines	72,000	65,000	76,997	11,997
Interest Income	6,000	4,600	4,209	-391
Oil, Gas, & Mineral Royalties	3,600	4,000	4,833	833
Rental Income	18,000	13,500	13,500	-
Court Fees	500	500	550	50
Fire Department	2,500	-	-	-
Parks and Recreation	171,000	273,000	271,875	-1,125
Miscellaneous Income	3,000	7,000	3,175	-3,825
Louisiana Law Enforcement Grant	1,500	2,500	2,473	-27
COPS Universal Hiring Grant	17,000	20,000	24,670	4,670
Recreational Trails Grant	24,000	-	-	-
DOTD ISTEIA Grant	140,000	-	-	-
Total Revenues	915,800	858,100	890,200	32,100

(Continued)

Town of Livingston, Louisiana

Schedule 1

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

Expenditures	Budgeted Amounts		Actual Amounts: GAAP Basis	Variance With Final Budget: Favorable (Unfavorable)
	Original	Final		
General and Administrative:				
Salaries, Mayor and Aldermen	\$ 46,000	\$ 45,000	\$ 46,425	\$ -1,425
Salaries, Town Clerk	33,000	33,000	31,811	1,189
Salaries, Court Clerk	900	900	900	-
Office Expenses	3,500	4,700	4,844	-144
Office Telephone	3,200	4,500	4,465	35
Advertising and Printing	2,000	1,500	1,565	-65
Professional Services	27,000	19,000	20,338	-1,338
Dues, Subscriptions, and Meetings	6,000	7,000	7,182	-182
Insurance (All Departments)	59,300	60,000	59,152	848
Employee Insurance (All Departments)	45,000	47,000	49,630	-2,630
Employee Retirement (All Departments)	2,800	4,850	4,639	211
Payroll Taxes (All Departments)	29,300	25,700	27,463	-1,763
Beautification	1,000	-	-	-
Building and Grounds Maintenance	1,000	100	95	5
Industrial Building Repairs	500	-	-	-
Capital Lease Principal Payments	2,000	300	306	-6
Capital Lease Interest Payments	500	200	102	98
Operating Lease Expense	-	1,400	2,583	-1,183
Miscellaneous	10,000	10,500	10,694	-194
Capital Outlay	-	-	7,610	-7,610
Total General and Administrative	273,000	265,650	279,804	-14,154
Public Safety:				
Police Department:				
Salaries	121,000	133,000	155,093	-22,093
Supplies	4,000	4,000	3,002	998
Automobile Expense	11,200	8,000	6,489	1,511
Automobile Gasoline	10,500	12,000	12,284	-284
Retirement	13,000	9,000	10,213	-1,213
Other Police Expense	3,200	1,800	2,282	-482
Capital Lease Principal Payments	11,000	11,000	10,912	88
Capital Lease Interest Payments	400	400	421	-21
Capital Outlay	2,500	4,700	4,670	30
Total Police Department	176,800	183,900	205,366	-21,466
Fire Department:				
Salaries	25,000	25,000	27,652	-2,652
Miscellaneous	14,000	11,900	12,532	-632
Capital Outlay	2,000	-	990	-990
Total Fire Department	41,000	36,900	41,174	-4,274
Total Public Safety	217,800	220,800	246,540	-25,740

(Continued)

