

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

**FISCAL YEAR  
OCTOBER 1, 2006 - SEPTEMBER 30, 2007  
ISSUED BY: FINANCE DEPARTMENT  
MARILYN SUTTON**

**CITY OF LIVINGSTON, TEXAS  
COMPREHENSIVE ANNUAL FINANCIAL REPORT  
SEPTEMBER 30, 2007**

**TABLE OF CONTENTS**

	<u>PAGE</u>
<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)	4-14
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	26-27

## **TABLE OF CONTENTS - Continued**

	<u>PAGE</u>
<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 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>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

	<u>PAGE</u>
Comparative Statement of Revenues, Expenses and Changes in Fund Net Assets Electric, Water, and Sewer Fund	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>STATISTICAL SECTION</b>	
<b>TABLE</b>	
<b>PAGE</b>	
 Financial Trends:	
Net Assets by Component - Last Five Fiscal Years	A-1
Changes in Net Assets - Last Five 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 Ten Fiscal Years	B-5
Electric, Water and Sewer Revenues - Last Ten Fiscal Years	B-6
 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

	<u>TABLE</u>	<u>PAGE</u>
	STATISTICAL SECTION	
Demographic and Economic Information:		
Demographic and Economic Statistics – Last Ten Fiscal Years	D-1	124
Principal Employers – Current and Nine Years Ago	D-2	125
Operating Information:		
Full-Time Equivalent City Government Employees by Function/Program – Last Ten Fiscal Years	E-1	128-129
Operating Indicators by Function/Program – Last Ten Fiscal Years	E-2	130-131
Capital Assets Statistics by Function/Program – Last Ten Fiscal Years	E-3	132-133
Miscellaneous Statistical Data – Unaudited	F-1 – F-6	136-141
City Officials	F-7	142



# *City of Livingston, Texas*

A Texas Main Street City Since 2005

200 West Church Street, Livingston, Texas 77351-3281

Telephone: (936) 327-4311      Fax: (936) 327-7608

[www.cityoflivingston-tx.com](http://www.cityoflivingston-tx.com)

---

---

March 6, 2008

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, 2007 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.

## **MANAGEMENT'S DISCUSSION AND ANALYSIS**

The financial section of this report 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 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.

---

---

Ben R. Ogletree, Jr., Mayor

Marilyn Sutton, City Manager

Ellie Monteaux, City Secretary

Council Members: Gene Bush, Clarke Evans, E. Ray Hill, Judy Cochran, Raymond Luna

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.

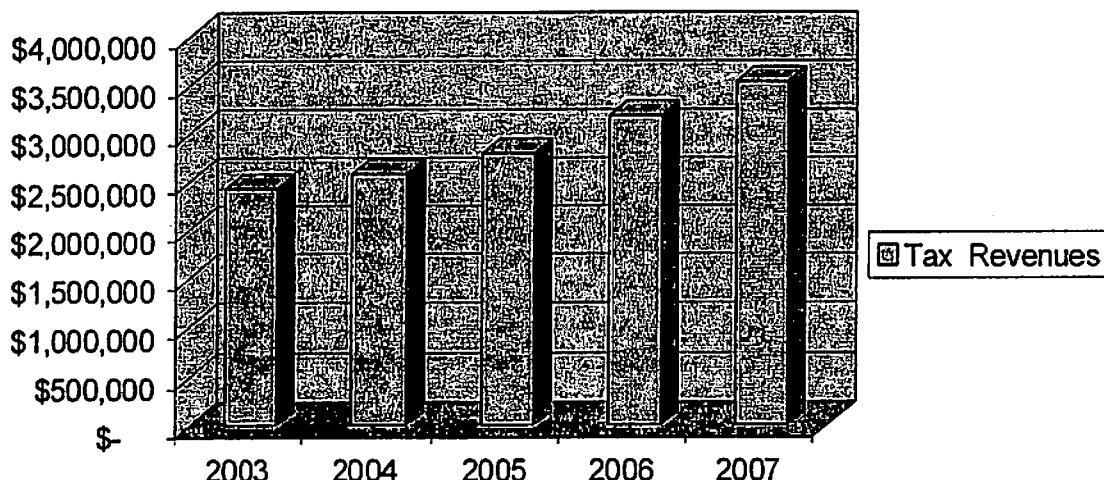
All internal control evaluations occur within the above framework. We believe that the City's internal accounting controls adequately safeguard assets and provide reasonable assurance of proper recording of financial transactions.

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 department head/function 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.

## 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 \$2,886,000 in 2005-2006 to \$3,145,000 an increase of \$259,000 or 9.0%, due to the new retail businesses which opened in 2007. A graph of tax receipt growth follows:

### SALES AND OTHER TAX COLLECTIONS-LAST FIVE YEARS



Unemployment rates remained at moderate to low levels (5.6% in September, 2007) and property tax rolls continued to expand significantly over the past year. Due to a drier and cooler summer, annual electric kWh sales by the municipally-owned electric system decreased from 83,743,277 kWh in 2005-2006 fiscal year to 81,398,603 kWh, a decrease of 2.8%. Water usage also decreased over last year due to the significant rainfall the City experienced in the summer of 2007. Total water pumped during the fiscal year 2006-2007 totaled 626,634,000 gallons, a decrease of 20,578,000 gallons or 3.2% under the 647,212,000 gallons in fiscal year 2005-2006. The Texas Department of Criminal Justice Polunsky Unit, located on FM 350 South, continued as the City's leading water and wastewater user consuming 202,685,100 gallons of water, or 32% of the City's total annual water consumption, and generating approximately \$327,000 in annual water revenue and approximately \$257,000 in annual sewer revenue. Hotel occupancy tax collections increased from approximately \$169,000 in 2005-2006 to approximately \$237,000 in 2006-2007, an increase of 40.2%. With the construction of the new Best Western and La Quinta in 2008, this source of revenue should continue to increase in the coming years.

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 18.0% of the City's total annual revenue, while utility fees for sanitation, electric, water and sewer services account for 76.0% of the City's total annual revenue. Continuing growth in these two major revenue sources, which account for 94.0% 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. Preliminary plans for this development include a mix of both retail and residential construction. Other retail sites are under construction on US 190 West across from Wal-Mart and in the Southpoint Shopping Center on US 59 South. Plans for a new Best Western and La Quinta hotels on US 59 South have been submitted for review and permits for construction have been issued.

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 opening in late 2007. The new 30,000 square foot, two story medical arts office building north of the hospital was completed and opened in November, 2007. Planned development projects currently under construction in the West Park subdivision located on US 59 just south of the hospital include various medical office buildings and a new state-of-the-art nursing home, which are expected to open in late 2008.

Corplan, a private detention facility developer, completed construction of 500 bed expansion of the IAH detention facility located on FM 350 South adjacent to the existing Texas Department of Corrections Polunsky Unit in mid-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.

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 late 2008. Construction of a new 42,740 square foot facility for First Baptist Church is currently underway at the intersection of North Washington and North Houston with construction expected to be complete by the end of 2008.

In addition to these commercial expansion projects, the City is also experiencing new residential single-family and multi-family development in the community, with the opening of the Pecan Street apartments, a new 36-unit apartment complex located on State Highway 146 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 completed the street, water and sewer infrastructure for the new "Cochran's Crossing" subdivision located south of West Street between Beatty Street and Bluebird Street in late 2007. Three new homes are currently under construction with plans for more in this cooperative public/private revitalization/development project which will provide much-needed affordable single and multi-family housing for the community.

In addition to the private construction projects, Polk County issued \$19,000,000 in Certificates of Obligation in 2007 for an expansion of the Polk County Law Enforcement Center and \$10,500,000 for a new Judicial Center to be located adjacent to the County Courthouse in downtown Livingston.

## Major Initiatives

In June, 2007 the City issued \$1,500,000 in Certificates of Obligation for the purchase of the Wadsworth Family Center from First Baptist Church to be renovated as a new library/meeting facility to serve the community and for the rehabilitation and expansion of the water distribution system and sanitary sewer collection system. Planning and design of the library facility will be a major focus in 2008. Additionally, the City purchased the Watson Motor Company facility with plans to renovate the property to be used as a new service and maintenance facility for city equipment and vehicles. Clearly, one of the main issues confronting the City of Livingston in 2008 will be planning and managing the growth the community is experiencing.

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 communities 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 or 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 2007 other than certificates of deposit.

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, 2007, 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, 2006. 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 nineteen consecutive years (fiscal years ended 1988-2006). 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, 2007**

**PRINCIPAL OFFICIALS**

**City Council**

Mayor

Ben R. Ogletree, Jr.

