

**COMPREHENSIVE  
ANNUAL FINANCIAL REPORT  
CITY OF LIVINGSTON, TEXAS**

**FISCAL YEAR  
OCTOBER 1, 2005 - SEPTEMBER 30, 2006  
ISSUED BY: FINANCE DEPARTMENT  
MARILYN SUTTON**



**CITY OF LIVINGSTON, TEXAS  
COMPREHENSIVE ANNUAL FINANCIAL REPORT  
SEPTEMBER 30, 2006**

**TABLE OF CONTENTS**

	<b><u>PAGE</u></b>
<b>INTRODUCTORY SECTION</b>	
Title Page	
Table of Contents	i-iv
Chief Finance Officer's Comprehensive Letter of Transmittal	v-x
List of Principal Officials	xi
Organizational Chart	xii
Certificate of Achievement for Excellence in Financial Reporting	xiii
<b>FINANCIAL SECTION</b>	
Independent Auditor's Report	2-3
Management's Discussion and Analysis (unaudited)	4-13
Basic Financial Statements:	
Government-Wide Financial Statements:	
Statement of Net Assets	16-17
Statement of Activities	18-19
Fund Financial Statements:	
Governmental Funds:	
Balance Sheet	20-21
Statement of Revenues, Expenditures, and Changes in Fund Balances	22-23
Reconciliation of the Statement of Revenues, Expenditures, and Changes in Fund Balances of Governmental Funds to the Statement of Activities	24
Statement of Revenues, Expenditures and Changes in Fund Balance Budget (GAAP Basis) and Actual - General Fund	26-27

## **TABLE OF CONTENTS - Continued**

	<b>PAGE</b>
<b>Proprietary Funds:</b>	
Statement of Net Assets	28-29
Statement of Revenues, Expenses and Changes in Fund Net Assets	30
Statement of Cash Flows	31-32
Notes to Basic Financial Statements	34-50
<b>Required Supplementary Information</b>	
Texas Municipal Retirement System Analysis of Funding Progress	52
<b>Other Supplementary Information</b>	
Schedules of Revenues, Expenditures and Changes in Fund Balances - Budget to Actual	
Budgetary Comparison Schedule Debt Service Fund	54-55
Budgetary Comparison Schedule Street and Capital Projects Fund	56-57
<b>Individual Fund Financial Statements and Schedules</b>	
<b>General Fund:</b>	
Comparative Balance Sheet	60
Schedule of Revenues, Expenditures and Changes in Fund Balances - Budget (GAAP Basis) and Actual	62-63
Schedule of Expenditures-Budget (GAAP Basis) and Actual	64-71
<b>Debt Service Fund:</b>	
Comparative Balance Sheet	73
Budgetary Comparison Schedule	74-75
<b>Streets and Capital Projects Fund:</b>	
Comparative Balance Sheet	77
Budgetary Comparison Schedule	78-79
<b>Proprietary Fund:</b>	
Comparative Statement of Net Assets Electric, Water and Sewer Fund	82-83

## **TABLE OF CONTENTS - Continued**

	<b>PAGE</b>
Comparative Statement of Revenues, Expenses and Changes in Fund Net Assets Electric, Water, and Sewer Funds	84
Comparative Statement of Cash Flows Electric, Water, and Sewer Funds	85-86
 Enterprise Fund:	
Schedule of Expenses by Department - Compared to Budget	88-91
 <b>TABLE</b>	
<b>STATISTICAL SECTION</b>	
 Financial Trends:	
Net Assets by Component - Last Four Fiscal Years	A-1
Changes in Net Assets - Last Four Fiscal Years	A-2
Fund Balances Governmental Funds - Last Ten Fiscal Years	A-3
Changes in Fund Balances, Governmental Funds - Last Ten Fiscal Years	A-4
 Revenue Capacity:	
Assessed and Estimated Actual Value of Taxable Property - Last Ten Fiscal Years	B-1
Property Tax Rates and Tax Levies – Direct and Overlapping Governments - Last Ten Fiscal Years	B-2
Principal Property Tax Payers - Current and Nine Years Ago	B-3
Property Tax Levies and Collections - Last Ten Fiscal Years	B-4
Taxable Sales by Category - Last Nine Fiscal Years	B-5
 Debt Capacity:	
Ratios of Outstanding Debt by Type - Last Ten Fiscal Years	C-1
Ratio of Net General Bonded Debt to Assessed Value and Net Bonded Debt per Capita – Last Ten Fiscal Years	C-2
Computation of Direct and Overlapping Debt	C-3
Computation of Legal Debt Margin	C-4

## TABLE OF CONTENTS – Continued

<b>STATISTICAL SECTION</b>	<b>TABLE</b>	<b>PAGE</b>
<b>Demographic and Economic Information:</b>		
Demographic and Economic Statistics – Last Ten Fiscal Years	D-1	122
Principal Employers – Current and Nine Years Ago	D-2	123
<b>Operating Information:</b>		
Full-Time Equivalent City Government Employees by Function/Program – Last Ten Fiscal Years	E-1	126-127
Operating Indicators by Function/Program – Last Ten Fiscal Years	E-2	128-129
Capital Assets Statistics by Function/Program – Last Ten Fiscal Years	E-3	130-131
Miscellaneous Statistical Data – Unaudited	F-1 – F-6	134-139
City Officials	F-7	140

The City is a general law city operating under the Council-Manager form of government. The City Council is comprised of the Mayor and five Council members, who enact local laws, determine policies and adopt the annual budget. The City Manager is appointed by the City Council and is responsible for the daily management of the City. The Basic Financial Statements of the City include all government activities, organizations and functions for which the City is financially accountable as defined by the GASB. Based on these criteria no other governmental organizations are included in this report.

#### Services Provided

Reflected in this report is the extensive range of services provided by the City of Livingston. These basic services include public safety, streets, sanitation, parks, recreation, events, library, provision of water, and electricity, sewage disposal and general administration services.

#### Accounting Systems and Budgetary Control

In developing and evaluating the City's accounting control system, consideration is given to the adequacy of internal accounting controls. Accounting control comprises the plan of organization and the procedures and records that are concerned with the safeguarding of assets and the reliability of financial records and, consequently, are designed to provide reasonable assurance that:

1. Transactions are executed in accordance with management's general or specific authorization.
2. Transactions are recorded as necessary (1) to permit preparation of financial statements in conformity with generally accepted accounting principles or any other criteria, such as finance-related legal and contractual compliance requirements applicable to such statements, and (2) to maintain accountability for assets.
3. Access to assets is permitted only in accordance with management's authorization.
4. The recorded accountability for assets is compared with the existing assets at reasonable intervals and appropriate action is taken with respect to any differences.

The definition of accounting control comprehends reasonable, but not absolute, assurance that the objectives expressed in it will be accomplished by the system. The concept of reasonable assurance recognizes that the cost of internal control should not exceed the benefits expected to be derived. The benefits consist of reductions in the risk of failing to achieve the objectives implicit in the definition of accounting control.

All internal control evaluations occur within the above framework. We believe that the City's internal accounting controls adequately safeguard assets and provide reasonable assurance of proper recording of financial transactions.

In accordance with the State Laws of Texas, the City has formally established budgetary accounting control for its operating funds. Budgetary control is maintained at the individual fund level. Financial reports are produced showing budget and actual expenditures by line item, and are distributed monthly to City departmental and divisional management and to others upon request. Individual line items are reviewed and analyzed for budgetary compliance. Personnel expenditures are monitored and controlled at a position level and capital expenditures (items over \$5,000 and having a useful life of three or more years) are monitored and controlled item by item. Revenue budgets are reviewed monthly.

November 2, 2006

Honorable Mayor and  
Members of the City Council  
City of Livingston  
Livingston, Texas

Gentlemen:

The Comprehensive Annual Financial Report (CAFR) of the City of Livingston for the fiscal year ended September 30, 2006 is submitted herewith. This report is published to provide the City Council, City Staff, our citizens, our bondholders and other interested parties with detailed information concerning the financial condition and activities of the City government. Responsibility for both the accuracy of the presented data and the completeness and fairness of the presentation, including all disclosures, rests with the City.

To the best of our knowledge and belief, the enclosed data is accurate in all material respects, and is organized in a manner designed to fairly present the financial position and results of operations of the City as measured by the financial activity of its various funds. We also believe that all disclosures necessary to enable the reader to gain the maximum understanding of the City's financial affairs have been included.

#### **THE REPORT**

This report is presented in three sections: Introductory, Financial and Statistical. The introductory section includes this transmittal letter, a listing of the City Officials and an organizational chart of the City. The financial section includes Management's Discussion and Analysis (MD&A), basic financial statements and individual fund statements and schedules, as well as the independent auditor's report on the basic financial statements. The MD&A is a narrative introduction, overview, and analysis to accompany the basic financial statements. This letter of transmittal is designed to complement and should be read in conjunction with the MD&A. The City of Livingston's MD&A can be found immediately following the report of the independent auditor. The statistical section includes financial and demographic information, usually presented on a multi-year basis that is relevant to a financial statement reader.

The Financial Section described above is prepared in accordance with generally accepted accounting principles for governments as prescribed by the Governmental Accounting Standards Board (GASB) and other professional associations, as applicable.

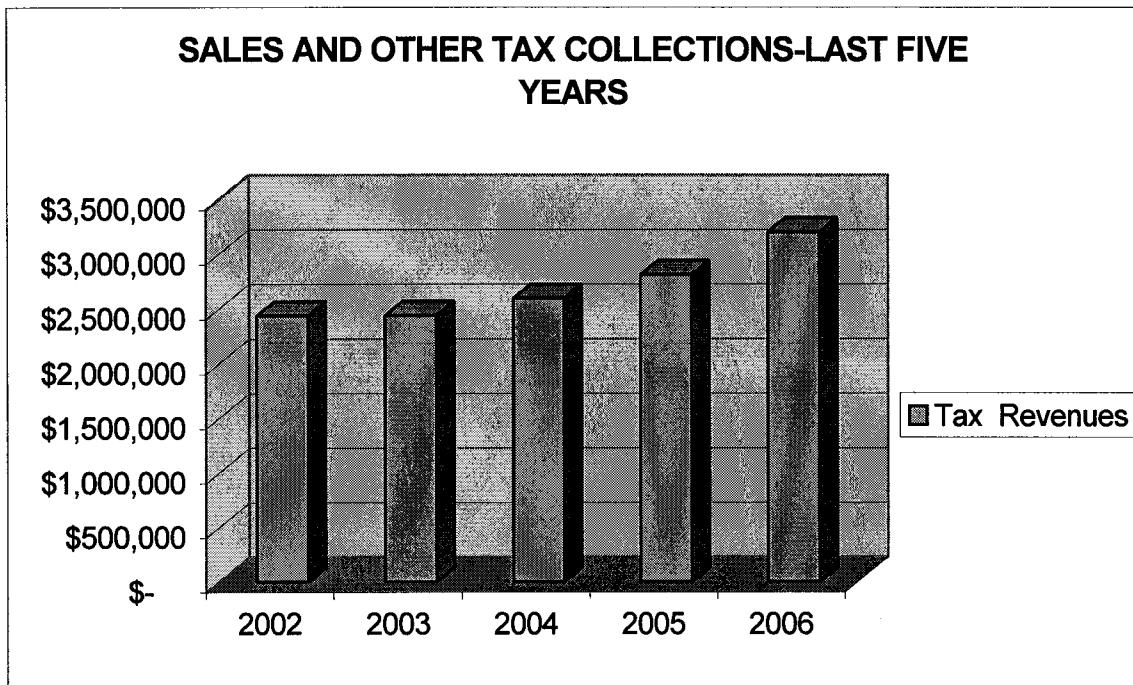
#### **CITY PROFILE**

##### **Location**

The City of Livingston is located in southeast Polk County, approximately 75 miles northeast of Houston. Livingston is readily accessible via U.S. Highway 59 on the north and south and U.S. 190 on the east and west.

## ECONOMIC OUTLOOK AND FINANCIAL CONDITION

Based on various local economic indicators including sales tax collections, ad valorem property assessed values, building permits for new construction, utility connections and revenues, and hotel occupancy tax collections, our community continued to experience significant economic growth during the past year and we anticipate that this growth pattern will continue for the coming year. Sales tax receipts, a major indicator of the economic condition of the area, increased from \$2,544,000 in 2004-2005 to \$2,886,000 an increase of \$342,000 or 13.4%, due to the new retail businesses which opened in 2006 and the approval by voters to allow the sale of alcohol in May 2006. A graph of tax receipt growth follows:



Unemployment rates remained at moderate to low levels (5.6% in September, 2006) and property tax rolls continued to expand over the past year. Annual electric kWh sales by the municipally-owned electric system increased from 81,073,978 kWh in 2004-2005 fiscal year to 83,743,277 kWh, an increase of 3.3%. Water usage also increased over last year by approximately 1.3%. Total water pumped during the fiscal year 2005-2006 totaled 647,212,000 gallons, an increase of 8,110,000 gallons over the 639,102,000 gallons in fiscal year 2004-2005. The Texas Department of Criminal Justice Polunsky Unit, located on FM 350 South, continued as the City's leading water and wastewater user consuming 207,699,000 gallons of water, or 32% of the City's total annual water consumption, and generating approximately \$332,000 in annual water revenue and approximately \$260,000 in annual sewer revenue. With the opening of the Hampton Inn in March, 2006, hotel occupancy tax collections increased from approximately \$131,000 in 2004-2005 to approximately \$169,000 in 2005-2006, an increase of 28.7%.

With the continuing growth in the business community as well as new residential growth during the past year, the City is anticipating increases in revenues from utility fees and sales taxes for the upcoming year. Sales tax revenue accounts for 18.8% of the City's total annual revenue, while utility fees for sanitation, electric, water and sewer services account for 70.5% of the City's total annual revenue. Continuing growth in these two major revenue sources, which account for 89.3% of the City's total annual revenue, and additional funds from other sources, have allowed the City to continue to operate without an ad valorem

property tax since 1988, and the City does not anticipate levying an ad valorem property tax in the upcoming year.

#### Future Economic Outlook

The Livingston-Polk County area continues to draw a great deal of interest from major retail companies looking to relocate or expand into new areas, particularly retail, restaurants and motels along the US 59 bypass and US 190 West corridors.

Site work has begun on the first phase of a retail development project by Anthony Properties on a tract located west of Long King Creek on US 190 West across from Tractor Supply. Several development projects along US 190 West, such as First National Bank of Livingston's new corporate office headquarters, an insurance company office and the new Tractor Supply opened in 2006.

Numerous healthcare-related construction projects are continuing along the US 59 bypass with Memorial Medical Center's \$30,000,000 multi-story patient tower and hospital facility expansion project expected to be completed in 2007. Groundbreaking ceremonies were held in December, 2006 for a new 30,000 square foot, two-story medical office building north of the hospital. Planned development projects in West Park subdivision located on US 59 just south of the hospital include a motel, various medical office buildings, a dialysis center, and a nursing home.

Corplan, a private detention facility developer, completed construction of the 500 bed detention facility located on FM 350 South adjacent to the existing Texas Department of Corrections Polunsky Unit. This facility, which created 150 new jobs, opened in February, 2006 and has already reached capacity. Plans for a 500-bed expansion of this detention facility are currently underway with an anticipated completion date in the summer of 2007. The City of Livingston entered into an interlocal agreement with Polk County to provide water and wastewater services to the facility, with anticipated annual revenue to the City in excess of \$100,000, based on usage projections from the developer.

A major 41,300 square foot expansion of Central Baptist Church located on East Street and North Houston near downtown Livingston, which includes a new sanctuary, classrooms, music department and offices is currently underway with completion expected in 2007.

In addition to these commercial expansion projects, the City is also experiencing new residential single-family and multi-family development in the community, with site work underway on a new 36-unit apartment complex to be located on State Highway 146 and Kimball Lane and new home construction in The Retreat subdivision, a development for active seniors over 55 years of age.

The Polk County Habitat for Humanity group continues to work on development plans for several new homes in the proposed "Cochran's Crossing" subdivision located south of West Street between Beatty Street and Bluebird Street. This is a cooperative public/private revitalization/development project which will provide much-needed affordable single and multi-family housing for the community.

In 2006, the City of Livingston's Main Street program developed a locally-funded grant program for facade, sign and paint improvement projects for qualifying property owners in the downtown central business district. Three property owners have applied for and received local grant funds for rehabilitation of their buildings during the past year. These three building rehabilitation projects have been a major milestone in the redevelopment of the historical downtown district. The City, Chamber of Commerce, Merchants Guild and the Main Street Board continue to work together to determine short-term and long-term goals to both expand existing business and attract new business and promote the downtown area as a destination site for visitors to the community.

## Major Initiatives

In 2006, city staff focused on developing a new strategic plan for the community. The City solicited input from the citizens in the fall of 2005, with 353 residents responding to a community survey. In May, 2006, the supervisory personnel participated in a workshop to develop and prioritize personnel, facility, equipment, service and capital projects needs. In June, 2006, the City Council conducted a planning workshop with the focus on long-term needs of the community.

The responses of citizens, supervisory personnel and the City Council have served as the basis for the basic services and quality of life services that are included in the 2006-2007 fiscal year budget. Clearly, one of the main issues confronting the City of Livingston in 2007 will be planning and managing the growth which the community is continuing to experience. Major areas of concern that the City is focusing on in 2007 include improved code enforcement activities to abate nuisances such as dilapidated buildings, weeds and debris; improved brush and litter collection services and mowing and trimming along public rights-of-way in the city; improvements to our water distribution system to replace aging and deteriorating lines, and to improve the clarity and taste of the tap water; and a system-wide sanitary sewer evaluation study to determine priorities for rehabilitating and replacing deteriorating sewer lines to reduce infiltration and inflow and sanitary sewer overflow occurrences.

Due to higher than expected project bid costs received in mid-2006, the Livingston Municipal Airport improvement project was delayed for rebidding until February, 2007. This improvement project includes the rehabilitation and marking of the 3700' runway and taxiway, the reconstruction of the parking apron, installation of a new rotating beacon and precision approach path indicator, as well as relocation of the aviation fueling station. This project is being funded through a federal airport improvement grant which will provide 90% of the funding, with the City providing the remaining 10% of the project cost. This is the first major renovation of the airport since 1993 and will help maintain this economic development tool which is important for the continuing growth of the community.

In November, 2006, the City Council appointed a long-range planning committee to assess the facility, personnel staffing, community services and collection development needs at Murphy Memorial Library. This citizen advisory committee will begin conducting planning workshop sessions in January, 2007 with the goal of developing a 5 year plan for the approval of the City Council by May, 2007.

The City strives to provide an effective, cost-efficient range of services which the citizens have come to expect. To do so, requires the administrative staff to be especially resourceful in developing new revenue sources to fund the expanded range of services. The City Council and management staff are committed to the general philosophy of "pay as you go". In general, the City provides its services (general government, public safety, streets, parks and recreation, library, and utilities) at a cost per capita that is comparable to or below other community with similar demographic and economic characteristics.

## Financial Policies

The overall strategy of the City related to cash deposits and investments is to expose the City to a minimum amount of credit risk and market risk. All bank balances of deposits as of the balance sheet date are entirely insured and collateralized with securities held by the City's agent in the City's name. The City had no investments in 2006.

The City is exposed to a variety of accidental losses and has established a risk management strategy that attempts to minimize losses and the carrying cost of insurance.

Risk control techniques have been established to reasonably assure that the City's employees are aware of their responsibilities regarding loss exposures related to their duties. In a similar manner, risk control techniques have been established to reduce possible losses to property owned or under the control of the City. Furthermore, supervisory personnel are held responsible for monitoring risk control techniques on an operational basis.

The primary technique used for risk financing is the purchase of insurance policies from commercial insurers and through participation in the Texas Municipal League intergovernmental risk pool. Coverage in the pool is continuous and annual contributions are subject to adjustment each year based on updated exposure information and change in rating.

#### OTHER INFORMATION

##### Independent Audit

The financial records, books of account, and transactions of the City for the fiscal year ended September 30, 2006, have been audited by Independent Public Accountants, and their opinion is included in this report.

##### Awards

The Government Finance Officers Association of the United States and Canada (GFOA) awarded a Certificate of Achievement for Excellence in Financial Reporting to the City for its Comprehensive Annual Financial Report for the fiscal year ended September 30, 2005. The Certificate of Achievement is a prestigious national award recognizing conformance with the highest standards for preparation of state and local government financial reports.

In order to be awarded a Certificate of Achievement, a governmental unit must publish an easily readable and efficiently organized Comprehensive Annual Financial Report, whose contents conform to program standards. Such Comprehensive Annual Financial Report must satisfy both generally accepted accounting principles and applicable legal requirements.

A Certificate of Achievement is valid for a period of one year only. The City of Livingston has received a Certificate of Achievement for the last seventeen consecutive years (fiscal years ended 1988-2005). We believe our current report continues to conform to the Certificate of Achievement program requirements, and we are submitting it to GFOA.

##### Acknowledgement

The preparation of this report on a timely basis could not have been accomplished without the efforts and dedication of the staff of the Administrative Department. I would like to express my appreciation to my staff and other personnel from various departments who assisted in its preparation. Also, I would like to thank the Mayor and the City Council for their interest and support in planning and conducting the financial operations of the City in a dedicated and responsible manner.

Respectfully submitted,



Marilyn Sutton  
City Manager and Chief Financial Officer

**CITY OF LIVINGSTON, TEXAS**

**September 30, 2006**

**PRINCIPAL OFFICIALS**

**City Council**

Mayor

Ben R. Ogletree, Jr.

Mayor Pro-tem

Clarke Evans

Alderman

Gene Bush

Alderman

Ray Hill

Alderman

Ray Luna

Alderwoman

Judy Cochran

**Administration**

City Manager

Marilyn Sutton

City Secretary

Irene Nicks

City Attorney

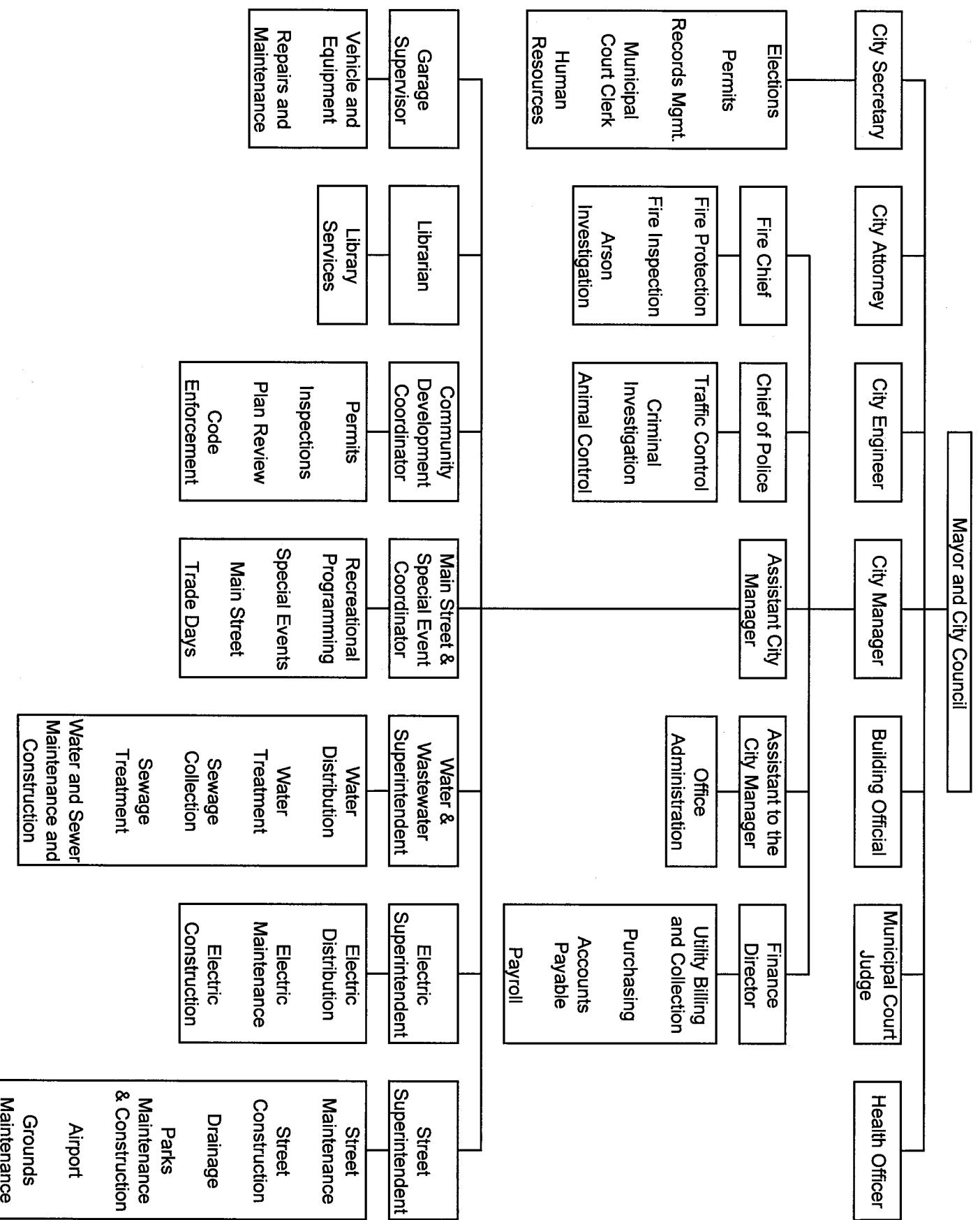
Gaffney Phillips

**Form of Government**

Council - Manager

General Law City

**CITY OF LIVINGSTON, TEXAS  
ORGANIZATIONAL CHART**



# Certificate of Achievement for Excellence in Financial Reporting

Presented to

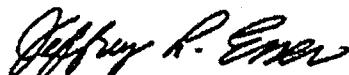
City of Livingston  
Texas

For its Comprehensive Annual  
Financial Report  
for the Fiscal Year Ended  
September 30, 2005

A Certificate of Achievement for Excellence in Financial Reporting is presented by the Government Finance Officers Association of the United States and Canada to government units and public employee retirement systems whose comprehensive annual financial reports (CAFRs) achieve the highest standards in government accounting and financial reporting.