Town of Livingston, Louisiana

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	Variance With
	Original	Final	Amounts: GAAP Basis	Final Budget: Favorable (Unfavorable)
Street Department:				
Salaries	\$ 65,000	\$ 65,000	\$ 64,768	\$ 232
Utilities, Street Lights	14,800	14,000	13,367	633
Repairs and Maintenance	5,000	6,000	5,997	3
Uniforms	1,500	30	30	-
Equipment Operating Expenditures	10,100	9,200	7,756	1,444
Capital Lease Principal Payments	13,800	16,400	14,598	1,802
Capital Lease Interest Payments	1,000	1,000	1,014	-14
Other Street Expenditures	30,000	32,500	20,727	11,773
Sidewalk Maintenance	7,000	3,000	2,800	200
Capital Outlay	-	-	4,696	-4,696
Capital Outlay - Sidewalks	156,400	-	-	-
Total Street Department	<u>304,600</u>	<u>147,130</u>	<u>135,753</u>	<u>11,377</u>
Sanitation Department:				
Collection Fees	55,000	53,000	53,096	-96
Total Sanitation Department	<u>55,000</u>	<u>53,000</u>	<u>53,096</u>	<u>-96</u>
Health Department:				
Salaries	2,400	2,400	2,400	-
Miscellaneous	1,500	2,500	2,436	64
Total Health Department	<u>3,900</u>	<u>4,900</u>	<u>4,836</u>	<u>64</u>
Parks and Recreation:				
Salaries	8,000	-	41,282	-41,282
Utilities	6,000	9,600	8,793	807
Other Recreation & Parks Expenditures	7,000	6,500	7,692	-1,192
Supplies	-	-	1,137	-1,137
Tournament Expense	85,000	195,000	143,529	51,471
Program Expense	60,000	55,000	43,637	11,363
Circle Drive Park Expense	6,000	4,200	3,992	208
Historic Post Office Improvements	5,000	-	-	-
Circle Drive Park Improvements	24,000	-	-	-
Capital Outlay	-	-	39,942	-39,942
Total Parks and Recreation:	<u>201,000</u>	<u>270,300</u>	<u>290,004</u>	<u>-19,704</u>
Total Expenditures	<u>1,055,300</u>	<u>961,780</u>	<u>1,010,033</u>	<u>-48,253</u>
Excess Revenues (Expenditures)	<u>-139,500</u>	<u>-103,680</u>	<u>-119,833</u>	<u>-16,153</u>

(Continued)

Town of Livingston, Louisiana

Schedule 1

**Schedule of Revenues, Expenditures, and Changes in Fund Balances - Budget and Actual
General Fund**

For the Year Ended December 31, 2003

	<u>Budgeted Amounts</u>		<u>Actual Amounts: GAAP Basis</u>	<u>Variance With Final Budget: Favorable (Unfavorable)</u>
	<u>Original</u>	<u>Final</u>		
Other Financing Sources (Uses)				
Operating Transfers In	\$ 100,000	\$ 105,000	\$ 100,000	\$ -5,000
Sales of Fixed Assets	-	-	1,050	1,050
Total Other Financing Sources (Uses)	<u>100,000</u>	<u>105,000</u>	<u>101,050</u>	<u>-3,950</u>
Net Change in Fund Balance	-39,500	1,320	-18,783	-20,103
Fund Balance, Beginning	333,949	380,617	380,617	-
Fund Balance, Ending	<u>\$ 294,449</u>	<u>\$ 381,937</u>	<u>\$ 361,834</u>	<u>\$ -20,103</u>

(Concluded)

Other Supplemental Information

Town of Livingston, Louisiana

Schedule 2

**Comparative Schedule of Net Assets
Proprietary Fund Type
December 31, 2003 and 2002**

	Enterprise Fund	
	2003	2002
Assets		
Current Assets:		
Cash and Cash Equivalents	\$ 135,799	\$ 158,746
Investments	150,000	150,000
Inventory, Natural Gas	9,967	-
Accounts Receivable, Net	174,715	137,781
Accrued Interest	747	1,022
Prepaid Expenses	6,105	4,706
Due From General Fund	5,334	-
Total Current Assets	482,667	452,255
Restricted Assets:		
Cash and Cash Equivalents	35,908	31,654
Investments	227,135	215,767
Total Restricted Assets	263,043	247,421
Property, Plant, and Equipment:		
Buildings	13,349	13,349
Water Utility System	2,555,353	2,485,499
Gas Utility System	431,454	423,021
Sewer Utility System	3,050,709	3,026,666
Machinery and Equipment	131,628	126,932
Accumulated Depreciation	-2,667,323	-2,503,320
Net Property, Plant, and Equipment	3,515,170	3,572,147
Total Assets	4,260,880	4,271,823
 Liabilities		
Current Liabilities (Payable From Current Assets):		
Accounts Payable	59,476	47,937
Other Accrued Expenses	5,737	6,067
Revenue Bonds Payable	47,152	44,850
Capital Lease Payable	9,785	18,389
Due To General Fund	10,645	45,096
Total Current Liabilities (Payable From Current Assets)	132,795	162,339
Current Liabilities (Payable From Restricted Assets):		
Customer Deposits Payable	87,656	83,316
Total Current Liabilities (Payable From Restricted Assets)	87,656	83,316
Long-Term Liabilities:		
Revenue Bonds Payable	422,983	470,280
Capital Lease Payable	-	11,304
Total Long-Term Liabilities	422,983	481,584
Total Liabilities	643,434	727,239

(Continued)