Mayor Pro-tem  
Alderman  
Alderman  
Alderman  
Alderwoman

Ray Hill  
Gene Bush  
Clarke Evans  
Ray Luna  
Judy Cochran

**Administration**

City Manager  
City Secretary  
City Attorney

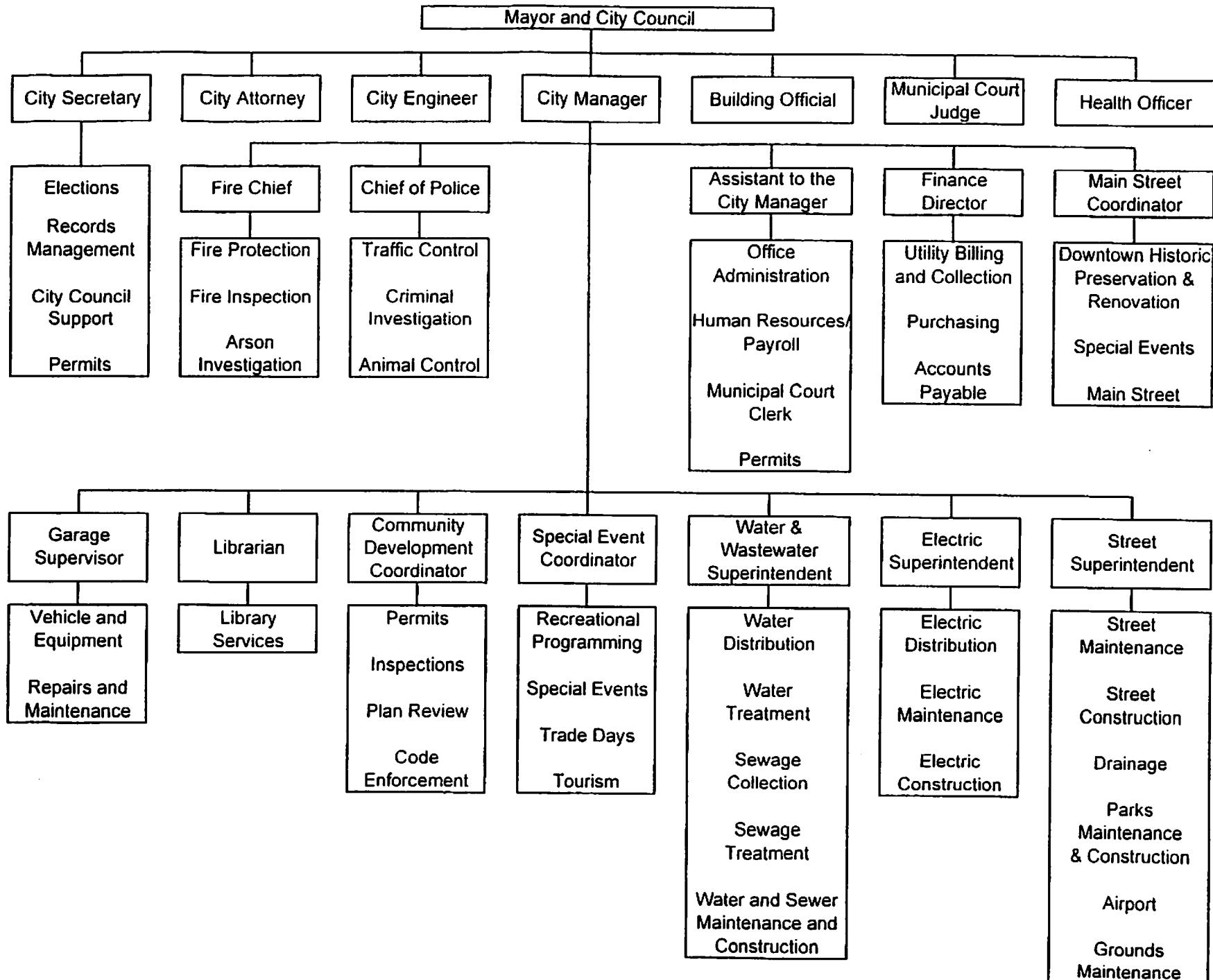
Marilyn Sutton  
Ellie Monteaux  
Gaffney Phillips

**Form of Government**

Council - Manager  
General Law City

**CITY OF LIVINGSTON, TEXAS  
ORGANIZATIONAL CHART**

2007



# 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, 2006

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.



*Chase S. Cox*  
President

*Jeffrey L. Eiser*  
Executive Director

**(This Page Intentionally Left Blank)**

## **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, 2007, 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, 2007, 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 4-14 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  
March 6, 2008

## **CITY OF LIVINGSTON, TEXAS**

### **MANAGEMENT'S DISCUSSION AND ANALYSIS**

**SEPTEMBER 30, 2007**

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, 2007. 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 \$417,000 or 10.7 percent as a result of the year's operations. The increase was due primarily to an increase in tax revenues and transfers from the enterprise fund. Net assets of the City's business type activities decreased by \$144,000 during 2007. This decrease was primarily as a result of increased transfers to governmental activities to finance capital projects and debt retirement.
- The City's total net assets increased by \$274,000 or 1.5 percent during the current fiscal year. The increase is the result of the growth in tax revenues described above.
- Total cost of the entire City's programs increased \$350,000 or approximately 7 percent. Although expenses increased in all departments, the largest contributors to the increase were increased administrative, police, and paving and street department costs. Those costs increased as the result of the addition of one employee and the conversion of three part-time employees to full-time in administration; the addition of a new police officer in the police department; and the addition of brush collection service to the street department.
- As of September 30, 2007, the City of Livingston's governmental funds reported combined ending fund balances of \$2,048,000, an increase of \$1,727,000 in comparison with the prior fiscal year. The increase is due primarily to the issuance of \$1,500,000 in bonds for capital additions and infrastructure improvements.
- At the end of the current fiscal year, the unreserved fund balance for the general fund was \$583,000 or approximately 12.2 percent of total general fund expenditures.
- The City's total bonded debt increased by \$1,045,000 during the current fiscal year due the issuance of the bonds described above.

#### **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.

City of Livingston, Texas  
Management's Discussion and Analysis (continued)  
September 30, 2007

**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 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.

City of Livingston, Texas  
Management's Discussion and Analysis (continued)  
September 30, 2007

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 capital projects fund, all of which are considered to be major funds.

- 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 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 \$19,081,000 as of September 30, 2007. Analyzing the net assets and net expenses of governmental and business-type activities separately, the business type activities net assets are \$14,753,000. 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 (85.0 percent) reflects its investment in capital assets (e.g., land, buildings, machinery, and equipment, infrastructure); 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.

City of Livingston, Texas  
 Management's Discussion and Analysis (continued)  
 September 30, 2007

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

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

	<b>Governmental Activities</b>		<b>Business-Type Activities</b>		<b>Total Primary Government</b>	
	<b>2007</b>	<b>2006</b>	<b>2007</b>	<b>2006</b>	<b>2007</b>	<b>2006</b>
Current and other assets						
assets	\$ 2,487,842	\$ 583,542	\$ 4,329,618	\$ 4,158,578	\$ 6,817,460	\$ 4,742,120
Capital assets	<u>11,064,441</u>	<u>11,445,561</u>	<u>12,661,355</u>	<u>12,212,140</u>	<u>23,725,796</u>	<u>23,657,701</u>
Total assets	<u>13,552,283</u>	<u>12,029,103</u>	<u>16,990,973</u>	<u>16,370,718</u>	<u>30,543,256</u>	<u>28,399,821</u>
Long-term debt outstanding	8,945,000	7,900,000	275,000	340,000	9,220,000	8,240,000
Other liabilities	<u>278,975</u>	<u>218,053</u>	<u>1,962,933</u>	<u>1,134,010</u>	<u>2,241,908</u>	<u>1,352,063</u>
Total liabilities	<u>9,223,975</u>	<u>8,118,053</u>	<u>2,237,933</u>	<u>1,474,010</u>	<u>11,461,908</u>	<u>9,592,063</u>
Net assets:						
Invested in capital assets, net of related debt	3,549,442	3,545,562	12,661,355	12,212,140	16,210,797	15,757,702
Restricted	32,042	64,428	176,772	138,706	208,814	203,134
Unrestricted	<u>746,824</u>	<u>301,060</u>	<u>1,914,913</u>	<u>2,545,862</u>	<u>2,661,737</u>	<u>2,846,922</u>
Total net assets	<u>\$ 4,328,308</u>	<u>\$ 3,911,050</u>	<u>\$ 14,753,040</u>	<u>\$ 14,896,708</u>	<u>\$ 19,081,348</u>	<u>\$ 18,807,758</u>

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 \$2,661,737 may be used to meet the government's ongoing obligations to citizens and creditors.