President



Executive Director

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## **FINANCIAL SECTION**



**INDEPENDENT AUDITOR'S REPORT**

The Honorable Ben R. Ogletree, Jr., Mayor  
and Members of the City Council  
City of Livingston  
Livingston, Texas

We have audited the accompanying financial statements of the governmental activities, business type activities, major fund, and remaining fund information, which collectively comprise the basic financial statements of the City of Livingston, Texas, as of and for the year ended September 30, 2006, as listed in the Table of Contents. These financial statements are the responsibility of the management of the City of Livingston, Texas. Our responsibility is to express an opinion on these financial statements based on our audit.

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

In our opinion, the basic financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, business type activities, major fund, and remaining fund information of the City of Livingston, Texas, at September 30, 2006, and the changes in financial position and cash flows, where applicable, of those activities and funds and the budgetary comparison for the general fund for the year then ended in conformity with generally accepted accounting principles in the United States.

The management's discussion and analysis on pages 4-13 is not a required part of the basic financial statements but is supplementary information required by accounting principles generally accepted in the United States. 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, we did not audit the information and express no opinion on it.

Our audit was made for the purpose of forming an opinion on the City's basic financial statements. The budgetary comparison schedules, individual fund financial statements and schedules, and statistical information listed in the table of contents are presented for purposes of additional analysis and are not a required part of the basic financial statements of the City of Livingston, Texas. Such information, except for the portion marked "unaudited" on which we express no opinion, has been subjected to the auditing procedures applied in the audit of the basic financial statements and, in our opinion, is fairly stated in all material respects in relation to the basic financial statements taken as a whole.

*Harper & Pearson Company, P.C.*

Houston, Texas  
November 2, 2006

## CITY OF LIVINGSTON, TEXAS

### MANAGEMENT'S DISCUSSION AND ANALYSIS

SEPTEMBER 30, 2006

Our discussion and analysis of the City of Livingston's financial performance provides an overview and analysis of the City's financial activities for the fiscal year ended September 30, 2006. Please read it in conjunction with the accompanying transmittal letter and the accompanying basic financial statements.

#### FINANCIAL HIGHLIGHTS

- The City's net assets of governmental activities increased by \$349,000 or 9.8 percent as a result of the year's operations. The increase was due primarily to an increase in net assets invested in capital assets. This was created by repayment of bonds while adding primarily street improvements. Net assets of the City's business type activities increased by \$9,000 during 2006. This small increase was primarily as a result of increased wholesale electrical costs in March 2006, which were not passed on through rate increases to consumers until June, 2006.
- The City's total net assets increased by \$358,000 or 1.9 percent during the current fiscal year. The increase is the result of the operational activities described above.
- Total cost of the entire City's programs increased \$245,000 or approximately 5 percent. No new programs were added during the current fiscal year. The largest contributors to the increase were increased administrative, police, and paving and street department costs associated with the Hurricane Rita recovery.
- As of September 30, 2006, the City of Livingston's governmental funds reported combined ending fund balances of \$321,000, a decrease of \$522,000 in comparison with the prior fiscal year. The decrease is due primarily to capital additions and infrastructure improvements.
- At the end of the current fiscal year, the unreserved fund balance for the general fund was \$254,000 or approximately 5.3 percent of total general fund expenditures.
- The City's total bonded debt decreased by \$560,000 during the current fiscal year.

#### OVERVIEW OF THE FINANCIAL STATEMENTS

Management's Discussion and Analysis is intended to serve as an introduction to the City of Livingston's basic financial statements. The City of Livingston's basic financial statements comprise 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 themselves.

**Government-wide Financial Statements.** The government-wide financial statements are designed to provide readers with a broad overview of the City of Livingston's finances, in a manner similar to private-sector business. The statement of net assets presents information on all of the City of Livingston's assets and liabilities, with the difference between the two reported as net assets. Over time, increases or decreases in net assets may serve as a useful indicator of whether the financial position of the City of Livingston is improving or deteriorating. The statement of net assets combines and consolidates governmental funds current financial resources (short-term spendable resources) with capital assets and long-term obligations. Other non-financial factors should also be taken into consideration, such as changes in the City's sales tax

City of Livingston, Texas  
Management's Discussion and Analysis (continued)  
September 30, 2006

base and the condition of the City's infrastructure (i.e. roads, drainage improvements, storm and sewer lines, etc.), to assess the overall health or financial condition of the City.

The statement of activities presents information showing how the City's net assets changed during the most recent fiscal year. All of the current year's revenues and expenses are taken into account regardless of when cash is received or paid. Thus, revenues and expenses are reported in this statement for some items that will only result in cash flows in future fiscal periods (e.g. uncollected taxes, etc.). Both the statement of net assets and the statement of activities are prepared utilizing the accrual basis of accounting as opposed to the modified accrual basis used in prior reporting models.

In the Statement of Net Assets and the Statement of Activities, the City is divided into two kinds of activities:

- Governmental activities - Most of the City's basic services are reported here, including the police, fire, libraries, parks development, public services and operations, information services and general administration. Sales taxes and charges for services finance most of these activities.
- Business-type activities - The City charges a fee to customers to help it cover all or most of the cost of certain services it provides. The City's electric, water and sewer systems are reported here.

### **Reporting the City's Most Significant Funds**

#### **Fund Financial Statements**

The fund financial statements provide detailed information about the most significant funds - not the City as a whole. Some funds are required to be established by state law and by bond covenants. However, the City Council establishes some funds to help it control and manage money for particular purposes or to show that it is meeting legal responsibilities for using certain taxes, grants, and other money. The City's two kinds of funds - governmental and proprietary - utilize different accounting approaches.

- Governmental funds - The majority of the City's basic services are reported in governmental funds, which focus on how money flows into and out of those funds and the balances left at year-end that are available for spending. These funds are reported using an accounting method identified as 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 City's general government operations and the basic services it provides. Governmental fund information helps you determine whether there are more or fewer financial resources that can be spent in the near future to finance the City's programs. By comparing information presented for governmental funds with similar information presented for governmental activities in the government-wide financial statements, readers may better understand the long-term impact of the government's near-term financing decisions. The relationships or differences between governmental activities (reported in the Statement of Net Assets and the Statement of Activities) and governmental funds is detailed in a reconciliation following the fund financial statements.

The City of Livingston maintains three individual governmental funds. Information is presented separately in the governmental funds balance sheet and in the governmental funds statement of revenues, expenditures, and changes in fund balances for the general fund, debt service fund and the streets and capital projects fund, all of which are considered to be major funds. The streets and capital projects fund was closed in 2006.

- Proprietary funds - The City charges customers for the services it provides. These services are generally reported in the proprietary fund. Proprietary funds are reported in the same way that all

City of Livingston, Texas  
 Management's Discussion and Analysis (continued)  
 September 30, 2006

activities are reported in the statement of net assets and the statement of activities. In fact, the City's proprietary fund is identical to the business-type activities that are reported in the government-wide statements but provide more detail and additional information, such as cash flows.

The City uses the proprietary fund to account for its electric, water and sewer activities.

### Other Information

In addition to the basic financial statements and accompanying notes, this report presents certain required supplementary information concerning the City's progress in funding its obligation to provide pension benefits to the employees.

### THE CITY AS A WHOLE - Government-Wide Financial Analysis

The City's combined net assets were \$18,808,000 as of September 30, 2006. Analyzing the net assets and net expenses of governmental and business-type activities separately, the business type activities net assets are \$14,897,000. This analysis focuses on the net assets (Table 1) and changes in net assets (Table 2) and significant expenses of the City's governmental and business-type activities.

By far the largest portion of the City's net assets (83.8 percent) reflects its investment in capital assets (e.g., land, buildings, machinery, and equipment); less any related debt used to acquire those assets that are still outstanding. The City uses these capital assets to provide services to citizens; consequently, these assets are not available for future spending. Although the City'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 themselves cannot be used to liquidate these liabilities.

A comparative analysis of government-wide data is presented below.

**Table 1**  
**Net Assets**

	Governmental Activities		Business-Type Activities		Total Primary Government	
	2006	2005	2006	2005	2006	2005
Current and other assets						
Assets	\$ 583,542	\$ 1,235,383	\$ 4,158,578	\$ 3,965,146	\$ 4,742,120	\$ 5,200,529
Capital assets	<u>11,445,561</u>	<u>11,122,775</u>	<u>12,212,140</u>	<u>12,440,291</u>	<u>23,657,701</u>	<u>23,563,066</u>
Total assets	<u>12,029,103</u>	<u>12,358,158</u>	<u>16,370,718</u>	<u>16,405,437</u>	<u>28,399,821</u>	<u>28,763,595</u>
Long-term debt outstanding	7,900,000	8,460,000	340,000	400,000	8,240,000	8,860,000
Other liabilities	<u>218,053</u>	<u>336,088</u>	<u>1,134,010</u>	<u>1,117,388</u>	<u>1,352,063</u>	<u>1,453,476</u>
Total liabilities	<u>8,118,053</u>	<u>8,796,088</u>	<u>1,474,010</u>	<u>1,517,388</u>	<u>9,592,063</u>	<u>10,313,476</u>
Net assets:						
Invested in capital assets, net of related debt	3,545,562	3,129,245	12,212,140	12,040,291	15,757,702	15,169,536
Restricted	64,428	74,795	138,706	137,798	203,134	212,593
Unrestricted	<u>301,060</u>	<u>358,030</u>	<u>2,545,862</u>	<u>2,709,960</u>	<u>2,846,922</u>	<u>3,067,990</u>
Total net assets	<u>\$ 3,911,050</u>	<u>\$ 3,562,070</u>	<u>\$ 14,896,708</u>	<u>\$ 14,888,049</u>	<u>\$ 18,807,758</u>	<u>\$ 18,450,119</u>

City of Livingston, Texas  
Management's Discussion and Analysis (continued)  
September 30, 2006

An additional portion of the City's net assets (1.1%) represents resources that are subject to external restriction on how they may be used. The remaining balance of unrestricted net assets \$2,846,922 may be used to meet the government's ongoing obligations to citizens and creditors.

As of September 30, 2006, the City is able to report positive balances in all three categories of net assets, both for the government as a whole, as well as for its separate governmental and business-type activities. The same situation held true for the prior year.

The governmental activities current assets decreased by \$651,841. This decrease related to the investment of 2003 bond proceeds in various infrastructure projects, primarily streets. Capital assets of governmental activities increased accordingly.

**Analysis of the City's Operations**-Overall the City had an increase in net assets of \$357,639.

**Governmental Activities**

Governmental activities increased the net assets by \$348,980. Net assets invested in capital assets, net of related debt increased by \$416,317 or 13.3% due to the repayment of outstanding bonds and additional investment in street improvements net of depreciation. Unrestricted net assets decreased by \$56,970 as a result of increased program expenses largely associated with the recovery from Hurricane Rita. Several departments, including administration, police, and paving and streets incurred significant expenses as a result of the storm clean-up.

Total revenues for governmental activities increased from the previous year by \$638,442. The primary increases were in sales tax revenue of \$341,445, due to increased retail and economic activity in the City and operating grants of \$277,378 primarily from the Federal Emergency Management Administration (FEMA) to reimburse the City for expenses incurred caring for displaced individuals during and after Hurricane Rita.

**Business-Type Activities**

Net Assets from business-type activities increased by \$8,659 or less than 1% from \$14,888,049 to \$14,896,708, accounting for all of the growth in net assets. The small increase was primarily due to a reduction in the operating margin of the electrical department due to increased wholesale electric cost that were not passed on to consumers until late in the fiscal year.

The following table provides a summary of the City's operations for year ended September 30, 2006 with comparative totals for year ended September 30, 2005.

City of Livingston, Texas  
 Management's Discussion and Analysis (continued)  
 September 30, 2006

**Table 2**  
**City of Livingston's Changes in Net Assets**

	Governmental Activities		Business-Type Activities		Total Primary Government	
	2006	2005	2006	2005	2006	2005
Revenues:						
Program Revenues:						
Charges for Services	\$ 1,507,953	\$ 1,477,682	\$ 10,708,095	\$ 10,655,080	\$ 12,216,048	\$ 12,132,762
Capital Grants & Contributions	12,891	64,077	-	-	12,891	64,077
Operating Grants & Contributions	392,402	115,024	-	-	392,402	115,024
General Revenues:						
Property tax	-	-	-	-	-	-
Sales tax	2,885,734	2,544,289	-	-	2,885,734	2,544,289
Franchise tax	148,230	136,979	-	-	148,230	136,979
Hotel/Motel tax	168,967	131,303	-	-	168,967	131,303
Investment earnings	14,373	31,869	74,278	33,324	88,651	65,193
Miscellaneous	<u>34,381</u>	<u>25,266</u>	<u>-</u>	<u>-</u>	<u>34,381</u>	<u>25,266</u>
Total Revenues	<u>5,164,931</u>	<u>4,526,489</u>	<u>10,782,373</u>	<u>10,688,404</u>	<u>15,947,304</u>	<u>15,214,893</u>
Expenses:						
Administration	494,543	429,415	-	-	494,543	429,415
Sanitation	552,169	525,284	-	-	552,169	525,284
Fire	328,722	307,944	-	-	328,722	307,944
Police	1,260,724	1,201,267	-	-	1,260,724	1,201,267
Paving & Street	971,433	921,559	-	-	971,433	921,559
Parking & Recreation	806,073	792,944	-	-	806,073	792,944
Library	246,801	237,031			246,801	237,031
Garage	158,581	139,382			158,581	139,382
Interest on long-term debt	362,868	381,833			362,868	381,833
Electric, Water, and Sewer	-	-	10,407,751	9,747,275	10,407,751	9,747,275
Total Expenses	<u>5,181,914</u>	<u>4,936,659</u>	<u>10,407,751</u>	<u>9,747,275</u>	<u>15,589,665</u>	<u>14,683,934</u>
Excess (deficiency) before transfers	(16,983)	(410,170)	374,622	941,129	357,639	530,959
Transfers	<u>365,963</u>	<u>259,141</u>	<u>(365,963)</u>	<u>(259,141)</u>	<u>-</u>	<u>-</u>
Increase in net assets	348,980	(151,029)	8,659	681,988	357,639	530,959
Net assets - October 1	<u>3,562,070</u>	<u>3,713,099</u>	<u>14,888,049</u>	<u>14,206,061</u>	<u>18,450,119</u>	<u>17,919,160</u>
Net assets - September 30	<u>\$ 3,911,050</u>	<u>\$ 3,562,070</u>	<u>\$ 14,896,708</u>	<u>\$ 14,888,049</u>	<u>\$ 18,807,758</u>	<u>\$ 18,450,119</u>

## **Financial Analysis of the Government's Funds**

### **Governmental Funds**

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

At the end of the current fiscal year, the City of Livingston's governmental funds reported combined ending fund balances of \$320,763. Approximately 79% of the total amount (\$253,737) constitutes unreserved fund balance. The remainder of the fund balance is reserved to indicate that it is not available for new spending because it has already been committed to pay for debt service (\$64,428) and library improvements (\$2,598).

In the general fund, the City budgeted for a decrease in the fund balance on a GAAP basis of \$333,706. Due to revenues from grants being greater than budgeted by approximately \$36,000 and due to expenses for administration, police, paving and street, and parks and recreation being less than budgeted, the actual fund balance decreased by \$169,021. The debt service fund balance decreased by \$10,367 because of lower than budgeted transfers. The street and capital projects fund balance decreased by \$342,948 as a result of completion of various street improvement projects.

### **Proprietary Fund**

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

Unrestricted net assets of the proprietary fund were \$2,545,862. Total net assets increased in 2006 by \$8,659.

### **General Fund Budgetary Highlights**

The City made revisions to the original appropriations approved by the City Council. Overall these changes resulted in increased budgeted revenues of \$837,047 or 19.5%. The increase in budgeted revenues was primarily for an increase in sales tax revenues, licenses and permits, and miscellaneous revenues. The increase in sales tax revenues was the result of the opening of new retail establishments and the overall economic strength in the City and surrounding area. The increase in licenses and permits was the result of a large increase in building permits, once again tied to the growth in the local economy. The increase in miscellaneous revenues is related to the receipt of approximately \$300,000 in FEMA grants directed to Hurricane Rita recovery. Budgeted expenditures were increased by \$314,225 or 6.8%. The increases in budgeted expenditures were primarily for increased administrative, paving and street and parks and recreation expenditures. The increases in budgeted amounts for administration were for salary increases, legal fees associated with notices and demolition of dilapidated buildings, and for the addition of a vehicle. The increase in budgeted amounts for paving and street were the result of additional capital improvements added in the latter part of the fiscal year which included seal coat for many of the streets and the purchase of a new dump truck. The increase in budgeted amounts for parks and recreation were the result of an increase in salaries, an increase in advertising for Trade Days, and additional repairs to the parks as a result of Hurricane Rita.

City of Livingston, Texas  
 Management's Discussion and Analysis (continued)  
 September 30, 2006

## CAPITAL ASSET AND DEBT ADMINISTRATION

### Capital Assets

At the end of the fiscal year 2006, the City had \$23,657,701 (net of accumulated depreciation) invested in a broad range of capital assets, including police and fire equipment, buildings, park facilities, roads, bridges, electrical, water and sewer lines. The total increase in the City's investment in capital assets for the current fiscal year was 4% (13% increase for governmental activities and a 1% increase in business-type activities (See Table 3).

**Table 3**  
**Capital Assets at Year-end**  
**(Net of Depreciation)**

	Governmental Activities		Business-Type Activities		Totals	Totals
	2006	2005	2006	2005	2006	2005
Land	\$ 283,352	\$ 283,352	\$ 505,880	\$ 505,880	\$ 789,232	\$ 789,232
Buildings and improvements	1,844,446	1,928,184	249,373	252,354	2,093,819	2,180,538
Equipment and fixtures	732,159	694,121	387,002	370,557	1,119,161	1,064,678
Paving, sidewalks and streets	6,824,350	6,449,898	-	-	6,824,350	6,449,898
Parks development	1,523,896	1,654,865	-	-	1,523,896	1,654,865
Airport improvements	237,358	112,355	-	-	237,358	112,355
Utility systems	-	-	11,069,885	10,911,500	11,069,885	10,911,500
Total	<u>\$ 11,445,561</u>	<u>\$ 11,122,775</u>	<u>\$ 12,212,140</u>	<u>\$ 12,040,291</u>	<u>\$ 23,657,701</u>	<u>\$ 23,163,066</u>

This year's major additions included:

Fire Marshal's Truck	\$ 23,811
Police Vehicles	35,707
Various street improvements	879,152
Street Department dump truck	44,986
Parks Department Vehicle	23,130
Airport Improvements	140,000
Utility System Improvements	385,424
Total	<u>\$ 1,532,210</u>

The City's fiscal year 2007 capital budget calls for it to spend another \$1,786,000 for capital projects, principally for street improvements (\$236,000), new police vehicles (\$68,000), street equipment (\$114,000), various park improvements (\$101,000), vehicles for the utility department (\$155,000), water system equipment and improvements (\$465,500), and sewer system equipment and improvements (\$205,000).

Additional information on the City of Livingston's capital assets can be found in footnote 6 on pages 41-43 of this report.

City of Livingston, Texas  
 Management's Discussion and Analysis (continued)  
 September 30, 2006

**Debt**

At year-end, the City had \$7,900,000 in bonds outstanding as compared to \$8,460,000 at the end of the prior fiscal year, a decrease of 6.6% percent - as shown in Table 4.

**Table 4**  
**Outstanding Debt, at Year-end**

	<b>Governmental Activities</b>		<b>Business-Type Activities</b>		<b>Totals</b>	
	<b>2006</b>	<b>2005</b>	<b>2006</b>	<b>2005</b>	<b>2006</b>	<b>2005</b>
General obligation bonds (backed by the City)	\$ 850,000	\$ 1,045,000	\$ -	\$ -	\$ 850,000	\$ 1,045,000
Certificates of obligation (backed by the City)	<u>7,050,000</u>	<u>7,415,000</u>	<u>-</u>	<u>-</u>	<u>7,050,000</u>	<u>7,415,000</u>
Totals	<u>\$ 7,900,000</u>	<u>\$ 8,460,000</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 7,900,000</u>	<u>\$ 8,460,000</u>

The City issued debt in December of 2002 in order to refund \$1,500,000 in old debt and issued \$5,000,000 in certificates of obligation to be used primarily for street projects.

The City's general obligation bonds and certificate of obligation continue to carry a triple A rating, the highest rating possible. This rating has been assigned to the City's tax-supported debt since 1970, by two national rating agencies. The City is permitted by Article XI, Section 5, of the State of Texas Constitution to levy taxes up to \$2.50 per \$100 of assessed valuation for general governmental services including the payment of principal and interest on general obligation long-term debt. The current ratio of tax-supported debt to assessed value of all taxable property is 0 percent. The City does not currently assess property taxes.

Additional information on the City of Livingston's long-term debt can be found in footnote 8 on pages 46-47 of this report.

**ECONOMIC FACTORS AND NEXT YEAR'S BUDGETS AND RATES**

The City's elected and appointed officials considered many factors when setting the fiscal year 2007 budget, tax rates, and fees that will be charged for the business-type activities. Based on various local economic indicators, including an increase in sales tax collections, ad valorem property assessed values, permits for new construction, and utility connections and revenues, and hotel occupancy tax collection, the community continues to experience significant economic growth. With the continuing growth in the business community, as well as new residential growth, the City is anticipating projected increases in revenues from utility fees and sales taxes for the upcoming year. Sales tax revenue accounts for approximately 18% of the City's total annual revenue, while utility fees for sanitation, electric, water and sewer services account for 67% of the City's total revenue. Growth in these two major revenue sources and additional funds from grants and other sources have allowed the City to continue to operate without an ad valorem property tax since 1988. The City does not anticipate levying and ad valorem property tax for the upcoming year.

The City continues to receive inquiries expressing varying degrees of interest from major national retailers regarding locations that are within the City limits. The City expects new commercial construction to remain strong into 2007 with site work underway on the first phase of a retail development project by Anthony Properties on a tract located west of Long King Creek on US 190 West across from the new Tractor Supply store which opened in mid-2006.

City of Livingston, Texas  
Management's Discussion and Analysis (continued)  
September 30, 2006

Numerous healthcare-related construction projects are continuing along the US 59 bypass with Memorial Medical Center's \$30,000,000 multi-story patient tower and hospital facility expansion project expected to be completed in 2007. Groundbreaking ceremonies were held in December, 2006 for a new 30,000 square foot, two-story medical office building north of the hospital. Planned development projects in West Park subdivision located on US 59 just south of the hospital include a motel, various medical office buildings, a dialysis center, and a nursing home.

Corplan, a private detention facility developer, completed construction of the 500 bed detention facility located on FM 350 South adjacent to the existing Texas Department of Corrections Polunsky Unit. This facility, which created 150 new jobs, opened in February, 2006 and has already reached capacity. Plans for a 500-bed expansion of this detention facility are currently underway with an anticipated completion date for the expansion of summer, 2007. The City of Livingston entered into an interlocal agreement with Polk County to provide water and wastewater services to the facility, with anticipated annual revenue to the City in excess of \$100,000, based on usage projections from the developer.

A major 41,300 square foot expansion of Central Baptist Church located on East Street and North Houston near downtown Livingston, which includes a new sanctuary, classrooms, music department and offices, is currently underway with completion expected in 2007.

In addition to these commercial expansion projects, the City is also experiencing new residential single-family and multi-family development in the community, with site work underway on a new 36-unit apartment complex to be located on State Highway 146 and Kimball Lane and new home construction in The Retreat subdivision, a development for active seniors over 55 years of age.

The Polk County Habitat for Humanity group continues work on development plans for several new homes in the proposed "Cochran's Crossing" subdivision located south of West Street between Beatty Street and Bluebird Street. This is a cooperative public/private revitalization/development project which will provide much-needed affordable single and multi-family housing for the community.

These economic indicators were taken into account when adopting the General Fund budget for fiscal year 2007. The total 2006-2007 combined budget appropriation is \$5,631,572 for two operating funds. This represents a decrease of \$308,345 or 5.2% under the 2005-2006 re-estimated budget.