Town of Livingston, Louisiana

Schedule 2

**Comparative Schedule of Net Assets
Proprietary Fund Type
December 31, 2003 and 2002**

	Enterprise Fund	
	<u>2003</u>	<u>2002</u>
Net Assets		
Invested in Capital Assets, Net of Related Debt	\$ 3,035,250	\$ 3,027,323
Restricted for Debt Service	175,387	164,105
Unrestricted	406,809	353,156
Total Net Assets	<u>\$ 3,617,446</u>	<u>\$ 3,544,584</u>

(Concluded)

Town of Livingston, Louisiana

Schedule 3

**Comparative Schedule of Revenues, Expenses, and Changes in Net Assets
Proprietary Fund Type
For the Years Ended December 31, 2003 and 2002**

	Enterprise Fund	
	2003	2002
Operating Revenues		
Gas Sales	\$ 380,485	\$ 345,496
Less Cost of Gas Sold	-159,292	-123,645
Gross Profit on Gas Sales	221,193	221,851
Water Sales	354,274	337,372
Sewer Service Charges	131,292	114,118
Service Connection Charges	23,013	18,017
Delinquent Charges	26,430	23,910
Other Operating Revenues	8,022	507
Total Operating Revenues	764,224	715,775
Operating Expenses		
Bad Debt Expense	1,637	2,867
Contract Repairs	5,784	6,854
Depreciation	164,003	152,540
Employee Insurance	23,215	18,858
Employee Retirement	4,134	3,064
Equipment Expense	28,071	680
Insurance	11,643	8,825
Janitorial	2,293	3,043
Materials and Supplies	46,173	28,918
Office Expense	11,905	9,283
Other Operating Expenses	8,479	2,516
Payroll Taxes	10,290	9,505
Professional Services	25,489	17,178
Safe Drinking Water Fees	8,865	3,655
Salaries Maintenance	91,334	87,401
Salaries Office	45,622	40,005
Sewer Expense	40,879	24,037
Truck Expense	7,097	5,619
Uniform Rental	377	1,464
Utilities	34,048	29,014
Total Operating Expenses	571,338	455,326
Operating Income (Loss)	192,886	260,449

(Continued)

Town of Livingston, Louisiana

Schedule 3

**Comparative Schedule of Revenues, Expenses, and Changes in Net Assets
Proprietary Fund Type
For the Years Ended December 31, 2003 and 2002**

	Enterprise Fund	
	2003	2002
Nonoperating Revenues (Expenses)		
Interest Revenue	\$ 6,920	\$ 13,320
Interest Expense	-26,944	-29,042
Total Nonoperating Revenues (Expenses)	-20,024	-15,722
Income (Loss) Before Contributions and Transfers	172,862	244,727
Contributions and Transfers		
Operating Transfers In	-	-
Operating Transfers Out	-100,000	-100,000
Capital Contributions	-	1,606
Total Contributions and Transfers	-100,000	-98,394
Change in Net Assets	72,862	146,333
Net Assets, Beginning	3,544,584	3,398,251
Net Assets, Ending	\$ 3,617,446	\$ 3,544,584

(Concluded)

Town of Livingston, Louisiana

Schedule 4

**Comparative Schedule of Cash Flows
Proprietary Fund Type
For the Years Ended December 31, 2003 and 2002**

	Enterprise Fund	
	2003	2002
Cash Flows From Operating Activities		
Received From Customers	\$ 876,922	\$ 815,363
Received for Meter Deposit Fees	4,340	6,869
Other Receipts	8,022	507
Payments for Interfund Services	-39,784	26,445
Payments for Operations	-389,239	-252,719
Payments to Employees	-176,938	-156,889
Net Cash Provided (Used) by Operating Activities	283,323	439,576
Cash Flows From Noncapital Financing Activities		
Transfers to Other Funds	-100,000	-100,000
Net Cash Provided (Used) by Noncapital Financing Activities	-100,000	-100,000
Cash Flows From Capital and Related Financing Activities		
Capital Contributions Received	-	1,606
Paid for Capital Acquisitions	-107,026	-287,747
Principal Repayments, Revenue Bonds Payable	-44,995	-42,560
Principal Repayments, Capital Lease Payable	-19,909	-16,049
Interest Payments - Revenue Bonds Payable	-24,593	-27,028
Interest Payments - Capital Lease Payable	-1,320	-2,014
Net Cash Provided (Used) by Capital and Related Financing Activities	-197,843	-373,792
Cash Flows From Investing Activities		
Receipt of Interest	7,195	12,826
Purchase of Investments	-11,368	-
Net Cash Provided (Used) by Investing Activities	-4,173	12,826
Net Increase (Decrease) in Cash	-18,693	-21,390
Cash, Beginning of Year	190,400	211,790
Cash, End of Year	\$ 171,707	\$ 190,400
Reconciliation of Cash and Cash Equivalents to the Statement of Net Assets		
Cash and Cash Equivalents, Unrestricted	\$ 135,799	\$ 158,746
Cash and Cash Equivalents, Restricted	35,908	31,654
Total Cash and Cash Equivalents	\$ 171,707	\$ 190,400