As of September 30, 2007, 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 total assets increased by \$1,523,180. This increase related to the issuance of \$1,500,000 in certificates of obligation to finance various capital projects. Long-term debt of governmental activities increased accordingly.

**Analysis of the City's Operations**-Overall the City had an increase in net assets of \$273,590.

City of Livingston, Texas  
Management's Discussion and Analysis (continued)  
September 30, 2007

**Governmental Activities**

Governmental activities increased the net assets by \$417,258. Net assets invested in capital assets, net of related debt increased by \$453,095 or 2.9% due to the repayment of outstanding bonds and additional investment in equipment, buildings, and street improvements net of depreciation. Unrestricted net assets decreased by \$185,185 as a result of increased program expenses. The administration, police, and paving and streets added employees or services.

Total revenues for governmental activities increased from the previous year by \$250,700. The primary increase was in sales tax revenue of \$258,906, due to increased retail and economic activity in the City. The increase was partially offset as the result of receiving \$163,738 less in operating grants 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 decreased by \$143,668 or less than 1% from \$14,896,708 to \$14,753,040. The small decrease was primarily due to increased transfers to governmental activities to fund debt retirement and capital improvements.

The following table provides a summary of the City's operations for year ended September 30, 2007 with comparative totals for year ended September 30, 2006.

City of Livingston, Texas  
 Management's Discussion and Analysis (continued)  
 September 30, 2007

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

	Governmental Activities		Business-Type Activities		Total Primary Government	
	2007	2006	2007	2006	2007	2006
<b>Revenues:</b>						
Program Revenues:						
Charges for Services	\$ 1,548,408	\$ 1,507,953	\$ 10,867,675	\$ 10,708,095	\$ 12,416,083	\$ 12,216,048
Capital Grants & Contributions	-	12,891	-	-	-	12,891
Operating Grants & Contributions	228,664	392,402	-	-	228,664	392,402
General Revenues:						
Property tax	-	-	-	-	-	-
Sales tax	3,144,640	2,885,734	-	-	3,144,640	2,885,734
Franchise tax	162,312	148,230	-	-	162,312	148,230
Hotel/Motel tax	236,920	168,967	-	-	236,920	168,967
Investment earnings	60,343	14,373	75,798	74,278	136,141	88,651
Miscellaneous	34,344	34,381	-	-	34,344	34,381
<b>Total Revenues</b>	<b>5,415,631</b>	<b>5,164,931</b>	<b>10,943,473</b>	<b>10,782,373</b>	<b>16,359,104</b>	<b>15,947,304</b>
<b>Expenses:</b>						
Administration	550,712	494,543	-	-	550,712	494,543
Sanitation	595,541	552,169	-	-	595,541	552,169
Fire	372,421	328,722	-	-	372,421	328,722
Police	1,345,599	1,260,724	-	-	1,345,599	1,260,724
Paving & Street	1,023,956	971,433	-	-	1,023,956	971,433
Parks & Recreation	842,246	806,073	-	-	842,246	806,073
Library	274,830	246,801	-	-	274,830	246,801
Garage	163,178	158,581	-	-	163,178	158,581
Interest on long-term debt	363,425	362,868	-	-	363,425	362,868
Electric, Water, and Sewer	-	-	10,553,606	10,407,751	10,553,606	10,407,751
<b>Total Expenses</b>	<b>5,531,908</b>	<b>5,181,914</b>	<b>10,553,606</b>	<b>10,407,751</b>	<b>16,085,514</b>	<b>15,589,665</b>
<b>Excess (deficiency) before transfers</b>	<b>(116,277)</b>	<b>(16,983)</b>	<b>389,867</b>	<b>374,622</b>	<b>273,590</b>	<b>357,639</b>
Transfers	533,535	365,963	(533,535)	(365,963)	-	-
<b>Increase (decrease) in net assets</b>	<b>417,258</b>	<b>348,980</b>	<b>(143,668)</b>	<b>8,659</b>	<b>273,590</b>	<b>357,639</b>
Net assets - October 1	3,911,050	3,562,070	14,896,708	14,888,049	18,807,758	18,450,119
Net assets - September 30	<b>\$ 4,328,308</b>	<b>\$ 3,911,050</b>	<b>\$ 14,753,040</b>	<b>\$ 14,896,708</b>	<b>\$ 19,081,348</b>	<b>\$ 18,807,758</b>

## **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 \$2,047,852. Approximately 28.5% of the total amount (\$583,212) 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 (\$32,042) and capital and library improvements (\$1,432,598).

In the general fund, the City budgeted for an increase in the fund balance on a GAAP basis of \$78,247. Due to revenues from grants being less than budgeted by approximately \$147,000 and due to expenses for administration, police, paving and street, parks and recreation, and library being less than budgeted, the actual fund balance increased by \$329,475. The debt service fund balance decreased by \$32,386 which less than the budgeted decrease of \$51,054 because of higher than budgeted interest income. The capital projects fund balance increased by \$1,430,000 as a result of the issuance of bonds to fund various capital additions.

### **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 \$1,914,913. Total net assets decreased in 2007 by \$143,668.

### **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 \$196,299 or 3.8%. The increase in budgeted revenues was primarily for an operating grant that was not received and an increase in hotel/motel taxes, and licenses and permits. The increase in hotel/motel tax was the result of the opening of a new hotel during 2007. The increase in licenses and permits was the result of an increase in building permits tied to the growth in the local economy. The decrease in miscellaneous revenues is related to a disaster recovery block grant that was expected to be received but was cancelled. Budgeted expenditures were decreased by \$114,100 or 2.2%. The decreases in budgeted expenditures were primarily for decreased paving and street, parks and recreation, and library expenditures. The decrease in budgeted amounts for paving and street were for capital projects that were deferred until 2008. The decrease in budgeted amounts for parks and recreation were the result of capital improvements that were also deferred until 2008. The decrease in budgeted amounts for the library were the result of a decrease in repairs and maintenance to the library as the result of the decision to use bond proceeds to construct a new library and capital improvements that were deferred until the construction project commences.

City of Livingston, Texas  
 Management's Discussion and Analysis (continued)  
 September 30, 2007

## CAPITAL ASSET AND DEBT ADMINISTRATION

### Capital Assets

At the end of the fiscal year 2007, the City had \$23,725,796 (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 1% percent (3% decrease for governmental activities and a 4% 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
	2007	2006	2007	2006	2007	2006
Land	\$ 283,352	\$ 283,352	\$ 522,738	\$ 505,880	\$ 806,090	\$ 789,232
Buildings and improvements	1,893,967	1,844,446	243,095	249,373	2,137,062	2,093,819
Equipment and fixtures	751,890	732,159	615,353	387,002	1,367,243	1,119,161
Paving, sidewalks and streets	6,474,852	6,824,350	-	-	6,474,852	6,824,350
Parks development	1,424,732	1,523,896	-	-	1,424,732	1,523,896
Airport	235,648	237,358	-	-	235,648	237,358
improvements	-	-	11,280,169	11,069,885	11,280,169	11,069,885
Utility systems	<u>\$ 11,064,441</u>	<u>\$ 11,445,561</u>	<u>\$ 12,661,355</u>	<u>\$ 12,212,140</u>	<u>\$ 23,725,796</u>	<u>\$ 23,657,701</u>

This year's major additions included:

Police Vehicles	\$ 63,821
Various street improvements	161,045
Street Department chipper truck and chipper	110,547
Sewer Truck	74,133
Aerial Truck	118,773
Utility System Improvements	<u>793,274</u>
Total	<u>\$ 1,321,593</u>

The City's fiscal year 2008 capital budget calls for it to spend another \$2,435,000 for capital projects, principally for new library (\$775,000), new shop facility (\$180,000), water tank renovations (\$120,000), engineering services for water transmission line project (\$225,000), and manhole and lift station improvements (\$93,000).