The General Fund's largest revenue source in fiscal year 2005-2006 is sales tax receipts. Sales Tax receipts are projected to increase approximately 7% in the 2006-2007 fiscal year.

Budgeted expenditures in the General Fund are expected to increase \$37,160 or less than 1.0% from the 2005-2006 re-estimated budget. The City does not expect to add any major programs or initiatives to the 2007 budget.

If the estimates are realized, the City's budgetary General Fund balance is expected to remain unchanged from the re-estimated 2005-2006 budget.

As for the City's business-type activities, the City expects the 2007 results will remain basically unchanged in the electric, water and sewer funds. Projections indicate that the electric, water and sewer fund balance will decrease by \$7,500. Rate increases for water and sewer services have been included in the 2006-2007 budget with an expectation of increased usage by new businesses and residences which will generate an increase in utility revenues.

City of Livingston, Texas  
Management's Discussion and Analysis (continued)  
September 30, 2006

**CONTACTING THE CITY'S FINANCIAL MANAGEMENT**

This financial report is designed to provide the citizens, taxpayers, customers, and investors and creditors with a general overview of the City's finances and to show the City's accountability for the money it receives. If you have questions about this report or need additional financial information, contact the office of the City Manager at City of Livingston, 200 West Church Street, Livingston, Texas 77351-3281.

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**BASIC FINANCIAL STATEMENTS**  
**GOVERNMENT-WIDE FINANCIAL STATEMENTS**

**CITY OF LIVINGSTON, TEXAS**  
**GOVERNMENT-WIDE STATEMENT OF NET ASSETS**  
**SEPTEMBER 30, 2006**

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	<b>PRIMARY GOVERNMENT</b>		
	<b>Governmental Activities</b>	<b>Business-type Activities</b>	<b>Total</b>
<b>ASSETS</b>			
Cash	\$ 486,047	\$ 363,552	\$ 849,599
Certificates of deposit	-	2,003,090	2,003,090
Receivables:			
Returned checks receivable	2,598	14,358	16,956
Paving accounts receivable	50,171	-	50,171
Utility accounts receivable	-	1,282,950	1,282,950
Deferred issuance cost (net)	44,726	-	44,726
Restricted assets - cash	-	154,628	154,628
Capital assets (net of accumulated depreciation):			
Land	283,352	505,880	789,232
Buildings and improvements	1,844,446	249,373	2,093,819
Equipment and fixtures	732,159	387,002	1,119,161
Paving, sidewalks and streets	6,824,350	-	6,824,350
Parks development	1,523,896	-	1,523,896
Airport improvements	237,358	-	237,358
Electrical system	-	2,428,427	2,428,427
Water system	-	3,617,766	3,617,766
Sewer system	-	5,023,692	5,023,692
Water service contract rights	-	340,000	340,000
Total Assets	<u>\$ 12,029,103</u>	<u>\$ 16,370,718</u>	<u>\$ 28,399,821</u>

See accompanying notes to financial statements

**CITY OF LIVINGSTON, TEXAS**  
**GOVERNMENT-WIDE STATEMENT OF NET ASSETS**  
**SEPTEMBER 30, 2006**

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<b>PRIMARY GOVERNMENT</b>			
	<b>Governmental Activities</b>	<b>Business-type Activities</b>	<b>Total</b>
<b>LIABILITIES</b>			
Accounts payable	\$ 218,053	\$ 810,813	\$ 1,028,866
Meter deposits	-	323,197	323,197
Noncurrent Liabilities:			
Due within one year	575,000	60,000	635,000
Due in more than one year	<u>7,325,000</u>	<u>280,000</u>	<u>7,605,000</u>
Total Liabilities	<u>8,118,053</u>	<u>1,474,010</u>	<u>9,592,063</u>
<b>NET ASSETS</b>			
Invested in capital assets, net of related debt	3,545,562	12,212,140	15,757,702
Restricted for:			
System improvements	-	125,571	125,571
Debt service	64,428	13,135	77,563
Unrestricted	<u>301,060</u>	<u>2,545,862</u>	<u>2,846,922</u>
Total Net Assets	<u>\$ 3,911,050</u>	<u>\$ 14,896,708</u>	<u>\$ 18,807,758</u>

See accompanying notes to financial statements

**CITY OF LIVINGSTON, TEXAS**  
**GOVERNMENT-WIDE STATEMENT OF ACTIVITIES**  
**FOR THE YEAR ENDED SEPTEMBER 30, 2006**

<b>FUNCTIONS/PROGRAMS</b>	<b>Program Revenues</b>			
	<b>Expenses</b>	<b>Charges for Services</b>	<b>Capital Grants and Contributions</b>	<b>Operating Grants and Contributions</b>
Governmental activities:				
Administrative	\$ 494,543	\$ 167,499	\$ -	\$ 312,751
Sanitation	552,169	735,376	-	-
Fire	328,722	-	-	56,673
Police	1,260,724	236,332	-	2,586
Paving and street	971,433	83,227	12,891	-
Parks and recreation	806,073	269,001	-	-
Library	246,801	16,518	-	20,392
Garage	158,581	-	-	-
Interest on long-term debt	362,868	-	-	-
Total governmental activities	<u>5,181,914</u>	<u>1,507,953</u>	<u>12,891</u>	<u>392,402</u>
Business-type activities:				
Electric, water and sewer	10,407,751	10,708,095	-	-
Total business-type activities	<u>10,407,751</u>	<u>10,708,095</u>	<u>-</u>	<u>-</u>
Total primary government	<u>\$ 15,589,665</u>	<u>\$ 12,216,048</u>	<u>\$ 12,891</u>	<u>\$ 392,402</u>
General revenues:				
Taxes				
Sales taxes				
Franchise taxes				
Hotel/Motel taxes				
Unrestricted investment earnings				
Miscellaneous				
Transfers				
Total general revenues and transfers				
Change in net assets				
Net assets-beginning				
Net assets-ending				

See accompanying notes to financial statements

**Net (Expense) Revenue and Changes in Net Assets**

<b>Governmental Activities</b>	<b>Business-Type Activities</b>	<b>Total</b>
\$ (14,293)	\$ -	\$ (14,293)
183,207	-	183,207
(272,049)	-	(272,049)
(1,021,806)	-	(1,021,806)
(875,315)	-	(875,315)
(537,072)	-	(537,072)
(209,891)	-	(209,891)
(158,581)	-	(158,581)
(362,868)	-	(362,868)
<u>(3,268,668)</u>	<u>-</u>	<u>(3,268,668)</u>
-	<u>300,344</u>	<u>300,344</u>
<u>-</u>	<u>300,344</u>	<u>300,344</u>
<u>(3,268,668)</u>	<u>300,344</u>	<u>(2,968,324)</u>
2,885,734	-	2,885,734
148,230	-	148,230
168,967	-	168,967
14,373	74,278	88,651
34,381	-	34,381
365,963	<u>(365,963)</u>	-
<u>3,617,648</u>	<u>(291,685)</u>	<u>3,325,963</u>
348,980	8,659	357,639
3,562,070	<u>14,888,049</u>	<u>18,450,119</u>
<u>\$ 3,911,050</u>	<u>\$ 14,896,708</u>	<u>\$ 18,807,758</u>

See accompanying notes to financial statements

**CITY OF LIVINGSTON, TEXAS**  
**GOVERNMENTAL FUNDS**  
**BALANCE SHEET**  
**SEPTEMBER 30, 2006**

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	<b>General</b>	<b>Debt Service</b>
<b>ASSETS</b>		
Cash	\$ 421,619	\$ 64,428
Certificates of deposit	-	-
Receivables:		
Returned checks receivable	2,598	-
Paving accounts receivable	<u>50,171</u>	-
Total Assets and Other Debits	<u>\$ 474,388</u>	<u>\$ 64,428</u>
<b>LIABILITIES</b>		
Accounts payable	218,053	-
Construction contracts payable	<u>-</u>	<u>-</u>
Total Liabilities	<u>218,053</u>	<u>-</u>
<b>FUND BALANCES</b>		
Reserved for:		
Library Memorials	2,598	-
Debt Service	<u>-</u>	64,428
Unreserved	<u>253,737</u>	<u>-</u>
Total Fund Balances	<u>256,335</u>	<u>64,428</u>
Total Liabilities and Fund Balances	<u>\$ 474,388</u>	<u>\$ 64,428</u>

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

Capital assets used in governmental activities are not financial  
resources and, therefore, are not reported in the funds.

Other long-term assets are not available to pay for current-  
period expenditures and, therefore, are deferred in the funds.

Long-term liabilities, including bonds payable, are not due and  
payable in the current period and, therefore, are not reported in the funds.

Net assets of governmental activities

**Total  
Governmental  
Funds**

---

\$ 486,047

2,598  
50,171

\$ 538,816

218,053

218,053

2,598  
64,428  
253,737

320,763

11,445,561

44,726

(7,900,000)

\$ 3,911,050

**CITY OF LIVINGSTON, TEXAS**  
**GOVERNMENTAL FUNDS**  
**STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES**  
**FOR THE YEAR ENDED SEPTEMBER 30, 2006**

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	<b>General</b>	<b>Debt Service</b>
<b>REVENUES</b>		
Taxes:		
Sales taxes	\$ 2,885,734	\$ -
Franchise taxes	148,230	-
Hotel/Motel taxes	168,967	-
Licenses and permits	167,500	-
Charges for service	1,027,350	-
Fines and forfeitures	208,945	-
Miscellaneous	552,713	5,492
<b>Total Revenues</b>	<b>5,159,439</b>	<b>5,492</b>
<b>EXPENDITURES</b>		
Current:		
Administrative	451,244	-
Sanitation	551,984	-
Fire	331,699	-
Police	1,202,886	-
Paving and street	1,003,620	-
Parks and recreation	834,370	-
Library	252,259	-
Garage	157,723	-
Debt service:		
Principal retirement	-	560,000
Interest	-	362,868
Capital outlay:		
Streets	-	-
<b>Total Expenditures</b>	<b>4,785,785</b>	<b>922,868</b>
Excess (deficiency) of revenues over expenditures	373,654	(917,376)
<b>OTHER FINANCING SOURCES (USES)</b>		
Transfers in	365,963	907,009
Transfers out	(908,638)	-
<b>Total other financing sources (uses)</b>	<b>(542,675)</b>	<b>907,009</b>
Net change in fund balances	(169,021)	(10,367)
Fund Balances - beginning	425,356	74,795
<b>Fund Balances - ending</b>	<b>\$ 256,335</b>	<b>\$ 64,428</b>

See accompanying notes to financial statements

<b>Streets and Capital Projects</b>		<b>Total Governmental Funds</b>	
\$	-	\$	2,885,734
	-		148,230
	-		168,967
	-		167,500
	-		1,027,350
	-		208,945
	-		558,205
	-		<b>5,164,931</b>
	-		451,244
	-		551,984
	-		331,699
	-		1,202,886
	-		1,003,620
	-		834,370
	-		252,259
	-		157,723
	-		560,000
	-		362,868
	<b>344,577</b>		<b>344,577</b>
	<b>344,577</b>		<b>6,053,230</b>
	<b>(344,577)</b>		<b>(888,299)</b>
	1,629		1,274,601
	-		(908,638)
	<b>1,629</b>		<b>365,963</b>
	(342,948)		(522,336)
	<b>342,948</b>		<b>843,099</b>
\$	-	\$	320,763

See accompanying notes to financial statements

**CITY OF LIVINGSTON, TEXAS**  
**RECONCILIATION OF THE STATEMENT OF REVENUES,**  
**EXPENDITURES, AND CHANGES IN FUND BALANCES OF GOVERNMENTAL FUNDS**  
**TO THE STATEMENT OF ACTIVITIES**  
**FOR THE YEAR ENDED SEPTEMBER 30, 2006**

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

Net changes in fund balances - total governmental funds	\$ (522,336)
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Governmental funds report capital outlays as expenditures. However, in the statement of activities the cost of those assets is allocated over their estimated useful lives and reported as depreciation expense. This is the amount by which capital outlays exceeded depreciation in the current period.

322,786
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The issuance of long-term debt (e.g., bonds) provides current financial resources to governmental funds, while the repayment of the principal of long-term debt consumes the current financial resources of governmental funds. Neither transaction, however, has any effect on net assets. Also, governmental funds report the effect of issuance costs and similar items when debt is first issued, whereas, these amounts are deferred and amortized in the treatment of long-term debt and related items.

<u>548,530</u>
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Changes in net assets of governmental activities	<u>\$ 348,980</u>
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**CITY OF LIVINGSTON, TEXAS**  
**GENERAL FUND**  
**STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE**  
**BUDGET (GAAP BASIS) AND ACTUAL**  
**YEAR ENDED SEPTEMBER 30, 2006**

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	<b>Budgeted Amounts GAAP Basis</b>		
	<b>Original</b>	<b>Revisions</b>	<b>Final</b>
<b>REVENUES</b>			
Taxes:			
Sales taxes	\$ 2,550,150	\$ 324,950	\$ 2,875,100
Franchise taxes	135,000	15,000	150,000
Hotel/Motel taxes	150,000	20,000	170,000
Licenses and permits	63,000	104,000	167,000
Charges for service	1,004,600	9,591	1,014,191
Fines and forfeitures	231,000	-	231,000
Miscellaneous	152,876	363,506	516,382
Total Revenues	<u>4,286,626</u>	<u>837,047</u>	<u>5,123,673</u>
<b>EXPENDITURES</b>			
Current:			
Administrative	400,330	75,420	475,750
Sanitation	547,000	5,000	552,000
Fire	326,630	(11,705)	314,925
Police	1,219,950	10,975	1,230,925
Paving and street	863,217	187,905	1,051,122
Parks and recreation	821,405	52,520	873,925
Library	270,175	(8,475)	261,700
Garage	154,015	2,585	156,600
Total Expenditures	<u>4,602,722</u>	<u>314,225</u>	<u>4,916,947</u>
Excess (deficiency) of revenues over expenditures	<u>(316,096)</u>	<u>522,822</u>	<u>206,726</u>
<b>OTHER FINANCING SOURCES (USES)</b>			
Transfers in	963,998	(599,408)	364,590
Transfers out	(905,022)	-	(905,022)
Total other financing sources and (uses)	<u>58,976</u>	<u>(599,408)</u>	<u>(540,432)</u>
Excess (deficiency) of revenues and other financing sources over expenditures and other uses	<u>\$ (257,120)</u>	<u>\$ (76,586)</u>	<u>\$ (333,706)</u>
Fund balance at beginning of year			
Fund balance at end of year			

See accompanying notes to financial statements

<u>Actual</u>	<b>Variance with Final Budget Positive (Negative)</b>
\$ 2,885,734	\$ 10,634
148,230	(1,770)
168,967	(1,033)
167,500	500
1,027,350	13,159
208,945	(22,055)
552,713	36,331
<u>5,159,439</u>	<u>35,766</u>
451,244	24,506
551,984	16
331,699	(16,774)
1,202,886	28,039
1,003,620	47,502
834,370	39,555
252,259	9,441
157,723	(1,123)
<u>4,785,785</u>	<u>131,162</u>
<u>373,654</u>	<u>166,928</u>
365,963	1,373
(908,638)	(3,616)
<u>(542,675)</u>	<u>(2,243)</u>
(169,021)	\$ 164,685
<u>425,356</u>	
<u>\$ 256,335</u>	

See accompanying notes to financial statements

**CITY OF LIVINGSTON, TEXAS**  
**STATEMENT OF NET ASSETS PROPRIETARY FUNDS**  
**SEPTEMBER 30, 2006**

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**Business-Type Activities - Enterprise Fund**

	<b>Electric Water and Sewer</b>
<b>ASSETS</b>	
Current assets:	
Cash	\$ 363,552
Certificates of deposit	2,003,090
Restricted assets	
Cash in bank, water and sewer system improvements	141,493
Cash in bank, reserve fund	13,135
Receivables:	
Returned checks receivable	14,358
Utility accounts receivable	<u>1,282,950</u>
Total Current Assets	<u>3,818,578</u>
Noncurrent assets:	
Capital assets:	
Land	505,880
Building and improvements	361,566
Equipment and fixtures	1,527,575
Electrical system	3,463,765
Water system	5,064,771
Sewer system	<u>6,800,279</u>
	17,723,836
Less accumulated depreciation	<u>(5,511,696)</u>
Net capital assets	<u>12,212,140</u>
Other assets:	
Water service contract rights	<u>340,000</u>
Total Other Assets	<u>340,000</u>
Total Noncurrent Assets	<u>12,552,140</u>
Total Assets	<u>\$ 16,370,718</u>

See accompanying notes to financial statements

**CITY OF LIVINGSTON, TEXAS**  
**STATEMENT OF NET ASSETS PROPRIETARY FUNDS**  
**SEPTEMBER 30, 2006**

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**Business-Type Activities - Enterprise Fund**

	<b>Electric</b>
	<b>Water and</b>
	<b>Sewer</b>
<b>LIABILITIES</b>	
Current liabilities:	
Accounts payable	\$ 810,813
Meter deposits	323,197
Contracts payable - Trinity River Authority	<u>60,000</u>
Total current liabilities	<u>1,194,010</u>
Noncurrent liabilities:	
Contracts payable - Trinity River Authority	<u>280,000</u>
Total noncurrent liabilities	<u>280,000</u>
Total Liabilities	<u>1,474,010</u>
<b>NET ASSETS</b>	
Invested in capital assets (net of related debt)	12,212,140
Restricted for water and sewer system improvements	125,571
Restricted for Trinity River Authority contracts payable	13,135
Unrestricted	<u>2,545,862</u>
Total Net Assets	<u>\$ 14,896,708</u>

See accompanying notes to financial statements

**CITY OF LIVINGSTON, TEXAS**  
**STATEMENT OF REVENUES, EXPENSES AND CHANGES IN FUND NET ASSETS**  
**PROPRIETARY FUND**  
**FOR THE YEAR ENDED SEPTEMBER 30, 2006**

---

**Business-Type Activities - Enterprise Fund**

**Electric  
Water and  
Sewer**

---

**Operating revenues**

Charges for sales and services:	
Electricity sales	\$ 7,136,844
Water sales	1,528,133
Sewer service charges	1,111,808
Penalties, utilities	112,824
Water tapping fees	6,400
Sewer tapping fees	5,950
Recoveries, electrical	677,351
Recoveries, water	16,081
Revenue, night lights	69,549
Service fees	43,155
Total Operating Revenues	<u>10,708,095</u>

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**Operating expenses**

Light and Power Department	8,110,720
Water Department	1,492,055
Sewer Department	416,373
Uncollectible accounts	91,272
Depreciation	297,331
Total Operating Expenses	<u>10,407,751</u>

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Operating Income	300,344
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**Non-operating revenues:**

Interest income	<u>74,278</u>
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Income Before Transfers	374,622
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Transfers Out	<u>(365,963)</u>
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Change in net assets	8,659
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Total net assets - beginning	<u>14,888,049</u>
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Total net assets - ending	<u>\$ 14,896,708</u>
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**CITY OF LIVINGSTON, TEXAS  
STATEMENT OF CASH FLOWS  
PROPRIETARY FUND  
FOR THE YEAR ENDED SEPTEMBER 30, 2006**

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**Business-Type Activities - Enterprise Fund**

	<b>Electric Water and Sewer</b>
Cash flows from operating activities:	
Cash received from customers	\$ 10,375,836
Cash payments to suppliers for goods and services	(8,936,616)
Cash payments to employees for services	<u>(952,464)</u>
Net cash provided by operating activities	<u>486,756</u>
Cash flows from noncapital financing activities:	
Transfers to other funds	<u>(365,963)</u>
Net cash used for noncapital financing activities	<u>(365,963)</u>
Cash flows from capital and related financing activities:	
Acquisition of capital assets	<u>(469,180)</u>
Net cash used for capital and related financing activities	<u>(469,180)</u>
Cash flows from investing activities:	
Interest on cash and investments	<u>74,278</u>
Net cash provided by investing activities	<u>74,278</u>
NET CHANGE IN CASH AND CASH EQUIVALENTS	<u>(274,109)</u>
CASH AND CASH EQUIVALENTS AT BEGINNING OF YEAR	<u>792,289</u>
CASH AND CASH EQUIVALENTS AT END OF YEAR	<u>\$ 518,180</u>

(Continued)

**CITY OF LIVINGSTON, TEXAS**  
**STATEMENT OF CASH FLOWS**  
**PROPRIETARY FUND**  
**FOR THE YEAR ENDED SEPTEMBER 30, 2006**

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**Business-Type Activities - Enterprise Fund**

	<b>Electric Water and Sewer</b>
Reconciliation of income from operations to net cash provided by operating activities:	
Income from operations	\$ 300,344
Adjustments to reconcile operating net income to net cash provided by operating activities:	
Depreciation	297,331
Change in operating assets and liabilities:	
Returned checks receivable	(1,154)
Utility accounts receivable	(126,387)
Accounts payable	(1,779)
Meter deposits	<u>18,401</u>
Total adjustments	<u>186,412</u>
Net cash provided by operating activities	<u>\$ 486,756</u>
Reconciliation of total cash and cash investments:	
Unrestricted	\$ 363,552
Restricted	
Cash in bank, water and sewer system improvements	141,493
Cash in bank, reserve fund	<u>13,135</u>
Total cash and cash equivalents	<u>\$ 518,180</u>
	(Concluded)

## **NOTES TO THE BASIC FINANCIAL STATEMENTS**

**CITY OF LIVINGSTON, TEXAS**  
**NOTES TO BASIC FINANCIAL STATEMENTS**  
**SEPTEMBER 30, 2006**

The accounting and reporting policies of the City relating to the funds included in the accompanying basic financial statements conform to accounting principles generally accepted in the United States of America applicable to state and local governments. Generally accepted accounting principles for local governments include those principles prescribed by the Governmental Accounting Standards Board (GASB), the American Institute of Certified Public Accountants in the publication entitled Audits of State and Local Governmental Units and by the Financial Accounting Standards Board (when applicable). The City applies all relevant Government Accounting Standards Board (GASB) pronouncements and applicable Financial Accounting Standards Board (FASB) pronouncements and Accounting Principles Board (APB) opinions issued on or before November 30, 1989, unless they conflict with GASB pronouncements. The City does not apply FASB pronouncements or APB opinions issued after November 30, 1989.

The following notes are organized to provide explanations, including required disclosures, of the City's financial activities for the fiscal year ended September 30, 2006.

**NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES:**

Financial Reporting Entity

The City's basic financial statements include the accounts of all City operations. The criteria for including organizations as component units within the City's reporting entity as set forth in Section 2100 of GASB's Codification of Governmental Accounting and Financial Reporting Standards, include whether: the organization is legally separate (can sue and be sued in their own name); the City holds the corporate powers of the organization; the City appoints a voting majority of the organization's board; the City is able to impose its will on the organization; the organization has the potential to impose a financial benefit/burden on the City; or there is fiscal dependency by the organization on the City. Based upon the application of these criteria, no other agencies or authorities are included in the financial statements of the City.

Basis of Presentation

The government-wide financial statements (the statement of net assets and the statement of changes in net assets) report information on all of the activities of the City. The effect of interfund activity, within the governmental and business-type activities columns has been removed from these statements. Government 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.

The statement of activities demonstrates the degree to which the direct expenses of a given program are offset by program revenues. Direct expenses are those that are clearly identifiable with a specific program. Program revenues include 1) charges to customers or applicants who purchase, use, or directly benefit from goods, services, or privileges provided by a given program and 2) operating or capital grants and contributions that are restricted to meeting the operational or capital requirements of a particular program. Taxes and other items not properly included among program revenues are reported instead as general revenues.

## **NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES: (CONTINUED)**

### Fund Financial Statements

The City segregates transactions related to certain functions or activities in separate funds in order to aid financial management and to demonstrate legal compliance. Separate statements are presented for governmental and proprietary activities. These statements present each major fund as a separate column on the fund financial statements.

Governmental funds are those funds through which most governmental functions typically are financed. The measurement focus of governmental funds is on the sources, uses, and balance of current financial resources. The City has presented the following major governmental funds:

**General Fund** - The General Fund is the main operating fund of the City. It is used to account for all financial resources except those required to be accounted for in another fund. All general tax revenues and other receipts that are not restricted by law or contractual agreement to some other fund are accounted for in this fund. General operating expenditures, fixed charges and capital improvement costs that are not paid through other funds are paid from the General Fund.

**Debt Service Fund** - The Debt Service Fund is used to account for the accumulation of resources for, and the payment of, general long-term debt principal, capitalized lease obligations, interest, and related costs paid primarily from taxes levied by the City. The fund balance of the Debt Service Fund is reserved to signify the amounts that are restricted exclusively for debt service expenditures.

**Streets and Capital Projects Fund** - The Streets and Capital Projects Fund is used to account for funds received and expended for the construction and renovation of thoroughfares, arterial streets and improvements in the City.