(Continued)

Town of Livingston, Louisiana

Schedule 4

**Comparative Schedule of Cash Flows
Proprietary Fund Type
For the Years Ended December 31, 2003 and 2002**

	Enterprise Fund	
	2003	2002
Reconciliation of Net Operating Income (Loss) to Net Cash Provided (Used) by Operating Activities		
Operating Income (Loss)	\$ 192,886	\$ 260,449
Adjustments to Reconcile Operating Income (Loss) to Net Cash Provided (Used) by Operating Activities:		
Depreciation	164,004	152,540
Change in Inventories	-9,967	-
Change in Accounts Receivable	-36,934	-20,683
Change in Prepaid Expenses	-1,400	-4,248
Change in Due From Other Funds	-5,334	-
Change in Accounts Payable	11,539	16,518
Change in Accrued Expenses	-1,360	1,686
Change in Due to Other Funds	-34,451	26,445
Change in Customer Deposits	4,340	6,869
Net Cash Provided (Used) by Operating Activities	\$ 283,323	\$ 439,576

(Concluded)

Town of Livingston, Louisiana

Schedule 5

**Combining Schedule of Revenues, Expenses, and Changes in Net Assets
Proprietary Fund Type - Utility Funds
For the Year Ended December 31, 2003**

	Water Utility System	Gas Utility System	Sewer Utility System	Total
Operating Revenues				
Gas Sales	\$ -	\$ 380,485	\$ -	\$ 380,485
Less Cost of Gas Sold	-	-159,292	-	-159,292
Gross Profit on Gas Sales	-	221,193	-	221,193
Water Sales	354,274	-	-	354,274
Sewer Service Charges	-	-	131,292	131,292
Service Connection Charges	17,863	4,050	1,100	23,013
Delinquent Charges	10,572	7,929	7,929	26,430
Other Operating Revenues	3,163	2,773	2,086	8,022
Total Operating Revenues	<u>385,872</u>	<u>235,945</u>	<u>142,407</u>	<u>764,224</u>
Operating Expenses				
Bad Debt Expense	655	491	491	1,637
Contract Repairs	3,039	1,250	1,495	5,784
Depreciation	70,614	10,716	82,673	164,003
Employee Insurance	9,287	6,964	6,964	23,215
Employee Retirement	1,654	1,240	1,240	4,134
Equipment Expense	11,229	8,421	8,421	28,071
Insurance	4,657	3,493	3,493	11,643
Janitorial	917	688	688	2,293
Materials and Supplies	21,096	12,612	12,465	46,173
Office Expense	4,763	3,571	3,571	11,905
Other Operating Expenses	3,391	2,544	2,544	8,479
Payroll Taxes	4,194	3,048	3,048	10,290
Professional Services	11,439	6,711	7,339	25,489
Safe Drinking Water Fees	8,865	-	-	8,865
Salaries Maintenance	36,534	27,400	27,400	91,334
Salaries Office	18,248	13,687	13,687	45,622
Sewer Expense	-	-	40,879	40,879
Truck Expense	2,839	2,129	2,129	7,097
Uniform Rental	151	113	113	377
Utilities	17,205	-	16,843	34,048
Total Operating Expenses	<u>230,777</u>	<u>105,078</u>	<u>235,483</u>	<u>571,338</u>
Operating Income (Loss)	<u>155,095</u>	<u>130,867</u>	<u>-93,076</u>	<u>192,886</u>

(Continued)

Town of Livingston, Louisiana

Schedule 5

**Combining Schedule of Revenues, Expenses, and Changes in Net Assets
Proprietary Fund Type - Utility Funds
For the Year Ended December 31, 2003**

	Water Utility System	Gas Utility System	Sewer Utility System	Total
Nonoperating Revenues (Expenses)				
Interest Revenue	\$ 2,768	\$ 2,076	\$ 2,076	\$ 6,920
Interest Expense	-6,749	-19,557	-638	-26,944
Total Nonoperating Revenues (Expenses)	-3,981	-17,481	1,438	-20,024
Income (Loss) Before Contributions and Transfers	151,114	113,386	-91,638	172,862
Contributions and Transfers				
Operating Transfers In	-	-	-	-
Operating Transfers Out	-45,000	-40,000	-15,000	-100,000
Capital Contributions	-	-	-	-
Total Contributions and Transfers	-45,000	-40,000	-15,000	-100,000
Change in Net Assets	\$ 106,114	\$ 73,386	\$ -106,638	72,862
Net Assets, Beginning				3,544,584
Net Assets, Ending				\$ 3,617,446