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, 2007

**Debt**

At year-end, the City had \$8,945,000 in bonds outstanding as compared to \$7,900,000 at the end of the prior fiscal year, an increase of 13.2% - 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>2007</b>	<b>2006</b>	<b>2007</b>	<b>2006</b>	<b>2007</b>	<b>2006</b>
General obligation bonds (backed by the City)	\$ 3,645,000	\$ 850,000	\$ -	\$ -	\$ 3,645,000	\$ 850,000
Certificates of obligation (backed by the City)	<u>5,300,000</u>	<u>7,050,000</u>	<u>-</u>	<u>-</u>	<u>5,300,000</u>	<u>7,050,000</u>
<b>Totals</b>	<b><u>\$ 8,945,000</u></b>	<b><u>\$ 7,900,000</u></b>	<b><u>\$ -</u></b>	<b><u>\$ -</u></b>	<b><u>\$ 8,945,000</u></b>	<b><u>\$ 7,900,000</u></b>

The City issued debt in June of 2007 in order to refund \$2,940,000 in old debt and issued \$1,500,000 in certificates of obligation to be used primarily for a new library and water system improvements.

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 2008 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% percent of the City's total annual revenue, while utility fees for sanitation, electric, water and sewer services account for 76% percent 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 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.

City of Livingston, Texas  
Management's Discussion and Analysis (continued)  
September 30, 2007

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. Preliminary plans for this development include a mix of both retail and residential construction. Other retail sites are under construction on US 190 West across from Wal-Mart and in the Southpoint Shopping Center on US 59 South. Plans for a new Best Western and La Quinta hotels on US 59 South have been submitted for review and permits for construction have been issued.

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 opening in late 2007. The new 30,000 square foot, two story medical arts office building north of the hospital was completed and opened in November, 2007. Planned development projects currently under construction in the West Park subdivision located on US 59 just south of the hospital include various medical office buildings and a new state-of-the-art nursing home, which are expected to open in late 2008.

Corplan, a private detention facility developer, completed construction of 500 bed expansion of the IAH detention facility located on FM 350 South adjacent to the existing Texas Department of Corrections Polunsky Unit in mid-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.

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 late 2008. Construction of a new 42,740 square foot facility for First Baptist Church is currently underway at the intersection of North Washington and North Houston with construction expected to be complete by the end of 2008.

In addition to these commercial expansion projects, the City is also experiencing new residential single-family and multi-family development in the community, with the opening of the Pecan Street apartments, a new 36-unit apartment complex located on State Highway 146 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 completed the street, water and sewer infrastructure for the new "Cochran's Crossing" subdivision located south of West Street between Beatty Street and Bluebird Street in late 2007. Three new homes are currently under construction with plans for more in this cooperative public/private revitalization/development project which will provide much-needed affordable single and multi-family housing for the community.

In addition to the private construction projects, Polk County issued \$19,000,000 in Certificates of Obligation in 2007 for an expansion of the Polk County Law Enforcement Center and \$10,500,000 for a new Judicial Center to be located adjacent to the County Courthouse in downtown Livingston.

These economic indicators were taken into account when adopting the General Fund budget for fiscal year 2008. The total 2007-2008 combined budget appropriation is \$6,327,544 for three operating funds. This represents an increase of \$695,972 or 12.4% over the 2006-2007 re-estimated budget. The increase is primarily for projected capital projects.

The General Fund's largest revenue source in fiscal year 2006-2007 is sales tax receipts. Sales Tax receipts are projected to increase approximately 2.4% in the 2007-2008 fiscal year.

City of Livingston, Texas  
Management's Discussion and Analysis (continued)  
September 30, 2007

Budgeted expenditures in the General Fund are expected to increase \$100,455 or less than 2.0% from the 2007-2008 re-estimated budget. The City does not expect to add any major programs or initiatives to the 2008 budget.

If the estimates are realized, the City's budgetary General Fund balance is expected to remain unchanged from the re-estimated 2007-2008 budget.

As for the City's business-type activities, the City expects the 2008 results will improve in the electric, water and sewer funds. Projections indicate that the electric, water and sewer fund balance will increase by \$600,000. Rate increases for electric services have been included in the 2007-2008 budget with an expectation of increased usage by new businesses and residences which will generate an increase in utility revenues.

#### **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.

**BASIC FINANCIAL STATEMENTS**

**GOVERNMENT-WIDE FINANCIAL STATEMENTS**

**CITY OF LIVINGSTON, TEXAS**  
**GOVERNMENT-WIDE STATEMENT OF NET ASSETS**  
**SEPTEMBER 30, 2007**

---

<b>PRIMARY GOVERNMENT</b>			
	<b>Governmental Activities</b>	<b>Business-type Activities</b>	<b>Total</b>
<b>ASSETS</b>			
Cash	\$ 848,284	\$ 894,885	\$ 1,743,169
Certificates of deposit	1,430,000	1,700,000	3,130,000
Receivables:			
Returned checks receivable	2,491	19,872	22,363
Paving accounts receivable	46,052	-	46,052
Utility accounts receivable	-	1,263,088	1,263,088
Deferred issuance cost (net)	161,015	-	161,015
Restricted assets - cash	-	176,773	176,773
Capital assets (net of accumulated depreciation):			
Land	283,352	522,738	806,090
Buildings and improvements	1,893,967	243,095	2,137,062
Equipment and fixtures	751,890	615,353	1,367,243
Paving, sidewalks and streets	6,474,852	-	6,474,852
Parks development	1,424,732	-	1,424,732
Airport improvements	235,648	-	235,648
Electrical system	-	2,544,196	2,544,196
Water system	-	3,776,366	3,776,366
Sewer system	-	4,959,607	4,959,607
Water service contract rights	-	275,000	275,000
Total Assets	<u>\$ 13,552,283</u>	<u>\$ 16,990,973</u>	<u>\$ 30,543,256</u>

See accompanying notes to financial statements

**CITY OF LIVINGSTON, TEXAS**  
**GOVERNMENT-WIDE STATEMENT OF NET ASSETS**  
**SEPTEMBER 30, 2007**

---

<b>PRIMARY GOVERNMENT</b>			
	<b>Governmental Activities</b>	<b>Business-type Activities</b>	<b>Total</b>
<b>LIABILITIES</b>			
Accounts payable	\$ 278,975	\$ 1,644,065	\$ 1,923,040
Meter deposits	-	318,868	318,868
Noncurrent Liabilities:			
Due within one year	690,000	60,000	750,000
Due in more than one year	<u>8,255,000</u>	<u>215,000</u>	<u>8,470,000</u>
Total Liabilities	<u>9,223,975</u>	<u>2,237,933</u>	<u>11,461,908</u>
<b>NET ASSETS</b>			
Invested in capital assets, net of related debt	3,549,442	12,661,355	16,210,797
Restricted for:			
System improvements	-	158,852	158,852
Debt service	32,042	17,920	49,962
Unrestricted	<u>746,824</u>	<u>1,914,913</u>	<u>2,661,737</u>
Total Net Assets	<u>\$ 4,328,308</u>	<u>\$ 14,753,040</u>	<u>\$ 19,081,348</u>

**CITY OF LIVINGSTON, TEXAS**  
**GOVERNMENT-WIDE STATEMENT OF ACTIVITIES**  
**FOR THE YEAR ENDED SEPTEMBER 30, 2007**

<u>FUNCTIONS/PROGRAMS</u>	<u>Expenses</u>	<u>Program Revenues</u>	
		<u>Charges for Services</u>	<u>Operating Grants and Contributions</u>
Governmental activities:			
Administrative	\$ 550,712	\$ 171,091	\$ 61,843
Sanitation	595,541	835,662	-
Fire	372,421	-	34,323
Police	1,345,599	224,131	11,268
Paving and street	1,023,956	8,931	-
Parks and recreation	842,246	290,508	-
Library	274,830	18,085	121,230
Garage	163,178	-	-
Interest on long-term debt	363,425	-	-
Total governmental activities	<u>5,531,908</u>	<u>1,548,408</u>	<u>228,664</u>
Business-type activities:			
Electric, water and sewer	<u>10,485,758</u>	<u>10,799,827</u>	<u>-</u>
Total business-type activities	<u>10,485,758</u>	<u>10,799,827</u>	<u>-</u>
Total primary government	<u>\$ 16,017,666</u>	<u>\$ 12,348,235</u>	<u>\$ 228,664</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