### Proprietary Fund

Proprietary funds are accounted for using the economic resources measurement focus and the accrual basis of accounting. The accounting objectives are determinations of net income, financial position and cash flow. All assets and liabilities are included on the Statement of Net Assets. The City has presented the following proprietary fund:

**Electric, Water, and Sewer Fund** - The Electric, Water, and Sewer Fund is used to account for the provision of electricity, water and sewer services to the residents of the City. Activities of the fund include administration, operations and maintenance of the electric, water and sewer system and billing and collection activities. All costs are financed through charges to utility customers with rates reviewed regularly and adjusted if necessary to insure integrity of the fund.

Proprietary funds distinguish operating revenues and expenses from non-operating 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. Operating expenses for the proprietary funds include the cost of personnel and contractual services, supplies and depreciation on capital assets. All revenues and expenses not meeting this definition are reported as non-operating revenues and expenses.

### Measurement Focus/Basis of Accounting

Measurement focus refers to what is being measured; basis of accounting refers to when revenues and expenditures are recognized in the accounts and reported in the financial statements. Basis of accounting relates to the timing of the measurement made, regardless of the measurement focus applied.

**NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES: (CONTINUED)**

The government-wide statements and fund financial statements for the proprietary fund are reported using the economic resources measurement focus and the accrual basis of accounting. The economic resources measurement focus means all assets and liabilities (whether current or non-current) are included on the statement of net assets and the operating statements present increases (revenues) and decreases (expenses) in total net assets. Under the accrual basis of accounting, revenues are recognized when earned, including unbilled electric, water, and sewer services which are accrued. Expenses are recognized at the time the liability is incurred.

Governmental fund financial statements are reported using the current financial resources measurement focus and are accounted for using the modified accrual basis of accounting. Under the modified accrual basis of accounting, revenues are recognized when susceptible to accrual; i.e., when they become both measurable and available. "Measurable" means the amount of the transaction can be determined and "available" means collectible within the current period or soon enough thereafter to be used to pay liabilities of the current period. The City considers property taxes (which are currently not assessed by the City) as available if they are collected within 60 days after year end. A 60 day availability period is used for recognition of all other Governmental Fund revenues, as well. Expenditures are recorded when the related fund liability is incurred. However, debt service expenditures are recorded only when payment is due.

The revenues susceptible to accrual are property taxes, franchise fees, licenses, charges for service, and interest income. Sales taxes collected and held by the state at year end on behalf of the City are also recognized as revenue. All other governmental fund revenues are recognized when received.

**Capital Assets**

Capital assets, which include property, plant, equipment, and infrastructure assets, are reported in the applicable governmental or business-type activities columns in the government-wide financial statements and in the fund financial statements of the proprietary fund. All capital assets are valued at historical cost or estimated historical cost if actual historical cost is not available. Donated assets are valued at their fair market value on the date donated. Repairs and maintenance are recorded as expenses. Renewal and betterments are capitalized. Interest has not been capitalized during the construction period on property, plant and equipment.

Assets capitalized, not including infrastructure assets, have an original cost of \$1,000 or more and over three years of useful life. Infrastructure assets capitalized have an original cost of \$5,000 or more. Depreciation has been calculated on each class of depreciable property using the straight-line method. The estimated useful lives are as follows:

Buildings	20-50 years
Utility plant	67 years
Machinery and Equipment	5-15 years
Infrastructure	20-35 years
Improvements	20 years

GASB No. 34 requires the City to report and depreciate infrastructure assets which include roads, bridges, underground pipe (other than related to utilities), traffic signals, etc. These infrastructure assets are one of the largest asset classes of the City. The depreciation related to these assets has historically not been reported in the financial statements. The retroactive reporting of infrastructure was subject to an extended implementation period; however, the City's infrastructure records allowed for a complete implementation in the fiscal year ended September 30, 2003.

**NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES: (CONTINUED)****Budgetary Control**

A separate legally adopted budget is prepared for all governmental and proprietary funds for the City that demonstrates legal compliance at the legal level of budgetary control.

The City follows these procedures in establishing the budgetary data reflected in the financial statements:

- (1) The proposed operating budget for the upcoming fiscal year beginning October 1 is submitted to the City Council by no later than September 1 of the current fiscal year. The operating budget includes proposed expenditures and the means of financing them for the upcoming year, along with estimates for the current year and actual data for the preceding year. The budget is submitted in summary form with more detailed line item budgets included for administrative control. The level of control for the detailed budgets is at the department head/function level.
- (2) A public hearing is conducted for comments regarding the proposed budget.
- (3) Prior to September 30, the budget is legally enacted through passage of an ordinance.
- (4) Budgetary control is maintained on an on-going basis for all City budgeted funds, including General, Debt Service, Streets and Capital Projects and Electric, Water and Sewer Funds.
- (5) Budgets for the General, Debt Service, Streets and Capital Projects and Electric, Water and Sewer Funds are adopted on a basis consistent with generally accepted accounting principles (GAAP).
- (6) Budgeted amounts are subject to revision in September of each year by the City Council. Amounts provided in budget comparisons in the financial statements are as originally adopted or as legally amended during the year. The City Manager may amend the budget to transfer amounts within and among departments; however, any revisions that alter the total expenditures/expenses by more than \$5,000 must be approved by the City Council.

The budget was amended September 1, 2006 to reflect additional appropriations approved during the year by the City Council. Certain individual amendments were material in relation to the original appropriations which were amended.

The Statement of Revenues, Expenditures and Changes in Fund Balance - Budget and Actual – General Fund presents a comparison of budgetary data to actual results.

**Investments**

The City invests any excess cash in certificates of deposit, which are insured or fully collateralized. These are carried at cost in the financial statements. The City does not have any investments that are reported at amortized costs.

## **NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES: (CONTINUED)**

### Nature and Purposes of Reservations of Fund Equity

The City sets aside funds that can be used only for the improvement of the water and sewer system.

### Pensions

The provision for pension cost is recorded on an accrual basis, and the City's policy is to fund pension costs as they accrue.

### Net Assets

Net assets represent the difference between assets and liabilities. Net assets invested in capital assets, net of related debt consists of capital assets, net of accumulated depreciation, reduced by the outstanding balances of any borrowing used for the acquisition, construction or improvements of those assets, and adding back any unspent proceeds. Net assets are reported as restricted when there are limitations imposed on their use either through enabling legislation adopted by the City or through external restrictions imposed by creditors, grantors or laws or regulations of other governments.

### Property Tax Revenues

Property taxes are levied on October 1 based on the assessed value of property as listed on the previous January 1. Assessed values are an approximation of market value. A revaluation of all real property must be made every year. The last revaluation date was January 1, 2006.

Property taxes are recognized as revenue when they are levied because they are considered to be both measurable and available. Proper allowances are made for estimated uncollectible accounts and delinquent accounts.

Due to increased sales tax revenues, property tax assessments were discontinued for fiscal years after September 30, 1988. (See Note 4).

### Compensated Absences

City employees are entitled to certain compensated absences based on their length of employment. With minor exceptions, compensated absences do not vest or accumulate and are recorded as expenditures when they are paid.

### Statement of Cash Flows

For purposes of the Statement of Cash Flows, the Electric, Water and Sewer Fund considers all cash and certificates of deposit (including restricted assets) with a maturity of two months or less when purchased to be cash equivalents.

### Interfund Transactions

Interfund transactions are treated as follows:

Transactions that would be treated as revenues, expenditures, or expenses if they involved organizations external to the City are similarly treated when involving funds of the City. The City did not have any transactions that fell into this category.

**NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES: (CONTINUED)**

Transfers from funds receiving revenues to funds through which the resources are to be expended are classified as transfers. Major transactions that fall into this category include transfers from the Electric, Water and Sewer Fund to the General Fund and from the General fund to the Debt Service Fund.

Contributions of capital and other non-routine transfers are classified as equity transfers.

**Transfers In and Out**

The following is a summary of interfund transfers for the year ended September 30, 2006:

<u>Fund</u>	<u>Transfer In</u>	<u>Transfer Out</u>
General Fund	\$ 365,963	\$ 908,638
Debt Service Fund	907,009	-
Capital Projects Fund	1,629	-
Electric, Water and Sewer Fund	-	<u>365,963</u>
 Total	<u>\$ 1,274,601</u>	<u>\$ 1,274,601</u>

Transfers were made from the Electric, Water and Sewer Fund to the General Fund primarily to fund street improvements. Transfers from the General Fund to the Debt Service Fund were made to meet bond principal and interest obligations.

**NOTE 2 STEWARDSHIP, COMPLIANCE, AND ACCOUNTABILITY:****Custodial Credit Risk - Deposits**

State statutes require that the City's deposits be collateralized by securities held in the name of the City by the trust department of a bank that does not hold the collateralized deposits. The City remained in compliance with this requirement during the year.

**NOTE 3 DEPOSITS AND INVESTMENTS:**

As of September 30, 2006, the City had the following investments:

<u>Investment Type</u>	<u>Fair Value</u>	<u>Weighted Average Maturity (Years)</u>
Non-Pooled Certificates of Deposit	<u>\$ 2,003,090</u>	0.375
Total Fair Value	<u>\$ 2,003,090</u>	
Portfolio weighted average maturity		0.375

**Interest Rate Risk**

In accordance with its investment policy, the City manages its exposure to declines in fair values by limiting the weighted average maturity of its investments to five years or less.

**NOTE 3 DEPOSITS AND INVESTMENTS:** (Continued)**Credit Risk**

The City is restricted by state statute to investments which include obligations of the U.S. Government and its agencies, obligations of the State of Texas and its agencies, obligations of other states, cities, and counties having at least an "A" rating, common trust funds of banks domiciled in Texas, certificates of deposit, and repurchase agreements. At September 30, 2006 the City had no investments other than certificates of deposit.

**Custodial Credit Risk – Investments**

The certificates of deposit are either fully insured or collateralized by securities held in the City of Livingston's name.

**NOTE 4 PROPERTY TAXES:**

The county assessor/collector's office collects property taxes assessed by the City in accordance with the City's enabling legislation.

Property taxes attach as an enforceable lien on property as of January 1. Taxes are levied on October 1 and are due and payable at that time. All unpaid taxes levied October 1 become delinquent February 1 of the following year.

All property taxes at the fund level are recorded as receivables and deferred revenues at the time the taxes are assessed. Revenues are recognized as the related ad valorem taxes are collected. Additional amounts estimated to be collectible in time to be a resource for payment of obligations incurred during the fiscal year and therefore susceptible to accrual in accordance with generally accepted accounting principles have been recognized as revenue.

The City had no property taxes receivable as of September 30, 2006.

The City increased sales tax rates by 1/2 cent beginning January 1, 1988. Due to the resultant increase in sales tax revenue, the City determined it unnecessary to assess property taxes for fiscal years beginning after October 1, 1988. All budgeted expenditures previously met through property taxes are being liquidated through the increased sales tax.

The City did not assess ad valorem taxes for 2006, but the Mayor and Council are evaluating the need to begin assessing taxes in the future.

**NOTE 5    DETAIL OF COMBINED ITEMS:**

The detail of items combined in the reconciliation of the statement of revenues, expenditures, and changes in fund balances of governmental funds to the statement of activities are as follows for the year ended September 30, 2006:

Governmental funds capital outlays	\$ 1,279,578
Governmental funds depreciation expense	<u>(956,792)</u>
Amount by which capital outlays exceeded depreciation	<u>\$ 322,786</u>
Repayment of principal of long-term debt	\$ 560,000
Amortization of bond issue costs	<u>(11,470)</u>
Total repayment of bonds and issue costs	<u>\$ 548,530</u>

**NOTE 6    CAPITAL ASSETS:**

Capital asset activity for the year ended September 30, 2006 was as follows:

	Balance October 1, 2005	Additions	Retirements/ Adjustments	Balance September 30, 2006
<b>Governmental Activities:</b>				
Capital assets not being depreciated				
Land	<u>\$ 283,352</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 283,352</u>
Capital assets being depreciated				
Building and Improvements	3,001,707	16,018	-	3,017,725
Equipment and Fixtures	3,225,579	244,329	-	3,469,908
Paving, Sidewalks and Streets	12,180,186	879,151	-	13,059,337
Parks Development	3,116,093	80	-	3,116,173
Airport Improvements	<u>562,907</u>	<u>140,000</u>	<u>-</u>	<u>702,907</u>
Total capital assets being depreciated	<u>22,086,472</u>	<u>1,279,578</u>	<u>-</u>	<u>23,366,050</u>
Less accumulated depreciation for:				
Buildings and Improvements	(1,073,523)	(99,756)	-	(1,173,279)
Equipment and Fixtures	(2,531,458)	(206,291)	-	(2,737,749)
Paving, Sidewalks and Streets	(5,730,288)	(504,699)	-	(6,234,987)
Parks Development	(1,461,228)	(131,049)	-	(1,592,277)
Airport Improvements	<u>(450,552)</u>	<u>(14,997)</u>	<u>-</u>	<u>(465,549)</u>
Total accumulated depreciation	<u>(11,247,049)</u>	<u>(956,792)</u>	<u>-</u>	<u>(12,203,841)</u>
Total capital assets being depreciated, net	<u>10,839,423</u>	<u>322,786</u>	<u>-</u>	<u>11,162,209</u>
Governmental activities capital assets, net	<u>\$ 11,122,775</u>	<u>\$ 322,786</u>	<u>\$ -</u>	<u>\$ 11,445,561</u>

**NOTE 6 CAPITAL ASSETS: (CONTINUED)**

	Balance October 1, 2005	Additions	Retirements/ Adjustments	Balance September 30, 2006
<b>Business-type Activities:</b>				
Capital assets not being depreciated				
Land	<u>\$ 505,880</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 505,880</u>
Capital assets being depreciated				
Building and Improvements	361,566	-	-	361,566
Equipment and Fixtures	1,443,819	83,756	-	1,527,575
Electrical System	3,263,209	200,556	-	3,463,765
Water System	4,963,017	101,754	-	5,064,771
Sewer System	<u>6,717,165</u>	<u>83,114</u>	<u>-</u>	<u>6,800,279</u>
Total capital assets being depreciated	<u>16,748,776</u>	<u>469,180</u>	<u>-</u>	<u>17,217,956</u>
Less accumulated depreciation for:				
Building and Improvements	(109,212)	(2,981)	-	(112,193)
Equipment and Fixtures	(1,073,262)	(67,311)	-	(1,140,573)
Electrical System	(984,886)	(50,452)	-	(1,035,338)
Water System	(1,371,798)	(75,207)	-	(1,447,005)
Sewer System	<u>(1,675,207)</u>	<u>(101,380)</u>	<u>-</u>	<u>(1,776,587)</u>
Total accumulated depreciation	<u>(5,214,365)</u>	<u>(297,331)</u>	<u>-</u>	<u>(5,511,696)</u>
Total capital assets being depreciated, net	<u>11,534,411</u>	<u>171,849</u>	<u>-</u>	<u>11,706,260</u>
Business-type activities capital assets, net	<u>\$ 12,040,291</u>	<u>\$ 171,849</u>	<u>\$ -</u>	<u>\$ 12,212,140</u>

FASB-34 (Capitalization of Interest Costs) requires that interest expenditures incurred during construction of assets be capitalized. FASB-62 (Capitalization of Interest Cost in Situations Involving Certain Tax-Exempt Borrowings and Certain Gifts and Grants) concludes that constructed assets financed with the proceeds of tax-exempt debt (if those funds are externally restricted to finance the acquisitions of the asset or used to service the related debt) should include capitalized interest only to the extent that interest cost exceeds interest earned on related interest-bearing investments acquired with proceeds of the related tax-exempt borrowing. During 2006, net interest costs were not capitalized because interest expenditures related to constructed assets net of related interest revenue were not material.

**NOTE 6 CAPITAL ASSETS: (CONTINUED)**

Depreciation expense was charged as direct expense to programs of the primary government as follows:

Governmental Activities	
Administrative	\$ 52,552
Sanitation	185
Fire	36,225
Police	104,092
Paving and street	552,330
Parks and recreation	181,872
Library	21,525
Garage	8,011
Governmental Activities	<u>\$ 956,792</u>
Business-type activities	
Electric, Water and Sewer	<u>\$ 297,331</u>

The City did not have any significant active construction projects as of September 30, 2006.

**NOTE 7 PENSION PLAN:**Plan Description

The City provides pension benefits for all of its full-time employees through a nontraditional, joint contributory hybrid, defined benefit plan in the statewide Texas Municipal Retirement System (TMRS), one of 811 plans administered by TMRS, an agent multiple-employer public employee retirement system.

Benefits depend upon the sum of the employee's contributions to the plan, with interest, and the City-financed monetary credits, with interest. At the date the plan began, the City granted monetary credits for service rendered before the plan began of a theoretical amount at least equal to two times what would have been contributed by the employee, with interest, prior to establishment of the Plan. Monetary credits for service since the plan began are a percent (100%, 150%, or 200%) of the employee's accumulated contributions. In addition, the City can grant, as often as annually, another type of monetary credit referred to as an updated service credit which is a theoretical amount which, when added to the employee's accumulated contributions and the monetary credits for service since the plan began, would be the total monetary credits and employee contributions accumulated with interest if the current employee contribution rate and City matching percent had always been in existence and if the employee's salary had always been the average of his salary in the last three years that are one year before the effective date. At retirement, the benefit is calculated as if the sum of the employee's accumulated contributions with interest and the employer-financed monetary credits with interest were used to purchase an annuity.

**NOTE 7 PENSION PLAN: (CONTINUED)**

Members can retire at age 60 and above with 10 or more years of service or with 25 years of service regardless of age. A member is vested after 10 years. The plan provisions are adopted by the governing body of the City, within the options available in the state statutes governing TMRS and within the actuarial constraints also in the statutes. The unit credit actuarial cost method is used for determining the City's contribution rate, and the market related asset valuation method is used to determine the actuarial value of plan assets.

**Contributions**

The contribution rate for the employees is 7%, and the City matching ratio is currently 2 to 1, both as adopted by the governing body of the City. Under the state law governing TMRS, the actuary annually determines the City's contribution rate. This rate consists of the normal cost contribution rate and the prior service cost contribution rate, both of which are calculated to be a level percent of payroll from year to year. The normal cost contribution rate finances the currently accruing monetary credits due to the City's matching percent, which are the obligation of the City as of an employee's retirement date, not at the time the employee's contributions are made. The normal cost contribution rate is the actuarially determined percent of payroll necessary to satisfy the obligation of the City to each employee at the time his/her retirement becomes effective. The prior service contribution rate amortizes the unfunded actuarial liability over the remainder of the plan's 25-year amortization period. When the City periodically adopts updated service credits and increases in annuities in effect, the increased unfunded actuarial liability is to be amortized over a 25-year period. Currently, the unfunded actuarial liability is being amortized over the 25-year period, which began January 2004. The amortization period is open. The actuarial assumptions included (a) 7% investment rate of return (net of administrative expenses) (b) no projected salary increases or cost of living adjustments and (c) inflation rate of 3.5%. The unfunded actuarial accrued liability is being amortized as a level percentage of projected payroll. Both the employees and the City make contributions monthly. Since the City needs to know its contribution rate in advance to budget for it, there is a one-year delay between the actuarial valuation that is the basis for the rate and the calendar year when the rate goes into effect. (i.e. December 31, 2005 valuation is effective for rates beginning January 2007). For fiscal year 2006, the City's annual pension cost of \$369,679 was equal to the City's required and actual contributions.

**Schedule of Actuarial Liabilities and Funding Progress**

Actuarial Valuation Date	12/31/05
Actuarial Value of Assets	\$7,816,806
Actuarial Accrued Liability	\$9,896,899
Percentage Funded	79.0%
Unfunded (Over-funded) Actuarial Accrued Liability (UAAL)	\$2,080,093
Annual Covered Payroll	\$2,323,608
UAAL as a percentage of covered payroll	89.5%

**NOTE 7 PENSION PLAN: (CONTINUED)**

Net Pension Obligation (NPO) at the Beginning of the Period	\$	_____ -
Annual Pension Cost:		
Annual Required Contribution (ARC)	\$	369,679
Interest on NPO		-
Adjustment to the ARC		369,679
Contributions Made		(369,679)
Increase in NPO		_____ -
NPO at the end of the period	\$	_____ -

Six Year Trend Information

<u>Funding</u>	<u>Cost (APC)</u>	<u>Contributed</u>	<u>Obligation</u>
9/30/2001	\$ 290,974	100%	-
9/30/2002	309,225	100%	-
9/30/2003	328,493	100%	-
9/30/2004	323,595	100%	-
9/30/2005	359,799	100%	-
9/30/2006	369,679	100%	-

Additional supplementary three-year trend information may be found on page 52.

The defined benefit pension plan's annual report is included with the audited financial statements of the Texas Municipal Retirement System (TMRS), a copy of which can be obtained from TMRS at P.O. Box 149153, Austin, Texas 78714-9153.

**NOTE 8 LONG-TERM DEBT:**

The following is a summary of bonds payable of the City for the year ended September 30, 2006:

	<u>Governmental</u>
\$1,600,000 General Obligation Refunding Bonds, 2002 A Series due in annual installments of \$185,000 to \$230,000 through 2010, interest at 3.00% to 3.25% to be paid from taxes	\$ 850,000
\$5,000,000 Certificates of Obligation, Series 2002 B, street and drainage improvements, due in annual installments of \$290,000 to \$450,000 through 2017, interest at 3.25% to 4.20% to be paid from taxes and subordinated pledge of the net revenues of Enterprise Fund	4,110,000
\$3,370,000 Certificates of Obligation, Series 1997, municipal complex, park facilities, and water improvements, due in annual installments of \$45,000 to \$450,000 through 2017, interest at 4.6% to 5.75% to be paid from taxes and subordinated pledge of the net revenues of Enterprise Fund	<u>2,940,000</u>
Total Bonds Payable	<u>\$ 7,900,000</u>

Changes in Outstanding Debt-

	Balance October 1, 2005	Issues or Additions	Payments or Expenditures	Balance September 30, 2006	Due Within One Year
<u>Governmental Type Activities</u>					
General Obligation Bonds	\$ 1,045,000	\$ -	\$ 195,000	\$ 850,000	\$200,000
Certificates of Obligation	<u>7,415,000</u>	<u>-</u>	<u>365,000</u>	<u>7,050,000</u>	<u>375,000</u>
Total government	<u>\$ 8,460,000</u>	<u>\$ -</u>	<u>\$ 560,000</u>	<u>\$ 7,900,000</u>	<u>\$ 575,000</u>

General Obligation Bonds and Certificates of Obligation-

General Obligation Bonds are direct obligations issued on a pledge of the general taxing power for the payment of the debt obligations of the City. General Obligation Bonds and Certificates of Obligation require the City to compute, at the time other taxes are levied, the rate of tax required to provide (in each year bonds are outstanding) a fund to pay interest and principal at maturity. Though the City does not currently assess property taxes to meet this obligation, through the budgeting process, the City is in compliance with this requirement.

**NOTE 8 LONG-TERM DEBT: (CONTINUED)**

The 1997 and 2002B Certificates of Obligation constitute direct tax obligations of the City payable from ad valorem taxes levied, within the limits prescribed by law, against all taxable property within the City and are additionally secured by a subordinate pledge of the surplus of net revenues of the City's Electric, Water, and Sewer System.

**Annual Requirements to Retire Debt Obligations-**

The annual aggregate maturities for each bond type for the years subsequent to September 30, 2006, are as follows:

**General Obligation Bonds**

Year Ending Sept. 30,	Governmental Activities		
	Principal	Interest	Total
2007	\$ 200,000	\$ 26,075	\$ 226,075
2008	205,000	20,075	225,075
2009	215,000	13,925	228,925
2010	230,000	7,475	237,475
Total	<u>\$ 850,000</u>	<u>\$ 67,550</u>	<u>\$ 917,550</u>

**Certificates of Obligation**

Year Ending Sept. 30,	Governmental Activities		
	Principal	Interest	Total
2007	\$ 375,000	\$ 317,118	\$ 692,118
2008	385,000	302,823	687,823
2009	395,000	288,113	683,113
2010	405,000	273,020	678,020
2011	675,000	258,845	933,845
2012-2016	3,915,000	802,052	4,717,052
2017	<u>900,000</u>	<u>44,775</u>	<u>944,775</u>
Total	<u>\$ 7,050,000</u>	<u>\$ 2,286,746</u>	<u>\$ 9,336,746</u>

The ordinances authorizing the issuance of Certificate of Obligation Bonds created an Interest and Sinking Fund (Debt Service Fund). The ordinances require the City to provide a reserve fund which is adequate to meet principal and interest as it comes due.

**NOTE 9 RAW WATER SUPPLY CONTRACT:**

On February 22, 1978, the City entered into a contract with the Trinity River Authority of Texas (TRA) to purchase from the TRA amounts of raw water impounded in the Livingston Reservoir. The City is obligated to pay an annual standby charge on or before the 10th day of each February and August, beginning August, 1978. Annual standby charges are calculated by multiplying the equivalent of the current annual average daily amount TRA is obligated to sell to the City by the TRA's rates for sale of raw water to municipalities. The annual average daily amounts of raw water that TRA is obligated to sell to the City is 5.0 MGD through 2020.