(Concluded)

Town of Livingston, Louisiana

Schedule 6

**Schedule of Revenues, Expenses, and Changes in Net Assets
Budget (GAAP Basis) and Actual
Proprietary Fund Type - Water Utility System
For the Year Ended December 31, 2003**

	Budget	Actual	Variance: Favorable (Unfavorable)
Operating Revenues			
Water Sales	\$ 350,000	\$ 354,274	\$ 4,274
Service Connection Charges	16,000	17,863	1,863
Delinquent Charges	10,400	10,572	172
Other Operating Income	3,500	3,163	-337
Total Operating Revenues	379,900	385,872	5,972
 Operating Expenses			
Bad Debt Expense	1,200	655	545
Contract Repairs	6,000	3,039	2,961
Depreciation	70,000	70,614	-614
Employee Insurance	9,000	9,287	-287
Employee Retirement	1,000	1,654	-654
Equipment Expense	10,400	11,229	-829
Insurance	5,200	4,657	543
Janitorial	1,000	917	83
Materials and Supplies	22,000	21,096	904
Office Expense	5,400	4,763	637
Other Operating Expenses	2,680	3,391	-711
Payroll Taxes	4,500	4,194	306
Professional Services	11,000	11,439	-439
Safe Drinking Water Fees	4,350	8,865	-4,515
Salaries Maintenance	37,000	36,534	466
Salaries Office	18,000	18,248	-248
Truck Expense	2,800	2,839	-39
Uniform Rental	120	151	-31
Utilities	17,600	17,205	395
Total Operating Expenses	229,250	230,777	-1,527
 Operating Income (Loss)	150,650	155,095	4,445

(Continued)

Town of Livingston, Louisiana

Schedule 6

**Schedule of Revenues, Expenses, and Changes in Net Assets
Budget (GAAP Basis) and Actual
Proprietary Fund Type - Water Utility System
For the Year Ended December 31, 2003**

	Budget	Actual	Variance: Favorable (Unfavorable)
Nonoperating Revenues (Expenses)			
Interest Revenue	\$ 2,800	\$ 2,768	\$ -32
Interest Expense	-5,000	-6,749	-1,749
Total Nonoperating Revenues (Expenses)	-2,200	-3,981	-1,781
 Income (Loss) Before Contributions and Transfers	 148,450	 151,114	 2,664
 Contributions and Transfers			
Operating Transfers In	-	-	-
Operating Transfers Out	-50,000	-45,000	5,000
Capital Contributions	-	-	-
Total Contributions and Transfers	-50,000	-45,000	5,000
 Change in Net Assets	 \$ 98,450	 \$ 106,114	 \$ 7,664

(Concluded)

Town of Livingston, Louisiana

Schedule 7

**Schedule of Revenues, Expenses, and Changes in Net Assets
Budget (GAAP Basis) and Actual
Proprietary Fund Type - Gas Utility System
For the Year Ended December 31, 2003**

	Budget	Actual	Variance: Favorable (Unfavorable)
Operating Revenues			
Gas Sales	\$ 342,200	\$ 380,485	\$ 38,285
Less Cost of Gas Sold	-160,000	-159,292	708
Gross Profit on Gas Sales	182,200	221,193	38,993
Service Connection Charges	3,500	4,050	550
Delinquent Charges	7,800	7,929	129
Other Operating Income	3,500	2,773	-727
Total Operating Revenues	197,000	235,945	38,945
Operating Expenses			
Bad Debt Expense	900	491	409
Contract Repairs	3,400	1,250	2,150
Depreciation	10,000	10,716	-716
Employee Insurance	6,800	6,964	-164
Employee Retirement	750	1,240	-490
Equipment Expense	7,800	8,421	-621
Insurance	3,900	3,493	407
Janitorial	750	688	62
Materials and Supplies	8,000	12,612	-4,612
Office Expense	4,050	3,571	479
Other Operating Expenses	1,860	2,544	-684
Payroll Taxes	3,400	3,048	352
Professional Services	5,700	6,711	-1,011
Salaries Maintenance	27,600	27,400	200
Salaries Office	13,500	13,687	-187
Truck Expense	2,100	2,129	-29
Uniform Rental	90	113	-23
Total Operating Expenses	100,600	105,078	-4,478
Operating Income (Loss)	96,400	130,867	34,467