**CITY OF LIVINGSTON, TEXAS**  
**GOVERNMENTAL FUNDS**  
**BALANCE SHEET**  
**SEPTEMBER 30, 2007**

---

	<u>General</u>	<u>Debt Service</u>
<b>ASSETS</b>		
Cash	\$ 816,242	\$ 32,042
Certificates of deposit	-	-
Receivables:		
Returned checks receivable	2,491	-
Paving accounts receivable	<u>46,052</u>	<u>-</u>
Total Assets	<u>\$ 864,785</u>	<u>\$ 32,042</u>
<b>LIABILITIES</b>		
Accounts payable	<u>278,975</u>	<u>-</u>
Total Liabilities	<u>278,975</u>	<u>-</u>
<b>FUND BALANCES</b>		
Reserved for:		
Capital Projects	-	-
Library Memorials	2,598	-
Debt Service	-	32,042
Unreserved	<u>583,212</u>	<u>-</u>
Total Fund Balances	<u>585,810</u>	<u>32,042</u>
Total Liabilities and Fund Balances	<u>\$ 864,785</u>	<u>\$ 32,042</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

<b>Capital Projects</b>	<b>Total Governmental Funds</b>
\$ 1,430,000	\$ 848,284 1,430,000
-	2,491
-	46,052
<u>\$ 1,430,000</u>	<u>\$ 2,326,827</u>

<u>-</u>	<u>278,975</u>
<u>-</u>	<u>278,975</u>

1,430,000	1,430,000
-	2,598
-	32,042
-	<u>583,212</u>
<u>1,430,000</u>	2,047,852
<u>\$ 1,430,000</u>	

11,064,441

161,015

(8,945,000)

\$ 4,328,308

**CITY OF LIVINGSTON, TEXAS**  
**GOVERNMENTAL FUNDS**  
**STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES**  
**FOR THE YEAR ENDED SEPTEMBER 30, 2007**

---

	<u>General</u>	<u>Debt Service</u>
<b><u>REVENUES</u></b>		
Taxes:		
Sales taxes	\$ 3,144,640	\$ -
Franchise taxes	162,312	-
Hotel/Motel taxes	236,920	-
Licenses and permits	171,091	-
Charges for service	1,044,379	-
Fines and forfeitures	220,568	-
Miscellaneous	416,879	18,668
Total Revenues	<u>5,396,789</u>	<u>18,668</u>
<b><u>EXPENDITURES</u></b>		
Current:		
Administrative	521,904	-
Sanitation	595,356	-
Fire	363,708	-
Police	1,345,380	-
Paving and street	731,867	-
Parks and recreation	774,271	-
Library	283,358	-
Garage	180,352	-
Debt service:		
Principal retirement	-	570,000
Interest	-	363,425
Capital outlay:		
Streets	-	-
Total Expenditures	<u>4,796,196</u>	<u>933,425</u>
Excess (deficiency) of revenues over expenditures	<u>600,593</u>	<u>(914,757)</u>
<b>OTHER FINANCING SOURCES (USES)</b>		
Bonds issued	-	-
Bonds issued from refunding debt	-	3,055,000
Redemption of refunded bonds	-	(2,940,000)
Bond issue costs	-	(74,689)
Transfers in	198,535	842,060
Transfers out	(469,653)	-
Total other financing sources (uses)	<u>(271,118)</u>	<u>882,371</u>
Net change in fund balances	329,475	(32,386)
Fund Balances - beginning	<u>256,335</u>	<u>64,428</u>
Fund Balances - ending	<u>\$ 585,810</u>	<u>\$ 32,042</u>

See accompanying notes to financial statements

<b>Capital Projects</b>	<b>Total Governmental Funds</b>
\$ -	\$ 3,144,640
-	162,312
-	236,920
-	171,091
-	1,044,379
-	220,568
-	435,547
<hr/>	<hr/>
-	5,415,457
<hr/>	<hr/>
-	521,904
-	595,356
-	363,708
-	1,345,380
-	731,867
-	774,271
-	283,358
-	180,352
-	570,000
-	363,425
<hr/>	<hr/>
-	5,729,621
<hr/>	<hr/>
-	(314,164)
<hr/>	<hr/>
1,500,000	1,500,000
-	3,055,000
-	(2,940,000)
(32,593)	(107,282)
-	1,040,595
(37,407)	(507,060)
<u>1,430,000</u>	<u>2,041,253</u>
<hr/>	<hr/>
1,430,000	1,727,089
<hr/>	<hr/>
-	320,763
<hr/>	<hr/>
<u>\$ 1,430,000</u>	<u>\$ 2,047,852</u>

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, 2007**

---

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

Net changes in fund balances - total governmental funds \$ 1,727,089

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 depreciation exceeded capital outlays in the current period. (381,120)

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.

(928,711)

Changes in net assets of governmental activities \$ 417,258

**(This Page Intentionally Left Blank)**

**CITY OF LIVINGSTON, TEXAS**  
**GENERAL FUND**  
**STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE**  
**BUDGET (GAAP BASIS) AND ACTUAL**  
**YEAR ENDED SEPTEMBER 30, 2007**

	<b>Budgeted Amounts GAAP Basis</b>		
	<b>Original</b>	<b>Revisions</b>	<b>Final</b>
<b>REVENUES</b>			
Taxes:			
Sales taxes	\$ 3,075,000	\$ -	\$ 3,075,000
Franchise taxes	160,000	-	160,000
Hotel/Motel taxes	200,000	25,000	225,000
Licenses and permits	107,000	44,500	151,500
Charges for service	972,100	3,000	975,100
Fines and forfeitures	236,000	(19,500)	216,500
Miscellaneous	420,600	143,299	563,899
<b>Total Revenues</b>	<b><u>5,170,700</u></b>	<b><u>196,299</u></b>	<b><u>5,366,999</u></b>
<b>EXPENDITURES</b>			
Current:			
Administrative	533,690	(14,165)	519,525
Sanitation	575,000	18,500	593,500
Fire	365,835	2,040	367,875
Police	1,357,800	(10,050)	1,347,750
Paving and street	786,860	(37,440)	749,420
Parks and recreation	843,420	(44,420)	799,000
Library	320,125	(40,375)	279,750
Garage	172,675	11,810	184,485
<b>Total Expenditures</b>	<b><u>4,955,405</u></b>	<b><u>(114,100)</u></b>	<b><u>4,841,305</u></b>
Excess (deficiency) of revenues over expenditures	<b><u>215,295</u></b>	<b><u>310,399</u></b>	<b><u>525,694</u></b>
<b>OTHER FINANCING SOURCES (USES)</b>			
Transfers in	460,872	(232,252)	228,620
Transfers out	(676,067)	-	(676,067)
<b>Total other financing sources and (uses)</b>	<b><u>(215,195)</u></b>	<b><u>(232,252)</u></b>	<b><u>(447,447)</u></b>
Excess (deficiency) of revenues and other financing sources over expenditures and other uses	<b><u>\$ 100</u></b>	<b><u>\$ 78,147</u></b>	<b><u>\$ 78,247</u></b>
Fund balance at beginning of year			
Fund balance at end of year			

See accompanying notes to financial statements

<u>Actual</u>	<u>Variance with Final Budget Positive (Negative)</u>
\$ 3,144,640	\$ 69,640
162,312	2,312
236,920	11,920
171,091	19,591
1,044,379	69,279
220,568	4,068
416,879	(147,020)
<u>5,396,789</u>	<u>29,790</u>
521,904	(2,379)
595,356	(1,856)
363,708	4,167
1,345,380	2,370
731,867	17,553
774,271	24,729
283,358	(3,608)
180,352	4,133
<u>4,796,196</u>	<u>45,109</u>
<u>600,593</u>	<u>74,899</u>
198,535	(30,085)
(469,653)	206,414
<u>(271,118)</u>	<u>176,329</u>
329,475	\$ 251,228
<u>256,335</u>	
<u>\$ 585,810</u>	

See accompanying notes to financial statements

**CITY OF LIVINGSTON, TEXAS**  
**STATEMENT OF NET ASSETS PROPRIETARY FUNDS**  
**SEPTEMBER 30, 2007**

---

**Business-Type Activities - Enterprise Fund**

	<b>Electric Water and Sewer</b>
<b>ASSETS</b>	
Current assets:	
Cash	\$ 894,885
Certificates of deposit	1,700,000
Restricted assets	
Cash in bank, water and sewer system improvements	158,853
Cash in bank, reserve fund	17,920
Receivables:	
Returned checks receivable	19,872
Utility accounts receivable	<u>1,263,088</u>
Total Current Assets	<u>4,054,618</u>
Noncurrent assets:	
Capital assets:	
Land	522,738
Building and improvements	366,823
Equipment and fixtures	1,851,191
Electrical system	3,632,757
Water system	5,301,115
Sewer system	<u>6,838,483</u>
	18,513,107
Less accumulated depreciation	<u>(5,851,752)</u>
Net capital assets	<u>12,661,355</u>
Other assets:	
Water service contract rights	<u>275,000</u>
Total Other Assets	<u>275,000</u>
Total Noncurrent Assets	<u>12,936,355</u>
Total Assets	<u>\$ 16,990,973</u>