## **NOTE 10 WATER SYSTEM SERVICE CONTRACT:**

On February 22, 1978, the City entered into a water system service contract with the TRA whereby, the TRA agreed to pay all the actual costs of acquiring, by purchase or construction, through the issuance of bonds a water supply and treatment system to render water supply and treatment services to the inhabitants of the City. Although the TRA is to retain title, the City shall have the exclusive use of the entire project throughout its natural life. On March 10, 1979, the TRA issued \$3,485,000 in bonds to pay for the acquisition of the system. Principal and interest payments on the bonds were secured by an irrevocable first lien on and a pledge of net revenues of the City's combined waterworks and sanitary sewer system.

In December, 1991 the TRA issued \$1,600,000 in bonds to expand the capabilities of the system to meet the requirements of the City. The bonds were secured by the net revenues of the City's combined waterworks and sanitary sewer system. During the year ended September 30, 2003 the 1979 and 1991 bonds with an outstanding balance of \$1,295,000 were refunded through the issuance of \$870,000 of new bonds and the utilization of \$468,741 of reserve funds on deposit with the TRA. The effect was to reduce the total debt service requirement by \$707,000 over the life of the bonds.

Under terms of the contract, the City is to pay to TRA amounts equal to the operation and maintenance expenses of the system plus the amounts necessary for the debt service payments on the TRA's bonds. All such payments shall constitute reasonable and necessary operating expenses of the City's combined waterworks and sanitary sewer systems. During the fiscal year ended September 30, 2006, the City paid approximately \$73,551 into the interest and sinking fund. The annual principal and interest payments after the refunding applicable to the TRA's bonds through maturity are in the following amounts:

<u>Calendar Year</u>	<u>Amount Per Year</u>
2007	\$ 76,960
2008	74,848
2009	77,735
2010	75,320
2011	72,730
<b>Total</b>	<b>\$ 377,593</b>

### **Changes in Long-term Contracts Payable-**

<u>Business Type Activities</u>	<u>Balance October 1, 2005</u>	<u>Issues or Additions</u>	<u>Payments or Expenditures</u>	<u>Balance September 30, 2006</u>	<u>Due Within One Year</u>
Contracts payable	\$ 400,000	\$ -	\$ 60,000	\$ 340,000	\$ 60,000
Total business	\$ 400,000	\$ -	\$ 60,000	\$ 340,000	\$ 60,000

**NOTE 11 ENERGY AND POWER CONTRACT:**

The City entered into a contract with the Sam Rayburn Municipal Power Agency (Agency) on May 1, 1981 for the purchase of power and energy. The contract became effective upon the delivery to the Agency of the proceeds from the sale of the initial series of bonds. The contract will remain in force until all the bonds shall have been paid or provision for such payment shall have been made pursuant to the indenture, i.e., all contractual obligations entered into by the Agency for the generation, purchase, transmission or transformation of power and energy have been terminated and provision has been made for the payment of any residual costs as permitted by law until the expiration of three years after notice of termination of this contract shall have been given by either the Agency or the City to the other party.

Subject to the agreement, the Agency shall sell and deliver to the City of Livingston and the City of Livingston shall purchase and take from the Agency all power and energy required by the City for the operation of its electrical system. The Agency shall use its best efforts to acquire, by purchase or otherwise, and to deliver or shall cause to be delivered to the points of delivery, power and energy in the manner determined to be the most economical, dependable and otherwise feasible.

The City of Livingston shall pay to the Agency the amount as being due and payable in the billing statement submitted by the Agency to the City whether or not the system, or any part thereof, is completed, is operating or operable, or its output is suspended, interrupted, interfered with, reduced, curtailed, or terminated in whole or in part.

The obligation of the City to make such payments constitutes an operating expense of its electric system payable solely from the revenues and receipts of such electric system. Such obligation to make payments from the revenues and receipts of the City's electric system shall be absolute and unconditional and shall not be conditioned upon the performance or nonperformance of the Agency or any other power purchaser under any power sales contract or any other agreement or instrument and shall not be terminated, reduced or suspended for any other cause or reason whatsoever.

During the year ended September 30, 1999, the Agency entered into an agreement with Entergy Power Marketing Corp. and Entergy Power, Inc. to sell its excess system capacity. In addition, the Agency has agreed to enter into a Requirements Power Supply Agreement with Entergy which allows the Agency to purchase its delivered power and energy supply at a fixed price, sufficient to service the retail loads and normal load growth of the cities it currently serves through the term of its existing contracts through 2021. The City expects that rate stabilization should enable them to avoid the annual rate increases to customers previously scheduled to occur.

The Agency was able to rebate to participating cities a portion of their power purchases in 2006. Reflected in the revenues for the Electric, Water and Sewer Fund is an approximate \$660,000 rebate of power costs.

**NOTE 12 RELATED PARTY TRANSACTIONS:**

The City of Livingston maintains its bank accounts at two local banks. Three members of the City Council are either officers or directors of the banks. Deposits in the banks are secured by collateral pledged by the banks.

**NOTE 13 LITIGATION:**

The City is not currently involved with any threatened or pending litigation.

**NOTE 14 COMMITMENTS AND CONTINGENT LIABILITIES:**Grants

The City participates in federally assisted grant programs. These programs are subject to program compliance audits by the grantors or their representatives. The audits of these programs including the year ended September 30, 2006 have not yet been conducted. Accordingly, the City's compliance with applicable grant requirements will be established at some future date. The amount, if any, of expenditures which may be disallowed by the granting agencies cannot be determined at this time although the City expects such amounts, if any, to be immaterial.

**NOTE 15 RISK MANAGEMENT:**

The City is exposed to various risks of loss related to torts; theft of, damage to, and destruction of assets; errors and omissions; injuries to employees; and natural disasters. The City transfers this risk, with the exception of minor deductibles, by purchasing insurance from commercial carriers and by participation in the Texas Municipal League intergovernmental risk pool. The risk pool covers the major risk categories including general public liability, law enforcement liability, auto liability, public official liability, property insurance and workers compensation. Coverage in the pool is continuous and annual contributions are subject to adjustment each year on the anniversary date based on updated exposure information and change in rating.

There were no significant changes in coverage limits from the prior year. Settlement amounts have not exceeded insurance coverage for the current year or the three prior years.

**NOTE 16 SANITATION DEPARTMENT CONTRACT:**

The City contracted with Waste Services for a five-year period to operate its sanitation department which expires in 2008. The contract will be automatically extended for an additional five-year term with the same terms and conditions unless terminated by either party. The City continues to perform all billing and administrative procedures, but all employees and equipment for the sanitation department have been eliminated.

**NOTE 17 GOLF COURSE LEASE AGREEMENT:**

The City entered into an agreement to lease the municipal golf course for a five year period to Paul Hendrix, commencing September 6, 2005. Under the terms of the lease, the City will receive \$1. per year in rent.

**NOTE 18 RECLASSIFICATION:**

Certain amounts have been reclassified in the financial statements from the previous year to conform to current year reporting requirements. The reclassifications did not affect beginning of year net assets or fund balances.

## **REQUIRED SUPPLEMENTARY INFORMATION**

**CITY OF LIVINGSTON, TEXAS**  
**REQUIRED SUPPLEMENTAL INFORMATION-TEXAS MUNICIPAL RETIREMENT SYSTEM**  
**ANALYSIS OF FUNDING PROGRESS**  
**Last Three Fiscal Years**

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<b>Actuarial Valuation Date</b>	<b>(1) Actuarial Value of Assets **</b>	<b>(2) Actuarial Accrued Liability (AAL) Unit Credit *</b>	<b>(3) Unfunded AAL (UAAL)</b>	<b>(4) Funded Ratio (1)/(2)</b>	<b>(5) Annual Covered Payroll</b>	<b>(6) Unfunded Actuarial Accrued Liability As a Percentage of Covered Payroll</b>
12/31/2003	7,403,316	9,417,231	2,013,915	78.61%	2,055,715	97.97%
12/31/2004	7,810,369	9,864,088	2,053,719	79.18%	2,219,407	92.53%
12/31/2005	7,816,806	9,896,899	2,080,093	78.98%	2,323,608	89.52%

\* As of December 31 of the preceding year, the date of the actuarial valuation.

\*\* Assets are stated at amortized cost as of December 31 of the preceding year.

**OTHER SUPPLEMENTARY INFORMATION**

**SCHEDULES OF REVENUES, EXPENDITURES, AND CHANGES  
IN FUND BALANCES – BUDGET TO ACTUAL**

**CITY OF LIVINGSTON, TEXAS**  
**BUDGETARY COMPARISON SCHEDULE**  
**DEBT SERVICE FUND**  
**FOR THE YEAR ENDED SEPTEMBER 30, 2006**

	<b>Budgeted Amounts GAAP Basis</b>		
	<b>Original</b>	<b>Revisions</b>	<b>Final</b>
<b>REVENUES</b>			
Miscellaneous	\$ -	\$ -	\$ -
Total Revenues	<u>-</u>	<u>-</u>	<u>-</u>
<b>EXPENDITURES</b>			
Debt service:			
Principal retirement	560,000	-	560,000
Interest	362,868	-	362,868
Total Expenditures	<u>922,868</u>	<u>-</u>	<u>922,868</u>
Excess (deficiency) of revenues over expenditures	(922,868)	-	(922,868)
<b>OTHER FINANCING SOURCES</b>			
Transfers in	905,022	-	905,022
Total other financing sources	<u>905,022</u>	<u>-</u>	<u>905,022</u>
Excess (deficiency) of revenues and other financing sources over expenditures and other uses	\$ (17,846)	\$ -	\$ (17,846)
Fund balances at beginning of year			
Fund balance at end of year			

<b>Variance with Final Budget Positive (Negative)</b>	
<b>Actual</b>	
\$ 5,492	\$ 5,492
<u>5,492</u>	<u>5,492</u>
560,000	-
362,868	-
<u>922,868</u>	<u>-</u>
(917,376)	<u>5,492</u>
907,009	1,987
<u>907,009</u>	<u>1,987</u>
(10,367)	\$ 7,479
<u>74,795</u>	
\$ 64,428	

**CITY OF LIVINGSTON, TEXAS**  
**BUDGETARY COMPARISON SCHEDULE**  
**STREET AND CAPITAL PROJECTS FUND**  
**FOR THE YEAR ENDED SEPTEMBER 30, 2006**

	<b>Budgeted Amounts GAAP Basis</b>		
	<b>Original</b>	<b>Revisions</b>	<b>Final</b>
<b><u>EXPENDITURES</u></b>			
Capital outlay:			
Streets	\$ 342,000	\$ -	\$ 342,000
Total Expenditures	<u>342,000</u>	<u>-</u>	<u>342,000</u>
Excess (deficiency) of revenues over expenditures	<u><u>\$ (342,000)</u></u>	<u><u>\$ -</u></u>	<u><u>\$ (342,000)</u></u>
<b><u>OTHER FINANCING SOURCES</u></b>			
Transfers in	-	-	-
Total other financing sources	<u>-</u>	<u>-</u>	<u>-</u>
Excess (deficiency) of revenues and other financing sources over expenditures and other uses	<u><u>\$ (342,000)</u></u>	<u><u>\$ -</u></u>	<u><u>\$ (342,000)</u></u>
Fund balance at beginning of year			
Fund balance at end of year			

<u>Actual</u>	<b>Variance with Final Budget Positive (Negative)</b>
\$ 344,577	\$ (2,577)
<u>344,577</u>	<u>(2,577)</u>
<u>(344,577)</u>	<u>(2,577)</u>
1,629	1,629
<u>1,629</u>	<u>1,629</u>
(342,948)	\$ <u>(948)</u>
<u>342,948</u>	
\$ <u>          </u>	-

## **INDIVIDUAL FUND FINANCIAL STATEMENTS AND SCHEDULES**

## **GENERAL FUND**

**CITY OF LIVINGSTON, TEXAS**  
**GENERAL FUND - COMPARATIVE BALANCE SHEET**  
**SEPTEMBER 30, 2006 AND 2005**

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**ASSETS**

	<b>2006</b>	<b>2005</b>
Cash	\$ 421,619	\$ 629,512
Receivables:		
Returned checks receivable	2,598	2,375
Paving accounts receivable	<u>50,171</u>	<u>6,035</u>
Total Assets	<u>\$ 474,388</u>	<u>\$ 637,922</u>

**LIABILITIES AND FUND BALANCES**

**LIABILITIES**

Accounts payable	<u>\$ 218,053</u>	<u>\$ 212,566</u>
Total Liabilities	<u>218,053</u>	<u>212,566</u>

**FUND BALANCES**

Reserve for library memorials	2,598	5,096
Unreserved	<u>253,737</u>	<u>420,260</u>
Total Fund Balances	<u>256,335</u>	<u>425,356</u>
Total Liabilities and Fund Balances	<u>\$ 474,388</u>	<u>\$ 637,922</u>

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**CITY OF LIVINGSTON, TEXAS**  
**GENERAL FUND - SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN**  
**FUND BALANCES - BUDGET (GAAP BASIS) AND ACTUAL**  
**FOR THE YEAR ENDED SEPTEMBER 30, 2006**  
**WITH COMPARATIVE ACTUAL TOTALS FOR 2005**

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	<b>Budgeted Amounts GAAP Basis</b>			
	<b>Original</b>	<b>Revisions</b>	<b>Final</b>	<b>Actual</b>
<b>REVENUES</b>				
Taxes:				
Sales taxes	\$ 2,550,150	\$ 324,950	\$ 2,875,100	\$ 2,885,734
Franchise taxes	135,000	15,000	150,000	148,230
Hotel/Motel taxes	150,000	20,000	170,000	168,967
Licenses and permits	63,000	104,000	167,000	167,500
Charges for service	1,004,600	9,591	1,014,191	1,027,350
Fines and forfeitures	231,000	-	231,000	208,945
Miscellaneous	152,876	363,506	516,382	552,713
<b>Total Revenues</b>	<b><u>4,286,626</u></b>	<b><u>837,047</u></b>	<b><u>5,123,673</u></b>	<b><u>5,159,439</u></b>
<b>EXPENDITURES</b>				
Administrative	400,330	75,420	475,750	451,244
Sanitation	547,000	5,000	552,000	551,984
Fire	326,630	(11,705)	314,925	331,699
Police	1,219,950	10,975	1,230,925	1,202,886
Paving and street	863,217	187,905	1,051,122	1,003,620
Parks and recreation	821,405	52,520	873,925	834,370
Library	270,175	(8,475)	261,700	252,259
Garage	154,015	2,585	156,600	157,723
<b>Total Expenditures</b>	<b><u>4,602,722</u></b>	<b><u>314,225</u></b>	<b><u>4,916,947</u></b>	<b><u>4,785,785</u></b>
Excess (deficiency) of revenues over expenditures	<u>(316,096)</u>	<u>522,822</u>	<u>206,726</u>	<u>373,654</u>
<b>OTHER FINANCING SOURCES (USES)</b>				
Transfers in	963,998	(599,408)	364,590	365,963
Transfers out	(905,022)	-	(905,022)	(908,638)
<b>Total other financing sources (uses)</b>	<b><u>58,976</u></b>	<b><u>(599,408)</u></b>	<b><u>(540,432)</u></b>	<b><u>(542,675)</u></b>
Excess (deficiency) of revenues and other financing sources over expenditures and other uses	<u>\$ (257,120)</u>	<u>\$ (76,586)</u>	<u>\$ (333,706)</u>	<u>\$ (169,021)</u>
Fund balances at beginning of year				425,356
Fund balances at end of year				<u>\$ 256,335</u>

<b>Variance With Final Budget Positive (Negative)</b>	<b>2005 Actual</b>
\$ 10,634	\$ 2,544,289
(1,770)	136,979
(1,033)	131,303
500	78,387
13,159	962,644
(22,055)	220,754
36,331	438,940
<u>35,766</u>	<u>4,513,296</u>
24,506	381,312
16	525,099
(16,774)	290,596
28,039	1,222,758
47,502	578,207
39,555	685,484
9,441	242,879
(1,123)	132,278
<u>131,162</u>	<u>4,058,613</u>
<u>166,928</u>	<u>454,683</u>
1,373	259,141
(3,616)	(937,439)
<u>(2,243)</u>	<u>(678,298)</u>
\$ <u>164,685</u>	\$ <u>(223,615)</u>
	<u>648,971</u>
	<u>\$ 425,356</u>

**CITY OF LIVINGSTON, TEXAS**  
**GENERAL FUND**  
**SCHEDULE OF EXPENDITURES-BUDGET (GAAP BASIS) AND ACTUAL**  
**FOR THE YEAR ENDED SEPTEMBER 30, 2006**  
**WITH COMPARATIVE ACTUAL TOTALS FOR 2005**

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	<b>Budgeted Amounts GAAP Basis</b>			
	<b>Original</b>	<b>Revisions</b>	<b>Final</b>	<b>Actual</b>
<b>ADMINISTRATIVE DEPARTMENT</b>				
Salaries	\$ 102,000	\$ 14,500	\$ 116,500	\$ 114,113
Social Security	8,000	1,350	9,350	9,187
Retirement	50,000	(3,800)	46,200	45,790
Employee insurance	42,600	(2,900)	39,700	39,079
Insurance and bonds	9,030	270	9,300	9,204
Legal and professional	15,000	35,000	50,000	54,871
Auditing and accounting	4,300	200	4,500	4,500
Supplies	21,000	4,000	25,000	25,928
Repairs-building and grounds	17,000	3,000	20,000	10,258
Equipment repairs and maintenance	5,000	500	5,500	4,978
Gas and oil	1,650	850	2,500	1,962
Utility/telephone	5,200	1,800	7,000	6,966
Dues and subscriptions	8,500	2,000	10,500	12,317
Building demolitions	7,800	(7,800)	-	-
Transportation and contingency	70,000	-	70,000	80,238
Postage and miscellaneous	10,250	1,450	11,700	11,068
Capital expenditures	377,330	50,420	427,750	430,459
	<u>23,000</u>	<u>25,000</u>	<u>48,000</u>	<u>20,785</u>
Total Administrative	<u>400,330</u>	<u>75,420</u>	<u>475,750</u>	<u>451,244</u>
<b>SANITATION DEPARTMENT</b>				
Supplies	65,000	-	65,000	63,487
Refuse disposal/landfills	482,000	5,000	487,000	488,497
Total Sanitation	<u>\$ 547,000</u>	<u>\$ 5,000</u>	<u>\$ 552,000</u>	<u>\$ 551,984</u>

<b>Variance With Final Budget Positive (Negative)</b>	<b>2005 Actual</b>
\$ 2,387	\$ 100,134
163	8,026
410	44,676
621	30,178
96	8,572
(4,871)	38,469
-	3,867
(928)	22,324
9,742	14,566
522	6,330
538	2,009
34	6,050
(1,817)	7,993
-	-
(10,238)	66,619
632	7,549
<hr/>	<hr/>
(2,709)	367,362
27,215	13,950
<hr/>	<hr/>
24,506	381,312
<hr/>	<hr/>
1,513	47,971
(1,497)	477,128
<hr/>	<hr/>
\$ 16	\$ 525,099

**CITY OF LIVINGSTON, TEXAS**  
**GENERAL FUND**  
**SCHEDULE OF EXPENDITURES-BUDGET (GAAP BASIS) AND ACTUAL**  
**FOR THE YEAR ENDED SEPTEMBER 30, 2006**  
**WITH COMPARATIVE ACTUAL TOTALS FOR 2005**

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	<b>Budgeted Amounts GAAP Basis</b>			
	<b>Original</b>	<b>Revisions</b>	<b>Final</b>	<b>Actual</b>
<b>FIRE DEPARTMENT</b>				
Salaries	\$ 115,000	\$ 1,000	\$ 116,000	\$ 118,163
Salaries, administration	20,000	600	20,600	20,281
Social Security	7,300	(600)	6,700	6,649
Retirement	11,400	(1,400)	10,000	9,339
Employee insurance	17,000	(8,200)	8,800	8,786
Insurance and bonds	26,250	(250)	26,000	23,844
Recruitment costs	1,800	(1,275)	525	525
Supplies	22,000	-	22,000	19,682
Repairs-building and grounds	3,000	(1,000)	2,000	1,844
Equipment repairs and maintenance	17,500	2,500	20,000	23,666
Gas and oil	8,800	3,700	12,500	11,453
Utility/telephone	8,700	1,300	10,000	9,636
Dues and subscriptions	1,500	-	1,500	1,275
Transportation and contingency	17,000	(7,000)	10,000	9,788
Maintenance contribution	26,000	(1,500)	24,500	24,474
Postage and miscellaneous	3,380	420	3,800	3,092
	<u>306,630</u>	<u>(11,705)</u>	<u>294,925</u>	<u>292,497</u>
Capital expenditures	<u>20,000</u>	<u>-</u>	<u>20,000</u>	<u>39,202</u>
<b>Total Fire</b>	<b><u>326,630</u></b>	<b><u>(11,705)</u></b>	<b><u>314,925</u></b>	<b><u>331,699</u></b>
<b>POLICE DEPARTMENT</b>				
Salaries	690,000	15,000	705,000	692,546
Salaries, administration	20,000	600	20,600	20,281
Social Security	54,500	2,500	57,000	55,633
Retirement	100,000	500	100,500	101,755
Employee insurance	124,000	(14,000)	110,000	110,275
Uniforms	3,300	-	3,300	2,031
Insurance and bonds	43,050	450	43,500	43,394
Supplies	21,000	6,000	27,000	25,027
Repairs-building and grounds	12,500	(2,500)	10,000	10,142
Equipment repairs and maintenance	20,000	(5,000)	15,000	12,910
Gas and oil	36,300	8,700	45,000	40,599
Utility/telephone	7,600	1,750	9,350	8,785
Dues and subscriptions	700	(425)	275	269
Transportation and contingency	20,000	-	20,000	18,436
Postage and miscellaneous	17,000	(2,600)	14,400	14,254
	<u>1,169,950</u>	<u>10,975</u>	<u>1,180,925</u>	<u>1,156,337</u>
Capital expenditures	<u>50,000</u>	<u>-</u>	<u>50,000</u>	<u>46,549</u>
<b>Total Police</b>	<b><u>\$ 1,219,950</u></b>	<b><u>\$ 10,975</u></b>	<b><u>\$ 1,230,925</u></b>	<b><u>\$ 1,202,886</u></b>

<b>Variance With Final Budget Positive (Negative)</b>	<b>2005 Actual</b>
\$ (2,163)	\$ 105,688
319	19,956
51	7,010
661	10,720
14	13,665
2,156	25,346
-	-
2,318	19,054
156	2,125
(3,666)	11,896
1,047	9,827
364	8,530
225	1,490
212	11,160
26	23,007
708	2,888
2,428	272,362
(19,202)	18,234
(16,774)	290,596
12,454	658,964
319	19,955
1,367	52,336
(1,255)	96,757
(275)	91,404
1,269	2,841
106	43,356
1,973	24,163
(142)	6,621
2,090	23,757
4,401	40,850
565	7,870
6	373
1,564	20,146
146	11,506
24,588	1,100,899
3,451	121,859
\$ 28,039	\$ 1,222,758

**CITY OF LIVINGSTON, TEXAS**  
**GENERAL FUND**  
**SCHEDULE OF EXPENDITURES-BUDGET (GAAP BASIS) AND ACTUAL**  
**FOR THE YEAR ENDED SEPTEMBER 30, 2006**  
**WITH COMPARATIVE ACTUAL TOTALS FOR 2005**

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	<b>Budgeted Amounts GAAP Basis</b>			
	<b>Original</b>	<b>Revisions</b>	<b>Final</b>	<b>Actual</b>
<b>PAVING AND STREET DEPARTMENT</b>				
Salaries	\$ 197,000	\$ (12,000)	\$ 185,000	\$ 184,704
Salaries, administration	20,000	600	20,600	20,286
Social Security	16,600	(600)	16,000	15,682
Retirement	29,900	(2,400)	27,500	27,494
Employee insurance	42,000	(9,500)	32,500	32,481
Uniforms	3,520	(920)	2,600	2,666
Insurance and bonds	22,575	(2,075)	20,500	20,176
Supplies	16,200	7,850	24,050	26,038
Equipment repairs and maintenance	50,000	-	50,000	52,241
Gas and oil	26,400	6,600	33,000	30,517
Transit system	4,620	-	4,620	4,620
Transportation and contingency	2,350	350	2,700	2,198
	<u>431,165</u>	<u>(12,095)</u>	<u>419,070</u>	<u>419,103</u>
Capital expenditures	<u>432,052</u>	<u>200,000</u>	<u>632,052</u>	<u>584,517</u>
<b>Total Paving and Street</b>	<b><u>863,217</u></b>	<b><u>187,905</u></b>	<b><u>1,051,122</u></b>	<b><u>1,003,620</u></b>
<b>PARKS AND RECREATION DEPARTMENT</b>				
Salaries	223,500	8,500	232,000	225,055
Salaries, administration	40,000	1,200	41,200	40,555
Social Security	19,850	850	20,700	20,319
Retirement	27,800	2,250	30,050	29,693
Employee insurance	39,050	3,250	42,300	41,300
Uniforms	4,840	(15)	4,825	3,588
Insurance and bonds	19,800	6,700	26,500	26,746
Advertising, hotel tax	50,000	20,000	70,000	64,837
Supplies	42,500	5,500	48,000	45,610
Repairs-building and grounds	32,500	17,000	49,500	64,604
Equipment repairs and maintenance	15,000	(4,000)	11,000	8,934
Gas and oil	45,815	(10,615)	35,200	25,425
Utility/telephone	11,500	500	12,000	12,316
Dues and subscriptions	750	(200)	550	408
Transportation and contingency	5,600	(400)	5,200	4,278
Programming costs	5,000	-	5,000	4,881
Postage and miscellaneous	2,900	-	2,900	3,267
	<u>586,405</u>	<u>50,520</u>	<u>636,925</u>	<u>621,816</u>
Capital expenditures	<u>235,000</u>	<u>2,000</u>	<u>237,000</u>	<u>212,554</u>
<b>Total Parks and Recreation</b>	<b><u>\$ 821,405</u></b>	<b><u>\$ 52,520</u></b>	<b><u>\$ 873,925</u></b>	<b><u>\$ 834,370</u></b>