(Continued)

Town of Livingston, Louisiana

Schedule 7

**Schedule of Revenues, Expenses, and Changes in Net Assets
Budget (GAAP Basis) and Actual
Proprietary Fund Type - Gas Utility System
For the Year Ended December 31, 2003**

	<u>Budget</u>	<u>Actual</u>	<u>Variance: Favorable (Unfavorable)</u>
Nonoperating Revenues (Expenses)			
Interest Revenue	\$ 2,100	\$ 2,076	\$ -24
Interest Expense	-19,000	-19,557	-557
Total Nonoperating Revenues (Expenses)	<u>-16,900</u>	<u>-17,481</u>	<u>-581</u>
Income (Loss) Before Contributions and Transfers	<u>79,500</u>	<u>113,386</u>	<u>33,886</u>
Contributions and Transfers			
Operating Transfers In	-	-	-
Operating Transfers Out	-40,000	-40,000	-
Capital Contributions	-	-	-
Total Contributions and Transfers	<u>-40,000</u>	<u>-40,000</u>	<u>-</u>
Change in Net Assets	<u>\$ 39,500</u>	<u>\$ 73,386</u>	<u>\$ 33,886</u>

(Concluded)

Town of Livingston, Louisiana

Schedule 8

**Schedule of Revenues, Expenses, and Changes in Net Assets
Budget (GAAP Basis) and Actual
Proprietary Fund Type - Sewer Utility System
For the Year Ended December 31, 2003**

	<u>Budget</u>	<u>Actual</u>	<u>Variance: Favorable (Unfavorable)</u>
Operating Revenues			
Sewer Service Charges	\$ 129,000	\$ 131,292	\$ 2,292
Service Connection Charges	1,000	1,100	100
Delinquent Charges	7,800	7,929	129
Other Operating Income	350	2,086	1,736
Total Operating Revenues	138,150	142,407	4,257
Operating Expenses			
Bad Debt Expense	900	491	409
Contract Repairs	2,000	1,495	505
Depreciation	80,000	82,673	-2,673
Employee Insurance	6,800	6,964	-164
Employee Retirement	750	1,240	-490
Equipment Expense	7,800	8,421	-621
Insurance	3,900	3,493	407
Janitorial	750	688	62
Materials and Supplies	16,000	12,465	3,535
Office Expense	4,050	3,571	479
Other Operating Expenses	1,860	2,544	-684
Payroll Taxes	3,400	3,048	352
Professional Services	5,700	7,339	-1,639
Salaries Maintenance	27,600	27,400	200
Salaries Office	13,500	13,687	-187
Sewer Expense	36,200	40,879	-4,679
Truck Expense	2,100	2,129	-29
Uniform Rental	90	113	-23
Utilities	17,000	16,843	157
Total Operating Expenses	230,400	235,483	-5,083
Operating Income (Loss)	-92,250	-93,076	-826

(Continued)

Town of Livingston, Louisiana

Schedule 8

**Schedule of Revenues, Expenses, and Changes in Net Assets
Budget (GAAP Basis) and Actual
Proprietary Fund Type - Sewer Utility System
For the Year Ended December 31, 2003**

	<u>Budget</u>	<u>Actual</u>	Variance: Favorable (Unfavorable)
Nonoperating Revenues (Expenses)			
Interest Revenue	\$ 2,100	\$ 2,076	\$ -24
Interest Expense	-1,000	-638	362
Total Nonoperating Revenues (Expenses)	<u>1,100</u>	<u>1,438</u>	<u>338</u>
 Income (Loss) Before Contributions and Transfers	 <u>-91,150</u>	 <u>-91,638</u>	 <u>-488</u>
 Contributions and Transfers			
Operating Transfers In	-	-	-
Operating Transfers Out	-15,000	-15,000	-
Capital Contributions	-	-	-
Total Contributions and Transfers	<u>-15,000</u>	<u>-15,000</u>	<u>-</u>
 Change in Net Assets	 <u>\$ -106,150</u>	 <u>\$ -106,638</u>	 <u>\$ -488</u>

(Concluded)