See accompanying notes to financial statements

**CITY OF LIVINGSTON, TEXAS**  
**STATEMENT OF NET ASSETS PROPRIETARY FUNDS**  
**SEPTEMBER 30, 2007**

---

**Business-Type Activities - Enterprise Fund**

	<b>Electric Water and Sewer</b>
<b><u>LIABILITIES</u></b>	
Current liabilities:	
Accounts payable	\$ 1,644,065
Meter deposits	318,868
Contracts payable - Trinity River Authority	60,000
Total current liabilities	<u>2,022,933</u>
Noncurrent liabilities:	
Contracts payable - Trinity River Authority	215,000
Total noncurrent liabilities	<u>215,000</u>
Total Liabilities	<u>2,237,933</u>
<b><u>NET ASSETS</u></b>	
Invested in capital assets (net of related debt)	12,661,355
Restricted for water and sewer system improvements	158,852
Restricted for Trinity River Authority contracts payable	17,920
Unrestricted	<u>1,914,913</u>
Total Net Assets	<u>\$ 14,753,040</u>

**CITY OF LIVINGSTON, TEXAS**  
**STATEMENT OF REVENUES, EXPENSES AND CHANGES IN FUND NET ASSETS**  
**PROPRIETARY FUND**  
**FOR THE YEAR ENDED SEPTEMBER 30, 2007**

---

**Business-Type Activities - Enterprise Fund**

	<b>Electric</b>
	<b>Water and</b>
	<b>Sewer</b>
<b><u>Operating revenues</u></b>	
Charges for sales and services:	
Electricity sales	\$ 7,189,430
Water sales	1,526,673
Sewer service charges	1,140,556
Penalties, utilities	122,459
Water tapping fees	22,312
Sewer tapping fees	13,299
Recoveries, electrical	592,614
Recoveries, water	80,722
Revenue, night lights	70,614
Service fees	41,148
Total Operating Revenues	<u>10,799,827</u>
<b><u>Operating expenses</u></b>	
Light and Power Department	8,161,925
Water Department	1,542,215
Sewer Department	441,562
Depreciation	340,056
Total Operating Expenses	<u>10,485,758</u>
Operating Income	314,069
<b>Non-operating revenues:</b>	
Interest income	<u>75,798</u>
Income Before Transfers	389,867
Transfers Out	<u>(533,535)</u>
Change in net assets	(143,668)
Total net assets - beginning	<u>14,896,708</u>
Total net assets - ending	<u>\$ 14,753,040</u>

See accompanying notes to financial statements

**CITY OF LIVINGSTON, TEXAS**  
**STATEMENT OF CASH FLOWS**  
**PROPRIETARY FUND**  
**FOR THE YEAR ENDED SEPTEMBER 30, 2007**

---

**Business-Type Activities - Enterprise Fund**

	<b>Electric Water and Sewer</b>
<b>Cash flows from operating activities:</b>	
Cash received from customers	\$ 10,887,537
Cash payments to suppliers for goods and services	(8,417,628)
Cash payments to employees for services	<u>(972,513)</u>
Net cash provided by operating activities	<u>1,497,396</u>
<b>Cash flows from noncapital financing activities:</b>	
Transfers to other funds	<u>(533,535)</u>
Net cash used for noncapital financing activities	<u>(533,535)</u>
<b>Cash flows from capital and related financing activities:</b>	
Acquisition of capital assets	<u>(789,271)</u>
Net cash used for capital and related financing activities	<u>(789,271)</u>
<b>Cash flows from investing activities:</b>	
Sale of certificate of deposit	303,090
Interest on cash and investments	<u>75,798</u>
Net cash provided by investing activities	<u>378,888</u>
<b>NET CHANGE IN CASH AND CASH EQUIVALENTS</b>	<b>553,478</b>
<b>CASH AND CASH EQUIVALENTS AT BEGINNING OF YEAR</b>	<u>518,180</u>
<b>CASH AND CASH EQUIVALENTS AT END OF YEAR</b>	<b><u>\$ 1,071,658</u></b>

(Continued)

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

---

**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	\$ 314,069
Adjustments to reconcile operating net income to net cash provided by operating activities:	
Depreciation	340,056
Change in operating assets and liabilities:	
Returned checks receivable	(5,514)
Utility accounts receivable	19,862
Accounts payable	833,252
Meter deposits	<u>(4,329)</u>
Total adjustments	<u>1,183,327</u>
Net cash provided by operating activities	<u>\$ 1,497,396</u>
Reconciliation of total cash and cash investments:	
Unrestricted	\$ 894,885
Restricted	
Cash in bank, water and sewer system improvements	158,853
Cash in bank, reserve fund	<u>17,920</u>
Total cash and cash equivalents	<u>\$ 1,071,658</u>
	(Concluded)

See accompanying notes to financial statements

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

**CITY OF LIVINGSTON, TEXAS**  
**NOTES TO BASIC FINANCIAL STATEMENTS**  
**SEPTEMBER 30, 2007**

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, 2007.

**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.

Capital Projects Fund - 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 Funds

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, except for amendments of \$5,000 or less. The City Manager may amend the budget within and among departments; however, any revisions that alter the total departmental expenditures/expenses by more than \$5,000 must be approved by the City Council.

The budget was amended September 1, 2007 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, 2007.

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 three 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 Electric Water & Sewer Fund and 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, 2007:

<u>Fund</u>	<u>Transfer In</u>	<u>Transfer Out</u>
General Fund	\$ 198,535	\$ 469,653
Debt Service Fund	842,060	-
Capital Projects Fund	-	37,407
Electric, Water and Sewer Fund	-	533,535
 Total	 <u>\$ 1,040,595</u>	 <u>\$ 1,040,595</u>

Transfers were made from the Electric, Water and Sewer Fund to the General Fund primarily to fund library and garage department operations. Transfers from the General Fund and the Electric, Water and Sewer 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, 2007, 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	\$ 3,130,000	0.333
Total Fair Value	<u>\$ 3,130,000</u>	
Portfolio weighted average maturity		0.333

**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, 2007 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, 2007.

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 2007, but the Mayor and Council will evaluate the need to assess 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, 2007:

Governmental funds capital outlays	\$ 616,747
Governmental funds depreciation expense	<u>(997,867)</u>
Amount by which depreciation exceeded capital outlays	<u>\$ (381,120)</u>
Bonds issued	\$ (4,555,000)
Repayment of principal of long-term debt	3,510,000
Bond issue costs	107,282
Amortization of bond issue costs	9,007
Total repayment of bonds and issue costs	<u>\$ (928,711)</u>

**NOTE 6 CAPITAL ASSETS:**

Capital asset activity for the year ended September 30, 2007 was as follows:

	Balance October 1, 2006	Additions	Retirements/ Adjustments	Balance September 30, 2007
<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	3,017,725	152,515	-	3,170,240
Equipment and Fixtures	3,469,908	258,373	-	3,728,281
Paving, Sidewalks and Streets	13,059,337	161,045	-	13,220,382
Parks Development	3,116,173	28,147	-	3,144,320
Airport Improvements	<u>702,907</u>	<u>16,667</u>	<u>-</u>	<u>719,574</u>
Total capital assets being depreciated	<u>23,366,050</u>	<u>616,747</u>	<u>-</u>	<u>23,982,797</u>
Less accumulated depreciation for:				
Buildings and Improvements	(1,173,279)	(102,994)	-	(1,276,273)
Equipment and Fixtures	(2,737,749)	(238,642)	-	(2,976,391)
Paving, Sidewalks and Streets	(6,234,987)	(510,543)	-	(6,745,530)
Parks Development	(1,592,277)	(127,311)	-	(1,719,588)
Airport Improvements	<u>(465,549)</u>	<u>(18,377)</u>	<u>-</u>	<u>(483,926)</u>
Total accumulated depreciation	<u>(12,203,841)</u>	<u>(997,867)</u>	<u>-</u>	<u>(13,201,708)</u>
Total capital assets being depreciated, net	<u>11,162,209</u>	<u>(381,120)</u>	<u>-</u>	<u>10,781,089</u>
Governmental activities capital assets, net	<u>\$ 11,445,561</u>	<u>\$ (381,120)</u>	<u>\$ -</u>	<u>\$ 11,064,441</u>