<b>Variance With Final Budget Positive (Negative)</b>	<b>2005 Actual</b>
\$ 296	\$ 188,177
314	19,955
318	15,861
6	29,336
19	31,093
(66)	2,806
324	21,331
(1,988)	28,937
(2,241)	38,384
2,483	26,303
-	4,620
502	2,884
(33)	409,687
<u>47,535</u>	<u>168,520</u>
<u>47,502</u>	<u>578,207</u>
6,945	202,234
645	39,910
381	18,387
357	24,396
1,000	28,029
1,237	3,850
(246)	19,243
5,163	108,006
2,390	33,053
(15,104)	40,142
2,066	10,461
9,775	33,209
(316)	23,762
142	236
922	4,729
119	5,222
(367)	16,103
<u>15,109</u>	<u>610,972</u>
<u>24,446</u>	<u>74,512</u>
\$ 39,555	\$ 685,484

**CITY OF LIVINGSTON, TEXAS**  
**GENERAL FUND**  
**SCHEDULE OF EXPENDITURES-BUDGET (GAAP BASIS) AND ACTUAL**  
**FOR THE YEAR ENDED SEPTEMBER 30, 2006**  
**WITH COMPARATIVE ACTUAL TOTALS FOR 2005**

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	<b>Budgeted Amounts GAAP Basis</b>				<b>Actual</b>
	<b>Original</b>	<b>Revisions</b>	<b>Final</b>	<b>Actual</b>	
<b>LIBRARY DEPARTMENT</b>					
Salaries	\$ 126,000	\$ -	\$ 126,000	\$ 124,651	
Salaries, administration	20,000	600	20,600	20,281	
Social Security	11,200	-	11,200	11,088	
Retirement	17,000	(450)	16,550	16,532	
Employee insurance	23,000	(1,000)	22,000	21,583	
Insurance and bonds	6,875	425	7,300	7,289	
Supplies	8,500	(1,500)	7,000	7,111	
Repairs-building and grounds	15,000	(8,000)	7,000	6,635	
Equipment repairs and maintenance	3,500	-	3,500	295	
Utility/telephone	5,000	(400)	4,600	4,312	
Dues and subscriptions	2,700	(250)	2,450	2,570	
Transportation and contingency	1,500	500	2,000	1,781	
Postage and printing	1,900	(400)	1,500	1,149	
	242,175	(10,475)	231,700	225,277	
Memorial capital	5,000	10,000	15,000	18,839	
Capital expenditures	<u>23,000</u>	<u>(8,000)</u>	<u>15,000</u>	<u>8,143</u>	
<b>Total Library</b>	<b>270,175</b>	<b>(8,475)</b>	<b>261,700</b>	<b>252,259</b>	
<b>GARAGE DEPARTMENT</b>					
Salaries	65,000	7,000	72,000	73,412	
Salaries, administration	20,000	600	20,600	20,280	
Social Security	6,500	600	7,100	7,168	
Retirement	8,400	1,850	10,250	10,312	
Employee insurance	9,000	450	9,450	9,443	
Uniforms	1,100	(100)	1,000	957	
Insurance and bonds	11,865	(3,965)	7,900	7,878	
Supplies	8,000	(1,800)	6,200	6,277	
Repairs-building and grounds	3,000	(500)	2,500	2,945	
Equipment repairs and maintenance	5,000	-	5,000	5,284	
Gas and oil	2,750	750	3,500	3,248	
Utility/telephone	2,900	200	3,100	3,366	
	143,515	5,085	148,600	150,570	
Capital expenditures	<u>10,500</u>	<u>(2,500)</u>	<u>8,000</u>	<u>7,153</u>	
<b>Total Garage</b>	<b>154,015</b>	<b>2,585</b>	<b>156,600</b>	<b>157,723</b>	
<b>TOTAL GENERAL EXPENDITURES</b>	<b><u>\$ 4,602,722</u></b>	<b><u>\$ 314,225</u></b>	<b><u>\$ 4,916,947</u></b>	<b><u>\$ 4,785,785</u></b>	

<b>Variance With Final Budget Positive (Negative)</b>	<b>2005 Actual</b>
\$ 1,349	\$ 120,885
319	19,955
112	10,714
18	16,382
417	18,714
11	6,536
(111)	7,972
365	5,506
3,205	2,025
288	4,080
(120)	2,402
219	1,260
351	1,465
<hr/>	<hr/>
6,423	217,896
<hr/>	<hr/>
(3,839)	15,635
6,857	9,348
<hr/>	<hr/>
9,441	242,879
<hr/>	<hr/>
(1,412)	60,021
320	19,955
(68)	6,057
(62)	8,419
7	6,990
43	799
22	11,874
(77)	5,778
(445)	702
(284)	4,927
252	3,134
(266)	3,192
<hr/>	<hr/>
(1,970)	131,848
847	430
<hr/>	<hr/>
(1,123)	132,278
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\$ 131,162	\$ 4,058,613

## **DEBT SERVICE FUND**

**CITY OF LIVINGSTON, TEXAS**  
**DEBT SERVICE FUND - COMPARATIVE BALANCE SHEET**  
**SEPTEMBER 30, 2006 AND 2005**

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**ASSETS**

	<b>2006</b>	<b>2005</b>
Cash	\$ 64,428	\$ 74,795
Total Assets	<u>\$ 64,428</u>	<u>\$ 74,795</u>

**FUND BALANCES**

Reserve for debt service	\$ 64,428	\$ 74,795
Total Fund Balance	<u>\$ 64,428</u>	<u>\$ 74,795</u>

**CITY OF LIVINGSTON, TEXAS**  
**DEBT SERVICE FUND**  
**BUDGETARY COMPARISON SCHEDULE**  
**FOR THE YEAR ENDED SEPTEMBER 30, 2006**  
**WITH COMPARATIVE ACTUAL TOTALS FOR 2005**

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	<b>Budgeted Amounts GAAP Basis</b>		
	<b>Original</b>	<b>Revisions</b>	<b>Final</b>
<b><u>REVENUES</u></b>			
Miscellaneous	\$ -	\$ -	\$ -
Total Revenues	<u>-</u>	<u>-</u>	<u>-</u>
<b><u>EXPENDITURES</u></b>			
Debt service:			
Principal retirement	560,000	-	560,000
Interest	362,868	-	362,868
Total Expenditures	<u>922,868</u>	<u>-</u>	<u>922,868</u>
Excess (deficiency) of revenues over expenditures	<u>(922,868)</u>	<u>-</u>	<u>(922,868)</u>
<b><u>OTHER FINANCING SOURCES (USES)</u></b>			
Bonds Issued from refunding debt	-	-	-
Redemption of refunded bonds	-	-	-
Transfers in	905,022	-	905,022
Total other financing sources	<u>905,022</u>	<u>-</u>	<u>905,022</u>
Excess (deficiency) of revenues and other financing sources over expenditures and other uses	<u>\$ (17,846)</u>	<u>\$ -</u>	<u>\$ (17,846)</u>
Fund balances at beginning of year			
Fund balance at end of year			

<b>Actual</b>	<b>Variance with Final Budget Positive (Negative)</b>	<b>2005</b>
\$ 5,492	\$ 5,492	\$ 6,047
<u>5,492</u>	<u>5,492</u>	<u>6,047</u>
560,000	-	540,000
362,868	-	381,833
<u>922,868</u>	<u>-</u>	<u>921,833</u>
(917,376)	5,492	(915,786)
-	-	-
907,009	1,987	919,246
<u>907,009</u>	<u>1,987</u>	<u>919,246</u>
(10,367)	7,479	3,460
<u>74,795</u>	<u>-</u>	<u>71,335</u>
\$ 64,428	\$ 7,479	\$ 74,795

## **STREETS AND CAPITAL PROJECTS FUND**

**CITY OF LIVINGSTON, TEXAS**  
**STREETS AND CAPITAL PROJECTS FUND - COMPARATIVE BALANCE SHEET**  
**SEPTEMBER 30, 2006 AND 2005**

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**ASSETS**

	<b>2006</b>	<b>2005</b>
Cash	\$ -	\$ 16,470
Certificates of deposit	- _____ -	450,000 _____ -
Total Assets and Other Debits	\$ - _____ -	\$ 466,470 _____ -

**LIABILITIES AND FUND BALANCES**

Liabilities:		
Construction contracts payable	\$ - _____ -	123,522 _____ -
Total liabilities	- _____ -	123,522 _____ -
Fund Balances:		
Reserved for:		
Capital projects	- _____ -	342,948 _____ -
Total Fund Balances	- _____ -	342,948 _____ -
Total Liabilities and Fund Balances	\$ - _____ -	\$ 466,470 _____ -

**CITY OF LIVINGSTON, TEXAS**  
**STREETS AND CAPITAL PROJECTS FUND**  
**BUDGETARY COMPARISON SCHEDULE**  
**FOR THE YEAR ENDED SEPTEMBER 30, 2006**  
**WITH COMPARATIVE ACTUALS FOR 2005**

---

	<b>Budgeted Amounts GAAP Basis</b>		
	<b>Original</b>	<b>Revisions</b>	<b>Final</b>
<b><u>EXPENDITURES</u></b>			
Capital outlay:			
Streets	\$ 342,000	\$ -	\$ 342,000
Other projects	-	-	-
Total Expenditures	<u>342,000</u>	<u>-</u>	<u>342,000</u>
Excess (deficiency) of revenues over expenditures	<u>(342,000)</u>	<u>-</u>	<u>(342,000)</u>
<b><u>OTHER FINANCING SOURCES</u></b>			
Transfers in	-	-	-
Total other financing sources	<u>-</u>	<u>-</u>	<u>-</u>
Excess of revenues and other financing sources over expenditures and other uses	<u>\$ (342,000)</u>	<u>\$ -</u>	<u>\$ (342,000)</u>
Fund balances at beginning of year			
Fund balances at end of year			

<b>Variance With Final Budget Positive (Negative)</b>			<b>2005</b>
<b>Actual</b>			
\$ 344,577	\$ (2,577)	\$ 942,252	
<u>-</u>	<u>-</u>	<u>-</u>	
<u>344,577</u>	<u>(2,577)</u>	<u>942,252</u>	
<u>(344,577)</u>	<u>(2,577)</u>	<u>(942,252)</u>	
1,629	1,629	18,193	
<u>1,629</u>	<u>1,629</u>	<u>18,193</u>	
\$ (342,948)	\$ (948)	\$ (924,059)	
<u>342,948</u>	<u>-</u>	<u>1,267,007</u>	
<u>\$ -</u>	<u>\$ (948)</u>	<u>\$ 342,948</u>	

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## **PROPRIETARY FUND**

**CITY OF LIVINGSTON, TEXAS**  
**COMPARATIVE STATEMENT OF NET ASSETS**  
**ELECTRIC, WATER AND SEWER FUND**  
**SEPTEMBER 30, 2006 AND 2005**

---

<b>ASSETS</b>	<b>2006</b>	<b>2005</b>
<b>Current assets:</b>		
Cash	\$ 363,552	\$ 654,491
Certificates of deposit	2,003,090	2,003,090
Restricted assets		
Cash in bank, water and sewer system improvements	141,493	121,919
Cash in bank, reserve fund	13,135	15,879
Receivables:		
Returned checks receivable	14,358	13,204
Utility accounts receivable	<u>1,282,950</u>	<u>1,156,563</u>
Total Current Assets	<u>3,818,578</u>	<u>3,965,146</u>
<b>Noncurrent assets:</b>		
<b>Capital assets:</b>		
Land	505,880	505,880
Building and improvements	361,566	361,566
Equipment and fixtures	1,527,575	1,443,819
Electrical system	3,463,765	3,263,209
Water system	5,064,771	4,963,017
Sewer system	<u>6,800,279</u>	<u>6,717,165</u>
Less accumulated depreciation	<u>17,723,836</u>	<u>17,254,656</u>
Net capital assets	<u>12,212,140</u>	<u>12,040,291</u>
<b>Other assets:</b>		
Water service contract rights	<u>340,000</u>	<u>400,000</u>
Total Other Assets	<u>340,000</u>	<u>400,000</u>
Total Noncurrent Assets	<u>12,552,140</u>	<u>12,440,291</u>
<b>Total Assets</b>	<b>\$ 16,370,718</b>	<b>\$ 16,405,437</b>

<b>LIABILITIES</b>	<b>2006</b>	<b>2005</b>
<b>Current liabilities:</b>		
Accounts payable	\$ 810,813	\$ 812,592
Meter deposits	323,197	304,796
Contracts payable-Trinity River Authority	60,000	60,000
Total current liabilities	<u>1,194,010</u>	<u>1,177,388</u>
<b>Noncurrent liabilities:</b>		
Contracts payable-Trinity River Authority	280,000	340,000
Total noncurrent liabilities	<u>280,000</u>	<u>340,000</u>
<b>Total liabilities</b>	<u>1,474,010</u>	<u>1,517,388</u>
<b>NET ASSETS</b>		
Invested in capital assets (net of related debt)	12,212,140	12,040,291
Restricted for water and sewer system improvements	125,571	121,919
Restricted for Trinity River Authority contracts payable	13,135	15,879
Unrestricted	<u>2,545,862</u>	<u>2,709,960</u>
<b>Total net assets</b>	<u>\$ 14,896,708</u>	<u>\$ 14,888,049</u>

**CITY OF LIVINGSTON, TEXAS**  
**COMPARATIVE STATEMENT OF REVENUES, EXPENSES AND CHANGES**  
**IN FUND NET ASSETS**  
**ELECTRIC, WATER, AND SEWER FUND**  
**FOR THE YEARS ENDED SEPTEMBER 30, 2006 AND 2005**

---

**Business-Type Activities - Enterprise Fund**

	<b>2006</b>	<b>2005</b>
<b><u>Operating revenues:</u></b>		
Charges for sales and services:		
Electricity sales	\$ 7,136,844	\$ 6,825,538
Water sales	1,528,133	1,536,581
Sewer service charges	1,111,808	1,117,264
Penalties, utilities	112,824	108,572
Water tapping fees	6,400	20,793
Sewer tapping fees	5,950	14,350
Recoveries, electrical	677,351	829,849
Recoveries, water	16,081	92,813
Revenue, night lights	69,549	67,200
Service fees	43,155	42,120
Total Operating Revenues	<u>10,708,095</u>	<u>10,655,080</u>
<b><u>Operating expenses:</u></b>		
Light and Power Department	8,110,720	7,537,965
Water Department	1,492,055	1,465,415
Sewer Department	416,373	393,881
Uncollectible accounts	91,272	68,001
Depreciation	297,331	282,013
Total Operating Expenses	<u>10,407,751</u>	<u>9,747,275</u>
Operating Income	300,344	907,805
<b><u>Non-operating revenues:</u></b>		
Interest income	<u>74,278</u>	<u>33,324</u>
Income Before Transfers	374,622	941,129
Transfers Out	<u>(365,963)</u>	<u>(259,141)</u>
Change in net assets	8,659	681,988
Total net assets - beginning	<u>14,888,049</u>	<u>14,206,061</u>
Total net assets - ending	<u>\$ 14,896,708</u>	<u>\$ 14,888,049</u>

**CITY OF LIVINGSTON, TEXAS**  
**COMPARATIVE STATEMENT OF CASH FLOWS**  
**ELECTRIC, WATER, AND SEWER FUND**  
**FOR THE YEARS ENDED SEPTEMBER 30, 2006 AND 2005**

---

**Business-Type Activities - Enterprise Fund**

	<b>2006</b>	<b>2005</b>
Cash flows from operating activities:		
Cash received from customers	\$ 10,375,836	\$ 10,472,479
Cash payments to suppliers for goods and services	(8,936,616)	(8,388,160)
Cash payments to employees for services	(952,464)	(904,683)
Net cash provided by operating activities	<u>486,756</u>	<u>1,179,636</u>
Cash flows from noncapital financing activities:		
Transfers to other funds	(365,963)	(259,141)
Net cash used for noncapital financing activities	<u>(365,963)</u>	<u>(259,141)</u>
Cash flows from capital and related financing activities:		
Acquisition of capital assets	(469,180)	(475,655)
Net cash used for capital and related financing activities	<u>(469,180)</u>	<u>(475,655)</u>
Cash flows from investing activities:		
Purchase of certificate of deposit	-	(1,000,000)
Interest on cash and investments	74,278	33,324
Net cash (used) provided by investing activities	<u>74,278</u>	<u>(966,676)</u>
NET CHANGE IN CASH AND CASH EQUIVALENTS	<u>(274,109)</u>	<u>(521,836)</u>
CASH AND CASH EQUIVALENTS AT BEGINNING OF YEAR	<u>792,289</u>	<u>1,314,125</u>
CASH AND CASH EQUIVALENTS AT END OF YEAR	<u>\$ 518,180</u>	<u>\$ 792,289</u>

(Continued)

**CITY OF LIVINGSTON, TEXAS**  
**STATEMENT OF CASH FLOWS**  
**ELECTRIC, WATER, AND SEWER FUNDS**  
**FOR THE YEARS ENDED SEPTEMBER 30, 2006 AND 2005**

---

**Business-Type Activities - Enterprise Fund**

	<b>2006</b>	<b>2005</b>
Reconciliation of income from operations to net cash provided by operating activities:		
Income from operations	\$ 300,344	\$ 907,805
Adjustments to reconcile operating net income to net cash provided by operating activities:		
Depreciation	297,331	282,012
Change in operating assets and liabilities:		
Returned checks receivable	(1,154)	(2,692)
Utility accounts receivable	(126,387)	(114,600)
Accounts payable	(1,779)	96,553
Meter deposits	18,401	10,558
Total adjustments	<u>186,412</u>	<u>271,831</u>
Net cash provided by operating activities	<u>\$ 486,756</u>	<u>\$ 1,179,636</u>
Reconciliation of total cash and cash investments		
Unrestricted	\$ 363,552	\$ 654,491
Restricted		
Cash in bank, water and sewer system improvements	141,493	121,919
Cash in bank, reserve fund	<u>13,135</u>	<u>15,879</u>
Total cash and cash equivalents	<u>\$ 518,180</u>	<u>\$ 792,289</u>

(Concluded)

## **ENTERPRISE FUND**

**CITY OF LIVINGSTON, TEXAS**

**ENTERPRISE FUND**

**SCHEDULE OF EXPENSES BY DEPARTMENT - COMPARED TO BUDGET**

**FOR THE YEAR ENDED SEPTEMBER 30, 2006**

**WITH COMPARATIVE ACTUAL AMOUNTS FOR THE YEAR ENDED SEPTEMBER 30, 2005**

	<b>2006</b>			
	<b>Original Budget</b>	<b>Revisions</b>	<b>Final</b>	<b>Actual</b>
<b>LIGHT AND POWER DEPARTMENT</b>				
Salaries	\$ 500,000	\$ (8,000)	\$ 492,000	\$ 485,443
Salaries, administration	20,000	600	20,600	20,281
Social Security	40,000	(500)	39,500	38,687
Retirement	74,000	(900)	73,100	72,364
Employee insurance	68,500	1,650	70,150	67,057
Uniform rental	5,000	300	5,300	5,052
Insurance and bonds	19,425	(225)	19,200	18,935
Legal and professional	2,500	-	2,500	2,010
Engineering	3,000	-	3,000	300
Supplies	38,000	(3,000)	35,000	28,813
Repairs-building and grounds and equipment	17,500	4,000	21,500	16,582
Gas and oil	15,950	8,050	24,000	21,625
Utility/telephone	4,500	(400)	4,100	3,908
Dues and subscriptions	5,000	-	5,000	699
Power purchase	6,816,250	483,750	7,300,000	7,293,656
Transportation and contingency	15,000	2,000	17,000	11,573
Utility billing	11,000	(2,500)	8,500	8,410
Postage and miscellaneous	10,000	-	10,000	10,825
Auditing and accounting	4,300	200	4,500	4,500
<b>Total Light and Power</b>	<b>7,669,925</b>	<b>485,025</b>	<b>8,154,950</b>	<b>8,110,720</b>
<b>WATER DEPARTMENT</b>				
Salaries	286,000	(1,000)	285,000	286,751
Salaries - administration	20,000	600	20,600	20,281
Social Security	23,500	(300)	23,200	23,489
Retirement	43,500	-	43,500	43,069
Employee insurance	59,000	(2,200)	56,800	56,215
Uniform rental	3,850	(350)	3,500	3,492
Insurance and bonds	21,000	(4,500)	16,500	16,069
Legal and professional	500	2,000	2,500	2,350
Supplies	45,500	(5,000)	40,500	31,322
Repairs-building and grounds	7,000	-	7,000	5,542
Repairs-equipment	26,000	8,000	34,000	33,171
Gas and oil	10,450	2,050	12,500	11,090
Engineering	6,500	3,500	10,000	9,797
Dues and subscriptions	3,800	(300)	3,500	3,196
Water-TRA	58,400	-	58,400	58,400
Operations and maintenance-TRA	827,000	(47,000)	780,000	779,026
Transportation and contingency	14,500	(200)	14,300	11,607
Utility billing	11,000	(2,500)	8,500	8,410
Postage and printing	10,500	-	10,500	10,845
TRA-debt service	76,000	(2,500)	73,500	73,433
Auditing and accounting	4,300	200	4,500	4,500
<b>Total Water</b>	<b>1,558,300</b>	<b>(49,500)</b>	<b>1,508,800</b>	<b>1,492,055</b>

<b>Variance</b>	<b>2005 Actual</b>
\$ 6,557	\$ 458,115
319	19,955
813	36,522
736	70,902
3,093	56,986
248	4,012
265	18,301
490	1,694
2,700	497
6,187	28,452
4,918	19,775
2,375	20,243
192	3,595
4,301	3,656
6,344	6,752,711
5,427	19,964
90	8,180
(825)	10,538
-	3,867
<b><u>44,230</u></b>	<b><u>7,537,965</u></b>
(1,751)	275,246
319	19,954
(289)	22,522
431	41,519
585	46,528
8	3,252
431	19,990
150	775
9,178	34,445
1,458	5,835
829	26,447
1,410	10,707
203	5,429
304	3,188
-	58,400
974	781,079
2,693	14,604
90	8,180
(345)	9,897
67	73,551
-	3,867
<b><u>16,745</u></b>	<b><u>1,465,415</u></b>

**CITY OF LIVINGSTON, TEXAS  
ENTERPRISE FUND**

**SCHEDULE OF EXPENSES BY DEPARTMENT - COMPARED TO BUDGET**

**FOR THE YEAR ENDED SEPTEMBER 30, 2006**

**WITH COMPARATIVE ACTUAL AMOUNTS FOR THE YEAR ENDED SEPTEMBER 30, 2005**

	<b>2006</b>			
	<b>Original Budget</b>	<b>Revisions</b>	<b>Final</b>	<b>Actual</b>
<b>SEWER DEPARTMENT</b>				
Salaries	125,000	(2,000)	123,000	119,428
Salaries, administration	20,000	600	20,600	20,280
Social Security	11,000	-	11,000	10,688
Retirement	18,500	(1,500)	17,000	17,025
Employee insurance	23,000	(2,600)	20,400	20,310
Uniform rental	1,325	375	1,700	1,822
Insurance and bonds	11,650	(5,650)	6,000	5,907
Lab fees-engineering	8,000	47,000	55,000	32,279
Supplies	25,000	5,000	30,000	23,925
Chemicals	22,500	(2,500)	20,000	18,351
Legal/professional	1,000	-	1,000	2,015
Repairs-equipment	30,000	15,000	45,000	48,844
Repairs-building and grounds	2,500	(1,000)	1,500	-
Gas and oil	14,850	2,900	17,750	16,772
Dues and subscriptions	14,000	1,000	15,000	12,010
Transportation and contingency	65,000	-	65,000	54,776
Utilities and telephone	8,800	3,700	12,500	11,941
<b>Total Sewer</b>	<b><u>402,125</u></b>	<b><u>60,325</u></b>	<b><u>462,450</u></b>	<b><u>416,373</u></b>
<b>TOTAL ENTERPRISE FUND</b>				
<b>DEPARTMENT EXPENDITURES</b>	<b><u>\$ 9,630,350</u></b>	<b><u>\$ 495,850</u></b>	<b><u>\$ 10,126,200</u></b>	<b><u>\$ 10,019,148</u></b>