Town of Livingston, Louisiana

Schedule 9

**Comparative Schedule of Gas Sales and Purchases
Proprietary Fund Type
For the Years Ended December 31, 2003 and 2002**

	<u>2003</u>	<u>2002</u>	
Gas Sales and Purchases (Dollars)			
Gas Sales	\$ 380,485	\$ 345,496	
Gas Purchases	-159,292	-123,645	
Gross Profit	<u>\$ 221,193</u>	<u>\$ 221,851</u>	
 Gross Profit Percentage of Sales	 58.1%	 64.2%	
 Gas Unaccounted For (Thousands of Cubic Feet)			
Gas Sales	23,877	27,088	
Gas Purchases	27,923	26,386	
Gas Unaccounted For	<u>4,046</u>	<u>-702</u>	
 Cost of Gas Unaccounted For (Gain) or Loss	 \$ 23,062	 \$ -3,292	
 Number of Customers			
In Service - Residential Customers	422	408	
In Service - Commercial Customers	47	50	
In Service - Industrial Customers	-	-	
Total Number of Customers	<u>469</u>	<u>458</u>	
 Gas Sales and Purchases Per Service Category at 12/31/03 (Per Thousand Cubic Feet)			
	<u>Residential</u>	<u>Commercial</u>	<u>Industrial</u>
Gas Sales	\$ 14.26	\$ 17.96	\$ -
Gas Purchases (Average Cost)	-5.70	-5.70	-
Gross Profit	<u>\$ 8.56</u>	<u>\$ 12.26</u>	<u>\$ -</u>

Town of Livingston, Louisiana

Schedule 10

**Utility Rate Schedule
Proprietary Fund Type
December 31, 2003**

			<u>Residential</u>		<u>Commercial</u>	
Gas Rates			<u>In Town</u>	<u>Out of Town</u>	<u>In Town</u>	<u>Out of Town</u>
1	- 500	Cubic Feet (Flat Fee)	10.67	13.07	13.07	13.07
501	- 4000	Cubic Feet (Per 1000)	13.43	15.63	15.63	15.63
4001	- 12000	Cubic Feet (Per 1000)	13.08	15.48	15.48	15.48
12001	- Over	Cubic Feet (Per 1000)	12.96	15.36	15.36	15.36
			<u>Residential</u>		<u>In Town or Out of Town</u>	
Sewer Rates			<u>In Town</u>	<u>Out of Town</u>	<u>Commercial</u>	<u>Industrial</u>
Flat Rate			13.00	15.50	-	-
1	- 8500	Gallons Water (Flat Fee)	-	-	13.00	-
8501	- Over	Gallons Water (Per 1000)	-	-	0.50	-
1	- 12500	Gallons Water (Flat Fee)	-	-	-	61.50
12501	- Over	Gallons Water (Per 1000)	-	-	-	0.80
			<u>Residential & Commercial</u>		<u>Industrial</u>	
Water Rates			<u>In Town</u>	<u>Out of Town</u>	<u>In Town</u>	<u>Out of Town</u>
1	- 3000	Gallons (Flat Fee)	8.75	-	-	-
3001	- 6000	Gallons (Per 1000)	1.30	-	-	-
6001	- 11000	Gallons (Per 1000)	1.25	-	-	-
11001	- 21000	Gallons (Per 1000)	0.75	-	-	-
21001	- Over	Gallons (Per 1000)	0.75	-	-	-
1	- 2000	Gallons (Flat Fee)	-	12.75	-	-
2001	- 10000	Gallons (Per 1000)	-	1.45	-	-
10001	- Over	Gallons (Per 1000)	-	1.25	-	-
1	- 50000	Gallons (Flat Fee)	-	-	75.00	80.00
50001	- 75000	Gallons (Per 1000)	-	-	1.20	1.30
75001	- Over	Gallons (Per 1000)	-	-	1.00	1.10

Town of Livingston, Louisiana

Schedule 11

**Schedule of Utility Customers
Proprietary Fund Type
December 31, 2003**

	<u>Residential</u>	<u>Commercial</u>	<u>Industrial</u>	<u>Total</u>
Gas Customers	422	47	-	469
Sewer Customers	716	90	1	807
Water Customers	1,580	126	1	1,707