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

	<u>Balance October 1, 2006</u>	<u>Additions</u>	<u>Retirements/ Adjustments</u>	<u>Balance September 30, 2007</u>
<b>Business-type Activities:</b>				
Capital assets not being depreciated				
Land	<u>\$ 505,880</u>	<u>\$ 16,858</u>	<u>\$ -</u>	<u>\$ 522,738</u>
Capital assets being depreciated				
Building and Improvements	361,566	5,257	-	366,823
Equipment and Fixtures	1,527,575	323,616	-	1,851,191
Electrical System	3,463,765	168,992	-	3,632,757
Water System	5,064,771	236,344	-	5,301,115
Sewer System	<u>6,800,279</u>	<u>38,204</u>	<u>-</u>	<u>6,838,483</u>
Total capital assets being depreciated	<u>17,217,956</u>	<u>772,413</u>	<u>-</u>	<u>17,990,369</u>
Less accumulated depreciation for:				
Building and Improvements	(112,193)	(11,535)	-	(123,728)
Equipment and Fixtures	(1,140,573)	(95,265)	-	(1,235,838)
Electrical System	(1,035,338)	(53,223)	-	(1,088,561)
Water System	(1,447,005)	(77,744)	-	(1,524,749)
Sewer System	<u>(1,776,587)</u>	<u>(102,289)</u>	<u>-</u>	<u>(1,878,876)</u>
Total accumulated depreciation	<u>(5,511,696)</u>	<u>(340,056)</u>	<u>-</u>	<u>(5,851,752)</u>
Total capital assets being depreciated, net	<u>11,706,260</u>	<u>432,357</u>	<u>-</u>	<u>12,138,617</u>
Business-type activities capital assets, net	<u>\$ 12,212,140</u>	<u>\$ 449,215</u>	<u>\$ -</u>	<u>\$ 12,661,355</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 2007, 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	\$ 54,091
Sanitation	185
Fire	38,541
Police	106,013
Paving and street	577,474
Parks and recreation	187,564
Library	24,869
Garage	9,130
Governmental Activities	<u>\$ 997,867</u>
Business-type activites	
Electric, Water and Sewer	<u>\$ 340,056</u>

The City did not have any significant active construction projects as of September 30, 2007.

**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 821 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 payable by 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 2006. The amortization period is open. The actuarial assumptions included (a) a 7% investment rate of return (net of administrative expenses), (b) no projected salary increases or cost of living adjustments, and (c) an 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, 2006 valuation is effective for rates beginning January 2008). For fiscal year 2007, the City's annual pension cost of \$364,665 was equal to the City's required and actual contributions.

**Schedule of Actuarial Liabilities and Funding Progress**

Actuarial Valuation Date	12/31/2006
Actuarial Value of Assets	\$8,688,455
Actuarial Accrued Liability	\$10,983,645
Percentage Funded	79.10%
Unfunded (Over-funded) Actuarial Accrued Liability (UAAL)	\$2,295,190
Annual Covered Payroll	\$2,547,261
UAAL as a percentage of covered payroll	90.1%

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

Net Pension Obligation (NPO) at the Beginning of the Period	\$	
Annual Pension Cost:		
Annual Required Contribution (ARC)	\$	364,665
Interest on NPO		-
Adjustment to the ARC	_____	364,665
Contributions Made		(364,665)
Increase in NPO	_____	-
NPO at the end of the period	\$	

### Six Year Trend Information

<u>Fiscal Year Funding</u>	<u>Annual Pension Cost (APC)</u>	<u>Percentage of APC Contributed</u>	<u>Net Pension Obligation</u>
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%	-
9/30/2007	364,665	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, 2007:

		<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		\$ 650,000
\$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 Proprietary Fund		3,800,000
\$1,500,000 Certificates of Obligation, Series 2007, library construction and utility system improvements, due in annual installments of \$165,000 to \$500,000 through 2018, interest at 3.75% to 4.0% to be paid from taxes and subordinated pledge of the net revenues of Proprietary Fund		1,500,000
\$3,055,000 General Obligation Refunding Bonds, Series 2007, due in annual installments of \$340,000 to \$440,000 through 2017, interest at 3.75% to 4.0% to be paid from taxes and subordinated pledge of the net revenues of Proprietary Fund		<u>2,995,000</u>
<b>Total Bonds Payable</b>		<u><b>\$ 8,945,000</b></u>

**Changes in Outstanding Debt-**

	<u>Balance October 1, 2006</u>	<u>Issues or Additions</u>	<u>Payments or Expenditures</u>	<u>Balance September 30, 2007</u>	<u>Due Within One Year</u>
<b><u>Governmental Type Activities</u></b>					
General Obligation Bonds	\$ 850,000	\$ 3,055,000	\$ 260,000	\$ 3,645,000	\$ 295,000
Certificates of Obligation	<u>7,050,000</u>	<u>1,500,000</u>	<u>3,250,000</u>	<u>5,300,000</u>	<u>395,000</u>
<b>Total government</b>	<b><u>\$ 7,900,000</u></b>	<b><u>\$ 4,555,000</u></b>	<b><u>\$ 3,510,000</u></b>	<b><u>\$ 8,945,000</u></b>	<b><u>\$ 690,000</u></b>

**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 2007 and 2002 B 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 Fund.

**Annual Requirements to Retire Debt Obligations-**

The annual aggregate maturities for each bond type for the years subsequent to September 30, 2007, are as follows:

**General Obligation Bonds**

Year Ending Sept. 30,	Governmental Activities		
	Principal	Interest	Total
2008	\$ 295,000	\$ 139,225	\$ 434,225
2009	215,000	129,700	344,700
2010	400,000	120,063	520,063
2011	340,000	109,400	449,400
2012	360,000	95,800	455,800
2013-2017	<u>2,035,000</u>	<u>250,600</u>	<u>2,285,600</u>
Total	<u>\$ 3,645,000</u>	<u>\$ 844,788</u>	<u>\$ 4,489,788</u>

**Certificates of Obligation**

Year Ending Sept. 30,	Governmental Activities		
	Principal	Interest	Total
2008	\$ 395,000	\$ 141,963	\$ 536,963
2009	420,000	187,261	607,261
2010	430,000	172,336	602,336
2011	450,000	157,821	607,821
2012	470,000	141,738	611,738
2013-2017	<u>2,635,000</u>	<u>428,493</u>	<u>3,063,493</u>
2018	<u>500,000</u>	<u>20,000</u>	<u>520,000</u>
Total	<u>\$ 5,300,000</u>	<u>\$ 1,249,612</u>	<u>\$ 6,549,612</u>

The ordinances authorizing the issuance of Certificates 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 also 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, 2007, the City paid approximately \$73,650 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>
2008	\$ 74,848
2009	77,735
2010	75,320
2011	<u>72,730</u>
Total	<u>\$ 300,633</u>

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

<u>Business Type Activities</u>	<u>Balance October 1, 2006</u>	<u>Issues or Additions</u>	<u>Payments or Expenditures</u>	<u>Balance September 30, 2007</u>	<u>Due Within One Year</u>
Contracts payable	\$ 335,000	\$ -	\$ 60,000	\$ 275,000	\$ 60,000
Total business	<u>\$ 335,000</u>	<u>\$ -</u>	<u>\$ 60,000</u>	<u>\$ 275,000</u>	<u>\$ 60,000</u>

**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 2007. Reflected in the revenues for the Electric, Water and Sewer Fund is an approximate \$600,000 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, 2007 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 \$1.00 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**

---

<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>
12/31/2004	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%
12/31/2006	8,688,455	10,983,645	2,295,190	79.10%	2,547,261	90.10%

\* 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, 2007**

	<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	570,000	-	570,000
Interest	363,425	-	363,425
Total Expenditures	<u>933,425</u>	<u>-</u>	<u>933,425</u>
Excess (deficiency) of revenues over expenditures	<u>(933,425)</u>	<u>-</u>	<u>(933,425)</u>
<b>OTHER FINANCING SOURCES</b>			
Bonds issued from refunding debt	3,055,000	-	3,055,000
Redemption of refunded bonds	(2,940,000)	-	(2,940,000)
Bond issue costs	(74,689)	-	(74,689)
Transfers in	<u>842,060</u>	<u>-</u>	<u>842,060</u>
Total other financing sources	<u>882,371</u>	<u>-</u>	<u>882,371</u>
Excess (deficiency) of revenues and other financing sources over expenditures and other uses	<u>\$ (51,054)</u>	<u>\$ -</u>	<u>\$ (51,054)</u>
Fund balances at beginning of year			
Fund balance at end of year			