<b>Variance</b>	<b>2005</b>	
		<b>Actual</b>
3,572	111,456	
320	19,957	
312	9,983	
(25)	16,692	
90	18,796	
(122)	1,269	
93	11,032	
22,721	41,522	
6,075	23,304	
1,649	19,129	
(1,015)	1,270	
(3,844)	26,178	
1,500	74	
978	15,974	
2,990	12,265	
10,224	56,550	
559	8,430	
<hr/>	<hr/>	
<b>46,077</b>	<b>393,881</b>	
<b>\$ 107,052</b>	<b>\$ 9,397,261</b>	

## **STATISTICAL SECTION**

## **FINANCIAL TRENDS**

**These schedules contain trend information to help the reader understand how the City's financial performance and well-being have changed over time.**

TABLE A-1

**CITY OF LIVINGSTON, TEXAS**  
**NET ASSETS BY COMPONENT**  
**Last Four Fiscal Years**  
**(accrual basis of accounting)**

	<b>Fiscal Year</b>		
	<b>2003</b>	<b>2004</b>	<b>2005</b>
Governmental activities			
Invested in capital assets, net of related debt	\$ 2,545,275	\$ 3,321,143	\$ 3,129,245
Restricted	68,957	71,335	74,795
Unrestricted	<u>741,344</u>	<u>320,621</u>	<u>358,030</u>
Total governmental activities net assets	<u>\$ 3,355,576</u>	<u>\$ 3,713,099</u>	<u>\$ 3,562,070</u>
Business-type activities			
Invested in capital assets, net of related debt	\$ 11,885,862	\$ 11,846,648	\$ 12,040,291
Restricted	225,533	189,018	137,798
Unrestricted	<u>1,392,408</u>	<u>2,170,395</u>	<u>2,709,960</u>
Total business-type activities net assets	<u>\$ 13,503,803</u>	<u>\$ 14,206,061</u>	<u>\$ 14,888,049</u>
Primary government			
Invested in capital assets, net of related debt	\$ 14,431,137	\$ 15,167,791	\$ 15,169,536
Restricted	294,490	260,353	212,593
Unrestricted	<u>2,133,752</u>	<u>2,491,016</u>	<u>3,067,990</u>
Total primary government net assets	<u>\$ 16,859,379</u>	<u>\$ 17,919,160</u>	<u>\$ 18,450,119</u>

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**2006**

\$ 3,545,562  
64,428  
301,060

\$ 3,911,050

\$ 12,212,140  
138,706  
2,545,862

\$ 14,896,708

\$ 15,757,702  
203,134  
2,846,922

\$ 18,807,758

TABLE A-2

**CITY OF LIVINGSTON, TEXAS**  
**CHANGES IN NET ASSETS**  
**Last Four Fiscal Years**  
**(accrual basis of accounting)**

	<b>Fiscal Year</b>			
	<b>2003</b>	<b>2004</b>	<b>2005</b>	<b>2006</b>
<b>Expenses</b>				
Governmental activities:				
Administrative	\$ 297,458	\$ 305,279	\$ 429,415	\$ 494,543
Sanitation	489,301	508,167	525,284	552,169
Fire	311,421	290,679	307,944	328,722
Police	1,126,591	1,132,421	1,201,267	1,260,724
Paving and street	634,610	785,259	921,559	971,433
Parks and recreation	825,657	778,992	792,944	806,073
Library	230,328	230,800	237,031	246,801
Garage	137,050	136,813	139,382	158,581
Interest on long-term debt	379,555	400,800	381,833	362,868
Total governmental activities expense	<u>4,431,971</u>	<u>4,569,210</u>	<u>4,936,659</u>	<u>5,181,914</u>
Business-type activities:				
Electric, water and sewer	9,947,254	9,378,300	9,747,275	10,407,751
Total business-type activities expenses	<u>9,947,254</u>	<u>9,378,300</u>	<u>9,747,275</u>	<u>10,407,751</u>
Total primary government expenses	<u>\$ 14,379,225</u>	<u>\$ 13,947,510</u>	<u>\$ 14,683,934</u>	<u>\$ 15,589,665</u>
<b>Program Revenues</b>				
Governmental activities:				
Charges for services				
Administration	\$ 70,903	\$ 68,619	\$ 78,386	\$ 167,499
Sanitation	678,791	708,348	716,199	735,376
Police	240,419	189,847	238,120	236,332
Paving and street	1,501	1,916	25,756	83,227
Parks and recreation	321,888	427,800	401,882	269,001
Library	16,958	15,729	17,339	16,518
Operating grants and contributions	67,133	168,623	115,024	392,402
Capital grants and contributions	-	404,018	A. 64,077	B. 12,891
Total governmental activities program revenues	<u>1,397,593</u>	<u>1,984,900</u>	<u>1,656,783</u>	<u>1,913,246</u>
Business-type activities:				
Charges for services				
Electric, water and sewer	9,981,003	10,312,959	10,655,080	10,708,095
Total business-type activities program revenues	<u>9,981,003</u>	<u>10,312,959</u>	<u>10,655,080</u>	<u>10,708,095</u>
Total primary government program revenues	<u>\$ 11,378,596</u>	<u>\$ 12,297,859</u>	<u>\$ 12,311,863</u>	<u>\$ 12,621,341</u>
Net (Expense) Revenues				
Governmental activities	\$ (3,034,378)	\$ (2,584,310)	\$ (3,279,876)	\$ (3,268,668)
Business-type activities	<u>33,749</u>	<u>934,659</u>	<u>907,805</u>	<u>300,344</u>
Total primary government program net expense	<u>\$ (3,000,629)</u>	<u>\$ (1,649,651)</u>	<u>\$ (2,372,071)</u>	<u>\$ (2,968,324)</u>
<b>General Revenues and Other Changes in Net Assets</b>				
Governmental activities:				
Taxes				
Sales taxes	\$ 2,199,629	\$ 2,324,945	\$ 2,544,289	\$ 2,885,734
Franchise taxes	124,949	134,374	136,979	148,230
Hotel/Motel taxes	116,991	136,563	131,303	168,967
Investment earnings	64,680	43,145	31,869	14,373
Miscellaneous	24,127	55,615	25,266	34,381
Transfers	455,955	247,191	259,141	365,963
Total governmental activities	<u>2,986,331</u>	<u>2,941,833</u>	<u>3,128,847</u>	<u>3,617,648</u>
Business-type activities:				
Investment earnings	21,190	14,790	33,324	74,278
Transfers	(455,955)	(247,191)	(259,141)	(365,963)
Total business-type activities	<u>(434,765)</u>	<u>(232,401)</u>	<u>(225,817)</u>	<u>(291,685)</u>
Total primary government	<u>\$ 2,530,376</u>	<u>\$ 2,694,642</u>	<u>\$ 2,869,706</u>	<u>\$ 3,251,685</u>
<b>Changes in Net Assets</b>				
Governmental activities	\$ (48,047)	\$ 357,523	\$ (151,029)	\$ 348,980
Business-type activities	<u>(401,016)</u>	<u>702,258</u>	<u>681,988</u>	<u>8,659</u>
Total primary government	<u>\$ (449,063)</u>	<u>\$ 1,059,781</u>	<u>\$ 530,959</u>	<u>\$ 357,639</u>

A. Grant received in 2004 to fund street improvements.

B. FEMA grant received in 2006 to assist with Hurricane Rita recovery.

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TABLE A-3

**CITY OF LIVINGSTON, TEXAS**  
**FUND BALANCES GOVERNMENTAL FUNDS**  
**Last Ten Fiscal Years**  
**(modified accrual basis of accounting)**

	<u>Fiscal Year</u>			
	<u>1997</u>	<u>1998</u>	<u>1999</u>	<u>2000</u>
General Fund				
Reserved	\$ 4,624	\$ 41,670	\$ 32,311	\$ 24,965
Unreserved	<u>483,180</u>	<u>32,171</u>	<u>134,622</u>	<u>215,150</u>
Total General Fund	<u>\$ 487,804</u>	<u>\$ 73,841</u>	<u>\$ 166,933</u>	<u>\$ 240,115</u>
All Other Governmental Funds				
Reserved				
Debt Service Fund	\$ 158,007	\$ 136,476	\$ 142,299	\$ 151,139
Capital Projects Fund	<u>2,536,889</u>	A. <u>478,751</u>	-	-
Total all other governmental funds	<u>\$ 2,694,896</u>	<u>\$ 615,227</u>	<u>\$ 142,299</u>	<u>\$ 151,139</u>

A. Bond proceeds for construction of new City Hall.  
 B. Bond proceeds for resurfacing of City streets.

**TABLE A-3**

<u><b>Fiscal Year</b></u>					
<b>2001</b>	<b>2002</b>	<b>2003</b>	<b>2004</b>	<b>2005</b>	<b>2006</b>
\$ 18,449	\$ 9,848	\$ 212	\$ 13,243	\$ 5,096	\$ 2,598
<u>409,807</u>	<u>461,852</u>	<u>740,600</u>	<u>635,728</u>	<u>420,260</u>	<u>253,737</u>
<b>\$ 428,256</b>	<b>\$ 471,700</b>	<b>\$ 740,812</b>	<b>\$ 648,971</b>	<b>\$ 425,356</b>	<b>\$ 256,335</b>
\$ 60,326	\$ 63,345	\$ 68,957	\$ 71,335	\$ 74,795	\$ 64,428
<u>-</u>	<u>-</u>	<u>3,221,395</u>	<u>B. 1,267,007</u>	<u>342,948</u>	<u>-</u>
<b>\$ 60,326</b>	<b>\$ 63,345</b>	<b>\$ 3,290,352</b>	<b>\$ 1,338,342</b>	<b>\$ 417,743</b>	<b>\$ 64,428</b>

TABLE A-4

**CITY OF LIVINGSTON, TEXAS**  
**CHANGES IN FUND BALANCES, GOVERNMENTAL FUNDS**  
**Last Ten Fiscal Years**  
**(modified accrual basis of accounting)**

	<u>Fiscal Year</u>			
	<u>1997</u>	<u>1998</u>	<u>1999</u>	<u>2000</u>
<b>Revenues</b>				
Taxes	\$ 1,885,074	\$ 2,032,315	\$ 2,094,957	\$ 2,254,103
Licenses and permits	38,587	105,532	98,402	65,372
Charges for service	603,812	628,180	560,635	797,694
Fines and forfeitures	94,154	164,329	103,441	130,154
Miscellaneous	<u>121,536</u>	<u>301,293</u>	<u>245,433</u>	<u>198,953</u>
Total Revenues	<u>2,743,163</u>	<u>3,231,649</u>	<u>3,102,868</u>	<u>3,446,276</u>
<b>Expenditures</b>				
Administrative	235,916	231,376	211,259	185,542
Sanitation	406,760	415,322	394,160	427,658
Fire	348,188	237,263	273,657	317,288
Police	754,343	912,467	858,558	925,680
Paving and street	499,346	611,547	561,299	568,984
Parks and recreation	372,469	698,218	895,893	767,938
Library	217,549	198,162	211,570	196,052
Garage	107,676	105,701	112,136	114,547
Capital outlay	529,209	2,158,763	A.	478,751
Debt service				-
Interest	281,524	354,249	315,999	304,029
Principal	<u>495,000</u>	<u>550,000</u>	<u>155,000</u>	<u>165,000</u>
Total Expenditures	<u>4,247,980</u>	<u>6,473,068</u>	<u>4,468,282</u>	<u>3,972,718</u>
Excess of revenues over (under) expenditures	(1,504,817)	(3,241,419)	(1,365,414)	(526,442)
<b>Other Financing Sources (Uses)</b>				
Proceeds from borrowing	3,370,000	A.	-	-
Proceeds from refunding	-	-	-	-
Transfers in	4,825,800	1,624,771	1,459,578	1,067,965
Transfers out	<u>(3,880,678)</u>	<u>(876,984)</u>	<u>(474,000)</u>	<u>(469,024)</u>
Total other financing sources	<u>4,315,122</u>	<u>747,787</u>	<u>985,578</u>	<u>598,941</u>
Net change in fund balances	<u>\$ 2,810,305</u>	<u>\$ (2,493,632)</u>	<u>\$ (379,836)</u>	<u>\$ 72,499</u>
Debt service as a percentage of noncapital expenditures	30.9%	42.9%	16.9%	17.0%

- A. Bond proceeds in 1997 used to fund construction of new City Hall.
- B. Bond proceeds in 2003 used for street resurfacing.
- C. Refunding of bonds in 2003 due to favorable interest rates.
- D. Grant received in 2004 for street improvements.

TABLE A-4

<u>Fiscal Year</u>					
<u>2001</u>	<u>2002</u>	<u>2003</u>	<u>2004</u>	<u>2005</u>	<u>2006</u>
\$ 2,225,216	\$ 2,439,934	\$ 2,441,633	\$ 2,595,882	\$ 2,812,571	\$ 3,202,931
61,645	39,422	70,903	68,620	78,387	167,500
813,228	911,272	978,312	1,054,801	962,644	1,027,350
156,830	152,717	167,862	174,479	220,754	208,945
423,424	179,894	268,702	790,232	D. 444,987	558,205
<u>3,680,343</u>	<u>3,723,239</u>	<u>3,927,412</u>	<u>4,684,014</u>	<u>4,519,343</u>	<u>5,164,931</u>
185,567	219,570	335,176	251,405	381,312	451,244
460,487	481,974	489,056	508,272	525,099	551,984
279,783	290,064	309,087	273,847	290,596	331,699
923,481	1,009,301	1,055,415	1,084,599	1,222,758	1,202,886
689,612	629,290	333,779	963,848	578,207	1,003,620
1,005,060	603,608	685,545	647,341	685,484	834,370
251,299	210,043	228,237	230,581	242,879	252,259
123,676	122,338	152,792	129,975	132,278	157,723
-	-	1,778,605	B. 1,954,388	942,252	344,577
292,623	282,348	379,556	400,800	381,833	362,868
175,000	190,000	1,740,000	C. 530,000	540,000	560,000
<u>4,386,588</u>	<u>4,038,536</u>	<u>7,487,248</u>	<u>6,975,056</u>	<u>5,922,698</u>	<u>6,053,230</u>
(706,245)	(315,297)	(3,559,836)	(2,291,042)	(1,403,355)	(888,299)
-	-	5,000,000	B. -	-	-
-	-	1,600,000	C. -	-	-
1,171,131	834,107	937,577	1,154,768	1,196,580	1,274,601
(367,873)	(472,348)	(481,622)	(907,577)	(937,439)	(908,638)
<u>803,258</u>	<u>361,759</u>	<u>7,055,955</u>	<u>247,191</u>	<u>259,141</u>	<u>365,963</u>
<u>\$ 97,013</u>	<u>\$ 46,462</u>	<u>\$ 3,496,119</u>	<u>\$ (2,043,851)</u>	<u>\$ (1,144,214)</u>	<u>\$ (522,336)</u>
15.8%	15.4%	61.8%	27.5%	25.9%	24.0%

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## **REVENUE CAPACITY**

**These schedules contain information to help the reader assess the City's most available local revenue sources, property tax and sales tax.**

**CITY OF LIVINGSTON, TEXAS**  
**ASSESSED AND ESTIMATED ACTUAL VALUE OF TAXABLE PROPERTY**  
**Last Ten Fiscal Years**

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<b>Tax Year</b>	<b>Real Property (1)</b>		<b>Personal (1)</b> <b>Assessed Value</b>
	<b>Assessed Value</b>	<b>Estimated Actual Value</b>	
1996	118,034,298	118,034,298	38,380,088
1997	119,445,405	119,445,405	37,740,370
1998	126,456,776	126,456,776	41,871,715
1999	139,390,979	139,390,979	45,102,762
2000	159,938,722	159,938,722	34,434,642
2001	157,870,532	157,870,532	44,505,537
2002	161,310,608	161,310,608	46,660,580
2003	164,961,394	164,961,394	46,719,165
2004	181,381,433	181,381,433	48,106,813
2005	199,230,665	199,230,665	51,858,018

(1) Information was provided by the Polk County Assessor/Collector's office.

**TABLE B-1**

<b>Personal Estimated Actual Value</b>	<b>Total Property</b>		<b>Ratio of Total Assessed to Total Estimated Actual Value</b>
	<b>Assessed Value</b>	<b>Estimated Actual Value</b>	
38,380,088	156,414,386	156,414,386	100%
37,740,370	157,185,775	157,185,775	100%
41,871,715	168,328,491	168,328,491	100%
45,102,762	184,493,741	184,493,741	100%
34,434,642	194,373,364	194,373,364	100%
44,505,537	202,376,069	202,376,069	100%
46,660,580	207,971,188	207,971,188	100%
46,719,165	211,680,559	211,680,559	100%
48,106,813	229,488,246	229,488,246	100%
51,858,018	251,088,683	251,088,683	100%

**CITY OF LIVINGSTON, TEXAS**  
**PROPERTY TAX RATES AND TAX LEVIES - DIRECT AND OVERLAPPING GOVERNMENTS**  
**Last Ten Fiscal Years**  
**(1)**

**TAX RATES PER \$100 ASSESSED VALUATION  
(DIRECT AND OVERLAPPING)**

<b>County Fiscal Year</b>	<b>City General Fund</b>	<b>School District</b>	<b>County</b>	<b>Total</b>
1996	.00	1.4700	0.5385	2.0085
1997	.00	1.4700	0.5089	1.9789
1998	.00	1.4700	0.5089	1.9789
1999	.00	1.4700	0.5550	2.0250
2000	.00	1.4900	0.5550	2.0450
2001	.00	1.5125	0.5550	2.0675
2002	.00	1.5525	0.5550	2.1075
2003	.00	1.5525	0.5550	2.1075
2004	.00	1.5525	0.5550	2.1075
2005	.00	1.5525	0.6277	2.1802

<b>County Fiscal Year</b>	<b>City General Fund</b>	<b>School District</b>	<b>County</b>	<b>Total</b>
1996	-	\$ 7,564,488	\$ 6,655,908	\$ 14,220,396
1997	-	7,427,105	7,486,725	14,913,830
1998	-	7,990,692	7,551,913	15,542,605
1999	-	8,521,628	7,872,215	16,393,843
2000	-	9,480,087	8,262,508	17,742,595
2001	-	10,143,543	8,937,795	19,081,338
2002	-	11,460,192	8,938,961	20,399,153
2003	-	11,099,615	9,223,803	20,323,418
2004	-	11,597,686	9,886,492	21,484,178
2005	-	12,513,074	11,292,797	23,805,871

Tax Rate Limitations:

General Law City with a maximum authorized tax rate of \$1.50 for all purposes, imposed by Texas Constitution.

Tax Payment Data:

Taxes are due October 1; Delinquent after January 31. No discounts allowed for early payment.

Tax Collection Data:

Tax statements on current tax mailed October 1; second notice on unpaid current tax mailed on January 1. Delinquent notices mailed to all taxpayers once annually.

(1) All above information was provided by the Polk County Tax Assessor/Collector's office.

**CITY OF LIVINGSTON, TEXAS**  
**PRINCIPAL PROPERTY TAX PAYERS**  
**Current Year and Nine Years Ago**

<b>TEN LARGEST TAXPAYERS, 2005 ASSESSED VALUES</b>				<b>TEN LARGEST TAXPAYERS, 1996 ASSESSED VALUES</b>			
<b>(*) Name</b>	<b>Assessed Value</b>	<b>Rank</b>	<b>Percent of Total</b>	<b>Assessed Value</b>	<b>Rank</b>	<b>Percent of Total</b>	
Wal-Mart Stores	\$ 16,519,149	1	6.58%	\$ 14,890,746	1	9.52%	
Lowe's	11,588,993	2	4.62%	-	-	0.00%	
First National Bank	4,015,943	3	1.60%	1,657,857	10	1.06%	
Brookshire Brothers	3,079,112	4	1.23%	-	-	0.00%	
MBF Investments	2,917,031	5	1.16%	-	-	0.00%	
Eastex Telephone Corp	2,896,646	6	1.15%	-	-	0.00%	
First State Bank	1,997,458	7	0.80%	1,949,989	5	1.25%	
WXI/MCN Multifamily Ltd.	1,959,748	8	0.78%	-	-	0.00%	
Livingston Ventures	1,852,002	9	0.74%	-	-	0.00%	
Gardens ALC	1,758,862	10	0.70%	-	-	0.00%	
Wal-Mart, Inc.	-		0.00%	2,265,715	2	1.45%	
Ogletree Forrest Products	-		0.00%	2,148,900	3	1.37%	
Ronnie Loper	-		0.00%	2,057,441	4	1.32%	
McNiel Real Estate	-		0.00%	1,847,165	6	1.18%	
Factory Stores, Inc.	-		0.00%	1,830,353	7	1.17%	
H.E. Butts	-		0.00%	1,779,567	8	1.14%	
First State Bank	-		0.00%	1,762,129	9	1.13%	
	<b>\$ 48,584,944</b>		<b>19.35%</b>	<b>\$ 32,189,862</b>		<b>20.58%</b>	

(\*) Information provided by Polk County Assessor/Collector's Office

**TABLE B-4**

**CITY OF LIVINGSTON, TEXAS**  
**PROPERTY TAX LEVIES AND COLLECTIONS**  
**Last Ten Fiscal Years**

<b>Fiscal Year</b>	<b>Total Tax Levy</b>	<b>Current Tax Collections</b>	<b>Percent of Levy Collected</b>	<b>Delinquent Tax Collections</b>	<b>Total Tax Collections</b>
1996-97	N/A	N/A	N/A	118	118
1997-98	N/A	N/A	N/A	81	81
1998-99	N/A	N/A	N/A	61	61
1999-00	N/A	N/A	N/A	15	15
2000-01	N/A	N/A	N/A	42	42
2001-02	N/A	N/A	N/A	-	-
2002-03	N/A	N/A	N/A	64	64
2003-04	N/A	N/A	N/A	-	-
2004-05	N/A	N/A	N/A	-	-
2005-06	N/A	N/A	N/A	-	-

\* City discontinued levying property taxes in fiscal 1989.

**TABLE B-4**

<b>Total Collections as Percent of Current Levy</b>	<b>Adjustment</b>	<b>Outstanding Delinquent Taxes</b>	<b>Outstanding Delinquent as a Percent of Total Tax Levy</b>
N/A	(116)	2,762	N/A
N/A	(378)	2,303	N/A
N/A	(102)	2,140	N/A
N/A	(103)	2,022	N/A
N/A	(2)	2,101	N/A
N/A	-	2,101	N/A
N/A	64	2,101	N/A
N/A	(2,101)	-	N/A
N/A	-	-	N/A
N/A	-	-	N/A

TABLE B-5

**CITY OF LIVINGSTON, TEXAS**  
**TAXABLE SALES BY CATEGORY**  
**Last Nine Fiscal Years**

	<u>Fiscal Year</u>			
	<u>1997</u>	<u>1998</u>	<u>1999</u>	<u>2000</u>
Agriculture, forestry, & fishing	\$ 235,478	\$ 150,265	\$ 132,265	\$ 186,082
Mining	2,424,820	1,569,682	881,964	2,445,805
Construction	2,010,796	2,497,919	304,801	1,427,549
Manufacturing	7,674,289	4,597,158	4,217,761	3,618,803
Transportation, communication, utility	4,088,055	4,211,352	4,161,561	3,940,131
Wholesale Trade	20,597,860	5,216,119	1,678,572	1,313,493
Retail Trade	101,422,008	105,983,420	107,579,312	112,245,922
Finance, insurance, real estate	152,496	186,539	208,516	331,846
Services	7,885,819	6,524,395	7,437,827	6,697,287
Public administration	3,626,232	830,146	-	-
Other	59,914	-	-	-
<b>Total</b>	<b>\$ 150,177,767</b>	<b>\$ 131,766,995</b>	<b>\$ 126,602,579</b>	<b>\$ 132,206,918</b>

Source: State Comptroller's Office

Note: Statistics reported for available years

TABLE B-5

<u>Fiscal Year</u>				
<u>2001</u>	<u>2002</u>	<u>2003</u>	<u>2004</u>	<u>2005</u>
\$ 120,040	\$ 104,087	\$ 55,655	\$ 17,846	\$ -
3,017,072	1,670,892	2,928,533	5,613,633	7,700,436
2,178,456	3,176,878	459,045	424,557	787,927
2,805,088	2,626,183	3,348,853	3,585,308	3,323,607
3,915,504	3,944,208	3,694,829	3,502,046	3,498,339
1,290,343	1,820,682	2,341,586	2,315,597	2,906,373
107,735,964	110,586,688	107,480,485	122,067,358	131,436,864
321,496	309,122	282,049	107,361	69,374
5,937,256	6,103,505	6,247,964	6,119,047	5,621,477
-	-	-	-	-
-	-	-	440,818	3,097,013
<u>\$ 127,321,219</u>	<u>\$ 130,342,245</u>	<u>\$ 126,838,999</u>	<u>\$ 144,193,571</u>	<u>\$ 158,441,410</u>

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## **DEBT CAPACITY**

**These schedules present information to help the reader assess the affordability of the City's current levels of outstanding debt and the City's ability to issue additional debt in the future.**

**CITY OF LIVINGSTON, TEXAS**  
**RATIOS OF OUTSTANDING DEBT BY TYPE**  
**Last Ten Fiscal Years**

<b>Fiscal Year</b>	<b>CERTIFICATES OF OBLIGATION</b>	<b>GENERAL OBLIGATION BONDS</b>	<b>TOTAL PRIMARY GOVERNMENT</b>	<b>PERCENTAGE OF PERSONAL INCOME</b>
1996-97	\$ 5,905,000	\$ -	\$ 5,905,000	6.69%
1997-98	5,355,000	-	5,355,000	5.65%
1998-99	5,200,000	-	5,200,000	4.99%
1999-00	5,035,000	-	5,035,000	4.58%
2000-01	4,860,000	-	4,860,000	4.23%
2001-02	4,670,000	-	4,670,000	3.54%
2002-03	8,115,000 (1)	1,415,000	9,530,000	6.98%
2003-04	7,770,000	1,230,000	9,000,000	6.58%
2004-05	7,415,000	1,045,000	8,460,000	6.19%
2005-06	7,050,000	850,000	7,900,000	5.38%

Note: Details regarding the City's outstanding debt can be found in the notes to the financial statements.