Town of Livingston, Louisiana

Schedule 12

**Schedule of Insurance
Year Ended December 31, 2003**

Insurance Company	Coverage	Amount	Period
EMC Insurance Company Policy Number 2X4102204	Commercial Property:		12/10/03 -
	Town Hall		12/10/04
	Building	\$ 117,894	
	Business Property	49,500	
	Fire Station	71,386	
	Maintenance Shop	28,122	
EMC Insurance Company Policy Number 1X2091504	Commercial Property:		12/10/03 -
	Industrial Building	\$ 306,000	12/10/04
	Rental Income	15,000	
	Commercial Inland Marine:		
	Scheduled Equipment Coverage	77,720	
Lexington Insurance Company Policy Number APD269715	Commercial Auto:		05/25/03 -
	Physical Damage	\$ 128,000	05/25/04
Lexington Insurance Company Policy Number APD269716	Commercial Auto, Fire Trucks:		05/25/03 -
	Physical Damage	\$ 237,000	05/25/04
Risk Management, Inc. Policy Number LML195	Automobile Liability:		05/23/03 -
	Owned, Hired, & Non-Owned	\$ 500,000	05/23/04
	Uninsured Motorist	Included	
	General Liability:		
	Premises/Operations	500,000	
	Products/Completed Operations	Included	
	Medical Payments	10,000	
	Fire Legal Liability	50,000	
	Police Professional Liability	500,000	
	Errors & Omissions Liability	500,000	
Risk Management, Inc. Policy Number WC0104	Workers' Compensation	\$ Statutory	01/01/03 -
		Limits	01/01/04
National Casualty Company Policy Number 4094969429	Sports Accident Insurance:		04/02/03 -
	Summer Baseball Program:		10/02/03
	Death & Specific Loss, Each	\$ 10,000	
	Medical Expense, Each	5,000	
EMC Insurance Company Policy Number T216744	Public Employee Fidelity Bond	\$ 25,000	01/23/03 -
			01/23/04
EMC Insurance Company Policy Number S089816	Federal Position Fidelity Bond:		09/22/03 -
	Mayor	\$ 150,000	09/22/04
	Clerk	150,000	
Western Surety Company Policy Number 13572465N	Notary Bond	\$ 5,000	07/26/00 -
			07/26/05

Town of Livingston, Louisiana

Schedule 13

**Schedule of Per Diem Payments
Year Ended December 31, 2003**

The schedule of compensation paid board members is presented in compliance with House Concurrent Resolution No. 54 of the 1979 Session of the Louisiana Legislature:

	<u>Compensation Received</u>
Derral Jones, Mayor 20177 Circle drive Livingston, LA 70754 (225) 686-7619	\$ 35,400
Brent Bencaz, Alderman Post Office Box 577 Livingston, LA 70754 (225) 686-0317	2,250
Gregory Bencaz, Alderman Post Office Box 16 Livingston, LA 70754 (225) 686-2272	2,250
Julia Higginbotham, Alderwoman 19930 Georgia Street Livingston, LA 70754 (225) 686-2305	2,100
Randy Morgan, Alderman Post Office Box 182 Livingston, LA 70754 (225) 686-7149	2,250
Joey Sibley, Alderman Post Office Box 643 Livingston, LA 70754 (225) 686-7533	2,175
	\$ <u><u>46,425</u></u>

Town of Livingston, Louisiana

Schedule 14

**Corrective Action Plan for Current Year Audit Findings
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

No Section II findings.

Section III - Management Letter

No Section III findings.

The accompanying notes are an integral part of these statements.

Town of Livingston, Louisiana

Schedule 15

**Summary Schedule of Prior Year Audit Findings
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

No Section II findings.

Section III - Management Letter

No Section III findings.

The accompanying notes are an integral part of these statements.

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

The Honorable Mayor Derral Jones
and Members of the Board of Aldermen
Town of Livingston, Louisiana

I have audited the basic financial statements of the Town of Livingston, Louisiana, as of and for the year ended December 31, 2002, and have issued my report thereon dated June 11, 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.

Compliance

As part of obtaining reasonable assurance about whether the Town of Livingston, Louisiana's financial statements are free of material misstatement, I 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 my audit and, accordingly, we do not express such an opinion. The results of my tests disclosed no instances of noncompliance that are required to be reported under *Governmental Auditing Standards*.

Internal Control Over Financial Reporting

In planning and performing my audit, I considered the Town of Livingston, Louisiana's internal control over financial reporting in order to determine my auditing procedures for the purpose of expressing my opinion on the 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 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.

LEROY J. CHUSTZ, CPA, APAC

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

LEROY J. CHUSTZ
Certified Public Accountant
A Professional Accounting Corporation

The Honorable Mayor Derral Jones
and Members of the Board of Aldermen
Town of Livingston, Louisiana

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This report is intended for the information of the management of the Town of Livingston, Louisiana, the Legislative Auditor, and the cognizant Federal Agency. However, this report is a matter of public record and its distribution is not limited.

Leroy J. Chustz
Certified Public Accountant, APAC
June 11, 2004