(1) The City issued \$5,000,000 in new bonds and \$1,600,000 in refunding bonds in 2003

<b>PER CAPITA</b>	<b>PERSONAL INCOME DATA</b>
\$ 1,177	\$ 88,309,305
1,067	94,788,834
1,036	104,224,554
1,003	110,046,594
968	114,799,587
860	131,989,302
1,754	136,449,795
1,657	136,770,342
1,557	136,770,342
1,454	146,913,753

**CITY OF LIVINGSTON, TEXAS**  
**RATIO OF NET GENERAL BONDED DEBT TO**  
**ASSESSED VALUE AND NET BONDED DEBT PER CAPITA**  
**Last Ten Fiscal Years**

<b>Fiscal Year</b>	<b>Population</b>	<b>Assessed Value (1)</b>	<b>Gross Bonded Debt (3)</b>	<b>Less: Debt Service Fund</b>
1996-97	5,019 (2)	\$ 156,414,386	\$ -	\$ 158,007
1997-98	5,019	157,185,775	-	136,476
1998-99	5,019	168,328,491	-	142,299
1999-00	5,019	184,493,741	-	151,159
2000-01	5,433 (4)	194,373,364	-	60,326
2001-02	5,433	202,376,069	-	63,345
2002-03	5,433	207,971,188	-	68,957
2003-04	5,433	211,680,559	-	71,335
2004-05	5,433	229,488,246	-	74,795
2005-06	5,433	251,088,683	-	64,428

(1) Net of exemptions (information provided by Polk County Assessor/Collector's office)

(2) U.S. Census 1990

(3) Since 1988, the City has had no bonds that are being repaid through general property taxes.

(4) U.S. Census 2000

**TABLE C-2**

**CITY OF LIVINGSTON, TEXAS**  
**COMPUTATION OF DIRECT AND OVERLAPPING DEBT**  
**September 30, 2006**

<b>Governmental Unit</b>	<b>Outstanding Debt</b>	<b>Percentage Applicable to This Governmental Unit *</b>	<b>City of Livingston's Share of Debt</b>
City of Livingston	\$ -	100%	\$ -
(1) Livingston Independent School District	10,660,000	20%	2,132,000
(2) County of Polk	5,683,688	13%	738,879
Total direct and overlapping debt			<u>\$ 2,870,879</u>

(1) Information provided by Livingston Independent School District Business Office

(2) Information provided by Polk County Auditor's Office

Note: Overlapping governments are those that coincide, at least in part, with the geographic boundaries of the City. This schedule estimates the portion of the outstanding debt of those overlapping governments that is borne by the residents and business of Livingston, Texas. This process recognizes that when considering the City's ability to issue and repay long-term debt, the entire debt burden borne by the residents and businesses should be taken into account. However, this does not imply that every taxpayer is a resident, and therefore, responsible for repaying the debt of each overlapping government.

\*For debt repaid with property taxes, the percentage of overlapping debt applicable is estimated using taxable assessed property values. Applicable percentages were estimated by determining the portion of another governmental unit's taxable assessed value that is within the City's boundaries and dividing it by each unit's taxable assessed value.

**CITY OF LIVINGSTON, TEXAS**  
**COMPUTATION OF LEGAL DEBT MARGIN**  
**September 30, 2006**

Assessed value, year 2005	<u>\$ 251,088,683</u>
Debt Limit - Ten Percent of assessed value	25,108,868
Amount of Debt Applicable to Debt Limit:	
General Obligation bonds	850,000
Other debt (certificates of obligation)	<u>7,050,000</u>
Total bonded debt	<u>7,900,000</u>
Less: Assets in debt service fund	64,428
Total amount of debt applicable to debt limit	<u>7,835,572</u>
Legal debt margin	<u>\$ 17,273,296</u>

<b>Fiscal Year</b>	<b>Debt Limit</b>	<b>Total Net Debt Applicable to Limit</b>	<b>Legal Debt Margin</b>	<b>Legal Debt Margin as a Percentage of the Debt Limit</b>
1997	\$ 15,641,439	5,746,993	\$ 9,894,446	36.74%
1998	\$ 15,718,578	5,218,524	\$ 10,500,054	33.20%
1999	\$ 16,832,849	5,057,701	\$ 11,775,148	30.05%
2000	\$ 18,449,374	4,883,861	\$ 13,565,513	26.47%
2001	\$ 19,437,336	4,799,674	\$ 14,637,662	24.69%
2002	\$ 20,237,607	4,606,655	\$ 15,630,952	22.76%
2003	\$ 20,797,119	9,461,043	\$ 11,336,076	45.49%
2004	\$ 21,168,056	8,928,665	\$ 12,239,391	42.18%
2005	\$ 22,948,825	8,385,205	\$ 14,563,620	36.54%
2006	\$ 25,108,868	7,835,572	\$ 17,273,296	31.21%

Note: Under state finance law, the City's outstanding general obligation debt should not exceed ten percent of total assessed property value. By law, the general obligation debt subject to the limitation may be offset by amounts set aside for repaying general obligation bonds.

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## **DEMOGRAPHIC AND ECONOMIC INFORMATION**

**These schedules offer demographic and economic indicators to help the reader understand the environment within which the City's financial activities take place.**

**CITY OF LIVINGSTON, TEXAS**  
**DEMOGRAPHIC AND ECONOMIC STATISTICS**  
**Last Ten Fiscal Years**

---

<b>Fiscal Year</b>	<b>Population</b>	<b>Personal Income</b>	<b>Per Capita Personal Income</b>	<b>Unemployment Rate</b>
1996-97	5,019	\$ 88,309,305	\$ 17,595	- *
1997-98	5,019	94,788,834	18,886	-
1998-99	5,019	104,224,554	20,766	-
1999-00	5,019	110,046,594	21,926	-
2000-01	5,019	114,799,587	22,873	5.80%
2001-02	5,433	131,989,302	24,294	6.00%
2002-03	5,433	136,449,795	25,115	7.50%
2003-04	5,433	136,770,342	25,174	7.70%
2004-05	5,433	136,770,342	25,174	6.70%
2005-06	5,433	146,913,753	27,041	6.30%

\* Sources: Population provided by the 1990 and 2000 census. Personal income and unemployment rate (for the years available) provided by the Texas Workforce Commission.

**TABLE D-2**

**CITY OF LIVINGSTON, TEXAS**  
**PRINCIPAL EMPLOYERS**  
**Current Year and Nine Years Ago**

---

(*) <u>Name</u>	<u>2006</u>			<u>1997</u>		
	<u>Employees</u>	<u>Rank</u>	<u>Percent of Total City Employment</u>	<u>Employees</u>	<u>Rank</u>	<u>Percent of Total City Employment</u>
Livingston ISD	575	1	8.09%	450	2	6.51%
Wal-Mart, Inc.-Retail Sales	500	2	7.04%	500	1	7.24%
County of Polk - Government	300	3	4.22%	206	3	2.98%
Sam Houston Electric Coop	153	4	2.15%	169	4	2.45%
Memorial Medical Center	140	5	1.97%	132	6	1.91%
Pine Ridge Nursing Center	120	6	1.69%	-	-	0.00%
Lowe's Home Improvement	100	7	1.41%	-	-	0.00%
Brookshire Bros.	89	8	1.25%	153	5	2.21%
First National Bank	80	9	1.13%	80	8	1.16%
McDonalds	77	10	1.08%	77	9	1.11%
HEB Pantry Foods	-		0.00%	100	7	1.45%
First State Bank	-		<u>0.00%</u>	70	10	<u>1.01%</u>
	<u>2,134</u>		<u>30.03%</u>	<u>1,937</u>		<u>28.04%</u>

(\*) Information provided by City of Livingston and U.S. Census Bureau.

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## **OPERATING INFORMATION**

**These schedules contain service and infrastructure data to help the reader understand how the information in the City's financial report relates to the services the City provides and the activities it performs.**

**TABLE E-1**

**CITY OF LIVINGSTON, TEXAS**  
**FULL-TIME EQUIVALENT CITY GOVERNMENT EMPLOYEES BY FUNCTION/PROGRAM**  
**Last Ten Fiscal Years**

---

**Full-time Equivalent Employees as of September 30,**

<b><u>FUNCTION/PROGRAM</u></b>	<b><u>1997</u></b>	<b><u>1998</u></b>	<b><u>1999</u></b>	<b><u>2000</u></b>	<b><u>2001</u></b>
Administrative	8	8	9	8	8
Fire	1 A	1	1	1	1
Police					
Officers	18	18	18	19	18
Other staff	5	5	5	3	4
Paving and street	5	7	7	6	6
Parks and recreation	10	11	9	9	9
Library	6	5	4	4	4
Garage	2	2	2	2	2
Electric, Water & Sewer	17	16	16	17	17
Total	72	73	71	69	69

Sources: Various City Departments

- A. The City does not have a paid fire department. The City has approximately 40 citizens who volunteer to serve in the fire department.
- B. Includes 2 employees assigned to community development.

**TABLE E-1**

<b><u>2002</u></b>	<b><u>2003</u></b>	<b><u>2004</u></b>	<b><u>2005</u></b>	<b><u>2006</u></b>	
8	8	9	9	10	<b>B</b>
1	1	1	1	2	
17 5	17 4	18 4	18 5	18 5	
6	7	7	6	7	
7	7	7	9	9	
4	4	4	4	5	
2	2	2	2	2	
<b>18</b>	<b>18</b>	<b>18</b>	<b>18</b>	<b>19</b>	
68	68	70	72	77	

**CITY OF LIVINGSTON, TEXAS**  
**OPERATING INDICATORS BY FUNCTION/PROGRAM**  
**Last Ten Fiscal Years**

---

<b>FUNCTION/PROGRAM</b>	<b>Fiscal Year</b>			
	<b>1997</b>	<b>1998</b>	<b>1999</b>	<b>2000</b>
Police				
Violations (Traffic & Criminal)	2,293	3,355	3,043	3,726
Fire				
Fire Calls	497	526	504	504
Library				
Volumes of Books	18,843	18,843	18,843	22,402
Electric				
Average daily kilowatt hours sold	205,425	204,564	221,135	205,024
Total customers	3,097	3,174	3,181	3,176
Water				
Average daily consumption	1,157,341	1,230,732	1,278,066	1,238,649
Total connections	3,007	3,036	3,060	3,085

Sources: Various City Departments

**TABLE E-2**

<b><u>2001</u></b>	<b><u>2002</u></b>	<b><u>2003</u></b>	<b><u>2004</u></b>	<b><u>2005</u></b>	<b><u>2006</u></b>
2,959	2,993	2,788	2,241	2,761	2,493
615	609	510	488	592	592
22,812	22,846	23,863	23,383	24,425	22,212
199,352 3,170	198,484 3,232	202,958 3,221	219,935 3,238	224,874 3,278	226,791 3,281
1,497,025 3,076	1,342,285 3,056	1,284,118 3,123	1,314,511 3,143	1,415,414 3,186	1,347,551 3,213

TABLE E-3

**CITY OF LIVINGSTON, TEXAS**  
**CAPITAL ASSETS STATISTICS BY FUNCTION/PROGRAM**  
**Last Ten Fiscal Years**

---

<u>FUNCTION/PROGRAM</u>	<u>Fiscal Year</u>			
	<u>1997</u>	<u>1998</u>	<u>1999</u>	<u>2000</u>
Police				
Patrol Units	9	9	9	9
Fire				
Stations and substation	3	3	2	2
Vehicles including fire trucks	16	16	15	9
Paving and Street				
Miles of Paved Streets	49.20	49.20	49.20	49.20
Miles of Paved Sidewalks	12.50	12.50	12.50	12.50
Street lights	662	665	676	679
Night lights	566	590	625	640
Parks & Recreation				
Acres of Parks	373.50	373.50	373.50	373.50
Water				
Miles of water mains	33.95	33.95	33.95	33.95
Storage capacity-gallons	2,195,000	2,195,000	2,150,000	2,150,000
Sewer				
Miles of sewer lines	78.12	78.12	78.12	78.12

Sources: Various City Departments

**TABLE E-3**

<u>2001</u>	<u>2002</u>	<u>2003</u>	<u>2004</u>	<u>2005</u>	<u>2006</u>
9	9	9	9	9	9
2 9	2 9	2 8	2 8	2 9	2 9
49.20 12.50 686 420	49.20 12.50 691 435	49.20 12.50 693 438	49.20 12.50 697 453	49.20 12.50 703 466	49.20 12.50 711 481
373.50	373.50	373.50	373.50	373.50	373.50
33.95 2,150,000	33.95 2,150,000	33.95 2,150,000	33.95 2,150,000	33.95 2,150,000	33.95 2,150,000
78.12	78.12	78.12	78.12	78.12	78.12

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## **MISCELLANEOUS STATISTICAL DATA - UNAUDITED**

## CITY OF LIVINGSTON, TEXAS

**MISCELLANEOUS STATISTICAL DATA - UNAUDITED**

DATE OF INCORPORATION:	October 3, 1902
GOVERNMENT:	General Law City Council - Manager Elected Officials: Mayor Five (5) Council members
POPULATION:	1990 U.S. Census - 5,019 2000 U.S. Census - 5,433

**INCORPORATED AREA IN ACRES LAST TEN YEARS**

1997	5,331	2002	5,440
1998	5,346	2003	5,440
1999	5,346	2004	5,451
2000	5,352	2005	5,456
2001	5,440	2006	5,456

**TRANSPORTATION FACILITIES**Streets

49.20 Miles paved street  
12.77 Unpaved streets  
10.50 Miles undeveloped streets  
12.50 Miles sidewalk

Highways

U.S. 59 and U.S. 190 Intersect  
in Downtown Area. Also serve as  
principal city streets

Railways

Union Pacific RR Company

Municipal Airport

Runway - 3,700' paved  
Windsocks, tiedowns, telephone  
Privately owned hangars  
Airport lighted

**WATER AND SANITATION FACILITIES**Water Mains

12" 7.86 miles  
8" 6.00 miles  
6" 20.09 miles

Water Pumpage

Present requirements 1,800,000  
gallons per day

Water Storage

Elevated - 800,000 gallons  
Ground - 1,350,000 gallons

Sewer Lines

Sanitation - 78.12 miles of line  
Storm - Adequate for proper  
drainage

## CITY OF LIVINGSTON, TEXAS

MISCELLANEOUS STATISTICAL DATA - UNAUDITEDPERSONNEL

<u>Department</u>	<u>Number of Employees</u>		<u>Employees Statistics</u>
		<u>Years of Service</u>	<u>Number of Employees</u>
Administrative	8	31	4
Electric	8	20-30	11
Water	8	15-19	9
Sewer	3	10-14	5
Police	23	6-9	14
Street	7	1-5	25
Parks and Recreational	6	Less than (one) 1 year	9
Library	5		
Garage	2		
Community Devel.	2		<u>77</u>
Fire	2		
Trade Days	3		
Total	<u>77</u>		

PERSONNEL POLICY PROVISIONS

Cost of Living Salary Adjustment  
 Merit System (all employees)  
 Vacation (Two weeks after one year)  
 (Three weeks after 10 years)  
 (Four weeks after 20 years)  
 Sick leave (Ten days) with 30 days accrual  
 Paid Holidays (Nine)  
 Emergency Leave (Three)  
 Earned personal leave days (Two)  
 Award program-Annual banquet, safety, service attendance, and volunteer awards.

Insurance Benefits - employees and portion of dependents (hospitalization and life insurance, dental and vision prescription cards)  
 Retirement Benefits  
 Social Security  
 Volunteer Program (MVP)  
 Sick Leave Pool  
 Holiday Compensation  
 Law Enforcement Certificate Pay

## CITY OF LIVINGSTON, TEXAS

**MISCELLANEOUS STATISTICAL DATA - UNAUDITED**

<b><u>POLICE PROTECTION</u></b>	
<u>Personnel</u>	<u>Equipment</u>
One (1) Chief	Nine (9) Patrol Units
One (1) Sergeant	Four (4) Radars
Two (2) Corporals	Radio Communication System
Two (2) Detectives	Computer System
Seven (7) Officers	
Four (4) Reserve Officers	
Four (4) Telecommunication Operators	
Three (3) Relief Telecommunication Operators	
One (1) Animal Control Officer	
Two (2) School Officers	
	<u>Traffic and Criminal Violations</u>
	\$172,993 fines collected
	2,493 violations

**FIRE PROTECTION**

<u>Personnel</u>	<u>Housing</u>
One (1) Fire Chief	Fire Station constructed in June, 1974, Cost - \$14,500. Remodeled in 1992 at a cost of \$175,000 to include 8-truck bays, two offices, work and classroom. Developing plans to relocate a substation on west side of railroad tracks.
Thirty-seven (37) volunteer firemen	
Four (4) radio dispatchers - full time and standby	
One (1) secretary	
<u>Equipment</u>	
Four (4) pumper (1-1000 GPM; 2-1250 GPM; 1-750 GPM)	
One (1) aerial ladder truck (1750 GPM)	
Two (2) tankers (3000 gal. capacity)	
One (1) Haz-Mat truck	
Two (2) rescue boats and equipment	
One (1) Command Post-32' self-contained	
Radio communication system including 50 mobile units, dispatch module and 6 remotes	
"Jaws" of life (3 sets with 1 set of air bags)	
Water rescue equipment	
Trench rescue equipment	
Rope rescue equipment	
Two (2) Thermal imagers	
One (1) utility vehicle	
Two (2) Grass/brush fire trucks	
One (1) Heavy Rescue	
1-6 Bottle cascade system-light tower	
1-8 Bottle cascade system	
300 gallons AFFF Foam	
200 gallons Forestry Foam	
One (1) John Deere Gator	
	<u>Total Fire Calls</u>
	2005-2006 - 592 fire calls
	<u>Present Projects</u>
	Adding one additional 1250 GPM pumper with CAFS system

## CITY OF LIVINGSTON, TEXAS

**MISCELLANEOUS STATISTICAL DATA - UNAUDITED****POPULATION INFORMATION**

U.S. Census - 1940	1,851
U.S. Census - 1950	2,855
U.S. Census - 1960	3,398
U.S. Census - 1970	3,925
U.S. Census - 1980	4,928
U.S. Census - 1990	5,019
U.S. Census - 2000	5,433

**ENTERPRISES AS OF SEPTEMBER 30, 2006**

(1) Centerpoint Energy	Gas Utility	Active Customers 1,396 Inactive Customers 66
(1) Suddenlink Communications	Television Cable	Customers -901
(1) Livingston Telephone Co.	Telephone System	Access Lines - 4514
(1) Telcom Supply	Television Cable	Customers - 591
City of Livingston	Electric & Water Systems	Electric Customers 3,281 Water Customers 3,213

(1) Information provided by individual corporate offices

**CITY ELECTRIC DEPARTMENT STATISTICS (LAST TEN YEARS)**

Year	Number of Customers	KWH Consumed		Total
		Residential	Commercial	
1997	3,097	27,731,564	46,934,409	74,665,973
1998	3,174	29,997,586	50,716,635	80,714,221
1999	3,181	27,857,061	46,976,625	74,833,686
2000	3,176	29,645,524	43,117,915	72,763,439
2001	3,170	29,378,803	43,067,743	72,446,546
2002	3,232	28,769,229	48,636,624	77,405,853
2003	3,221	29,146,576	49,115,934	78,262,510
2004	3,238	29,229,573	51,046,854	80,276,427
2005	3,278	30,113,643	51,965,355	82,078,998
2006	3,281	29,935,701	52,842,837	82,778,538

## CITY OF LIVINGSTON, TEXAS

**MISCELLANEOUS STATISTICAL DATA - UNAUDITED****MUNICIPAL SALES TAX**

1996-97	\$ 1,787,861
1997-98	\$ 1,924,875
1998-99	\$ 1,977,188
1999-00	\$ 2,105,743
2000-01	\$ 2,040,731
2001-02	\$ 2,189,216
2002-03	\$ 2,199,629
2003-04	\$ 2,324,945
2004-05	\$ 2,544,289
2005-06	\$ 2,885,734

**WATER DEPARTMENT STATISTICS (LAST TEN YEARS)**

Year	Gallons Consumed *	Gallons Pumped
1997	449,217,000	540,276,000
1998	466,494,000	584,327,000
1999	452,107,000	531,334,000
2000	546,414,000	593,900,000
2001	489,934,000	602,301,000
2002	468,703,000	580,397,000
2003	479,796,400	613,309,000
2004	481,082,000	615,675,000
2005	516,626,000	644,243,000
2006	491,856,000	649,023,000

\* Water consumption at municipally-owned facilities not included.

**\* EDUCATIONAL FACILITIES****Public Schools**

Timbercreek Elementary (Pre-K - 4)  
 Pine Ridge Elementary (Pre-K - 4)  
 Livingston Intermediate School (Grades 5-6)  
 Livingston Jr. High School (Grades 7-9)  
 Livingston High School (Grades 10-12)  
 Livingston Special Education and Cooperative Training (Adult Education-Special Services)

**Public School Miscellaneous Data**

Teachers - 257 Certified  
 60 Aides Para Professional  
 210 Auxiliary  
 Average Daily Attendance - 4,093 Inclusive

**Public School Administrative Personnel**

Superintendent - One (1)  
 Asst. Superintendent - Two (2)  
 Principals - Six (6)  
 Asst. Principals - Nine (9)  
 Counselors - Seventeen (17)  
 Directors of Special Prog./Curriculum - Ten (10)  
 Other - 37

**Private**

Private Kindergarten and/or Nursery Schools - Six (6)

\* Information provided by Livingston Independent School District Business Office.

## CITY OF LIVINGSTON, TEXAS

**MISCELLANEOUS STATISTICAL DATA - UNAUDITED****CULTURAL AND RECREATIONAL ACTIVITIES****Barney Wiggins Fairgrounds**

Sixty (60) Acres, Highway 146, South  
 Rodeo Arena and Concession Stand  
 Little League Baseball Complex - 5 lighted fields  
 Concessions and restrooms  
 Trailer Camp Sites, Livestock  
 Pavilion and Grandstands

**Matthews Park**

Eight-five (85) Acres, West  
 Matthews Street, Picnic Area, Playground  
 Equipment, Four (4) Lighted Tennis Courts,  
 Two (2) Picnic Pavilions and .5 mile lighted  
 jogging trail with exercise stations.  
 Junior olympic pool constructed in 1992  
 Bathhouses and Volleyball court.

**Youth Center - South Washington**

Four and one-half (4 1/2) acres  
 Playground area

**Murphy Memorial Library**

Located 601 West Church Street, Constructed  
 in 1967. Construction Value \$120,000. Staff-  
 Professional Librarian, Three (3) Assistants,  
 One (1) Aide, Janitorial help.  
 Volumes; 2006 - 22,212

**Joe Pedigo City Park**

224 acres U.S. 59 Bypass, Phase I -  
 approximately 50 acres-completed  
 May, 1990. Baseball and softball  
 fields, soccer fields, covered picnic  
 shelters and concession stand.  
 Phase II completed in 1999 Trade  
 Days pavilions (2) and infrastructure,  
 3 softball fields, lake, concession  
 stand, restrooms, and maintenance shop.

**ELECTION INFORMATION**

* Number of registered voters in County	36,300
* Number voting in last general election	12,156
Number of registered voters in City	3,070
** Number voting in last Municipal election (2005)	606
Percentage of voters voting:	
Last general election (County)	33.5%
** Last Municipal election (Municipal) (2005)	16.3%

\* Information provided by Polk County Clerk's Office and Polk County Tax Office.

\*\* Information provided by City of Livingston.

**CITY OF LIVINGSTON, TEXAS**  
**CITY OFFICIALS**  
**For the Year Ended September 30, 2006**

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Name	Title	Amount of Surety Bond
Ben R. Ogletree, Jr.	Mayor	\$ 25,000
Clarke Evans	Mayor Pro-tem	25,000
Gene Bush	Alderman	25,000
Ray Hill	Alderman	25,000
Ray Luna	Alderman	25,000
Judy Cochran	Alderwoman	25,000
Marilyn Sutton	City Manager	25,000
Irene Nicks	City Secretary	25,000
Gaffney Phillips	City Attorney	25,000

NOTE: All employees are covered by Public Employees Blanket Bond in the amount of \$25,000.