<u>Actual</u>	<b>Variance with Final Budget Positive (Negative)</b>
\$ 18,668	\$ 18,668
<u>18,668</u>	<u>18,668</u>
570,000	-
363,425	-
<u>933,425</u>	<u>-</u>
<u>(914,757)</u>	<u>18,668</u>
3,055,000	-
(2,940,000)	-
(74,689)	-
<u>842,060</u>	<u>-</u>
<u>882,371</u>	<u>-</u>
(32,386)	\$ 18,668
<u>64,428</u>	
\$ 32,042	

**CITY OF LIVINGSTON, TEXAS**  
**BUDGETARY COMPARISON SCHEDULE**  
**CAPITAL PROJECTS FUND**  
**FOR THE YEAR ENDED SEPTEMBER 30, 2007**

---

	<b>Budgeted Amounts GAAP Basis</b>		
	<b>Original</b>	<b>Revisions</b>	<b>Final</b>
<b><u>OTHER FINANCING SOURCES</u></b>			
Bonds issued	\$ 1,500,000	\$ -	\$ 1,500,000
Bond issue costs	(32,593)	-	(32,593)
Transfers out	(37,407)	-	(37,407)
Total other financing sources	<u>1,430,000</u>	<u>-</u>	<u>1,430,000</u>
Excess (deficiency) of revenues and other financing sources over expenditures and other uses	<u>\$ 1,430,000</u>	<u>\$ -</u>	<u>\$ 1,430,000</u>
Fund balance at beginning of year			
Fund balance at end of year			

<u>Actual</u>	<b>Variance with Final Budget Positive (Negative)</b>
\$ 1,500,000	\$ -
(32,593)	-
<u>(37,407)</u>	<u>-</u>
<u>1,430,000</u>	<u>-</u>
1,430,000	\$ -
-----	-----
<b><u>\$ 1,430,000</u></b>	

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

## **GENERAL FUND**

**CITY OF LIVINGSTON, TEXAS**  
**GENERAL FUND - COMPARATIVE BALANCE SHEET**  
**SEPTEMBER 30, 2007 AND 2006**

---

**ASSETS**

	<b>2007</b>	<b>2006</b>
Cash	\$ 816,242	\$ 421,619
Receivables:		
Returned checks receivable	2,491	2,598
Paving accounts receivable	<u>46,052</u>	<u>50,171</u>
Total Assets	<u>\$ 864,785</u>	<u>\$ 474,388</u>

**LIABILITIES AND FUND BALANCES**

**LIABILITIES**

Accounts payable	<u>\$ 278,975</u>	<u>\$ 218,053</u>
Total Liabilities	<u>278,975</u>	<u>218,053</u>

**FUND BALANCES**

Reserve for library memorials	2,598	2,598
Unreserved	<u>583,212</u>	<u>253,737</u>
Total Fund Balances	<u>585,810</u>	<u>256,335</u>
Total Liabilities and Fund Balances	<u>\$ 864,785</u>	<u>\$ 474,388</u>

**(This Page Intentionally Left Blank)**

**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, 2007**  
**WITH COMPARATIVE ACTUAL TOTALS FOR 2006**

	<b>Budgeted Amounts GAAP Basis</b>			
	<b>Original</b>	<b>Revisions</b>	<b>Final</b>	<b>Actual</b>
<b>REVENUES</b>				
Taxes:				
Sales taxes	\$ 3,075,000	\$ -	\$ 3,075,000	\$ 3,144,640
Franchise taxes	160,000	- -	160,000	162,312
Hotel/Motel taxes	200,000	25,000	225,000	236,920
Licenses and permits	107,000	44,500	151,500	171,091
Charges for service	972,100	3,000	975,100	1,044,379
Fines and forfeitures	236,000	(19,500)	216,500	220,568
Miscellaneous	420,600	143,299	563,899	416,879
<b>Total Revenues</b>	<b><u>5,170,700</u></b>	<b><u>196,299</u></b>	<b><u>5,366,999</u></b>	<b><u>5,396,789</u></b>
<b>EXPENDITURES</b>				
Administrative	533,690	(14,165)	519,525	521,904
Sanitation	575,000	18,500	593,500	595,356
Fire	365,835	2,040	367,875	363,708
Police	1,357,800	(10,050)	1,347,750	1,345,380
Paving and street	786,860	(37,440)	749,420	731,867
Parks and recreation	843,420	(44,420)	799,000	774,271
Library	320,125	(40,375)	279,750	283,358
Garage	172,675	11,810	184,485	180,352
<b>Total Expenditures</b>	<b><u>4,955,405</u></b>	<b><u>(114,100)</u></b>	<b><u>4,841,305</u></b>	<b><u>4,796,196</u></b>
Excess of revenues over expenditures	215,295	310,399	525,694	600,593
<b>OTHER FINANCING SOURCES (USES)</b>				
Transfers in	460,872	(232,252)	228,620	198,535
Transfers out	(676,067)	- -	(676,067)	(469,653)
<b>Total other financing sources (uses)</b>	<b><u>(215,195)</u></b>	<b><u>(232,252)</u></b>	<b><u>(447,447)</u></b>	<b><u>(271,118)</u></b>
Excess of revenues and other financing sources over expenditures and other uses	<u>\$ 100</u>	<u>\$ 78,147</u>	<u>\$ 78,247</u>	<u>\$ 329,475</u>
Fund balances at beginning of year				<u>256,335</u>
Fund balances at end of year				<u>\$ 585,810</u>

<b>Variance With Final Budget Positive (Negative)</b>	<b>2006 Actual</b>
\$ 69,640	\$ 2,885,734
2,312	148,230
11,920	168,967
19,591	167,500
69,279	1,027,350
4,068	208,945
(147,020)	552,713
<u>29,790</u>	<u>5,159,439</u>
(2,379)	451,244
(1,856)	551,984
4,167	331,699
2,370	1,202,886
17,553	1,003,620
24,729	834,370
(3,608)	252,259
4,133	157,723
<u>45,109</u>	<u>4,785,785</u>
<u>74,899</u>	<u>373,654</u>
(30,085)	365,963
206,414	(908,638)
<u>176,329</u>	<u>(542,675)</u>
<u>\$ 251,228</u>	<u>\$ (169,021)</u>
	<u>425,356</u>
<u>\$ 256,335</u>	

**CITY OF LIVINGSTON, TEXAS**  
**GENERAL FUND**  
**SCHEDULE OF EXPENDITURES-BUDGET (GAAP BASIS) AND ACTUAL**  
**FOR THE YEAR ENDED SEPTEMBER 30, 2007**  
**WITH COMPARATIVE ACTUAL TOTALS FOR 2006**

---

	<b>Budgeted Amounts GAAP Basis</b>			
	<b>Original</b>	<b>Revisions</b>	<b>Final</b>	<b>Actual</b>
<b>ADMINISTRATIVE DEPARTMENT</b>				
Salaries	\$ 146,250	\$ (4,250)	\$ 142,000	\$ 141,842
Social Security	11,700	225	11,925	11,922
Retirement	51,500	300	51,800	54,095
Employee insurance	51,000	(9,000)	42,000	42,837
Insurance and bonds	9,765	935	10,700	11,043
Legal and professional	40,000	5,000	45,000	40,493
Auditing and accounting	5,000	(100)	4,900	4,883
Supplies	27,000	5,000	32,000	34,627
Repairs-building and grounds	20,000	(8,000)	12,000	10,242
Equipment repairs and maintenance	6,000	(1,000)	5,000	4,410
Gas and oil	2,875	(875)	2,000	2,014
Utility/telephone	7,500	-	7,500	7,339
Dues and subscriptions	10,500	1,500	12,000	13,560
Building demolitions	10,000	-	10,000	5,358
Transportation and contingency	82,500	-	82,500	83,311
Postage and miscellaneous	<u>12,100</u>	<u>(900)</u>	<u>11,200</u>	<u>14,192</u>
	493,690	(11,165)	482,525	482,168
Capital expenditures	<u>40,000</u>	<u>(3,000)</u>	<u>37,000</u>	<u>39,736</u>
<b>Total Administrative</b>	<b><u>533,690</u></b>	<b><u>(14,165)</u></b>	<b><u>519,525</u></b>	<b><u>521,904</u></b>
<b>SANITATION DEPARTMENT</b>				
Supplies	75,000	-	75,000	73,485
Refuse disposal/landfills	<u>500,000</u>	<u>18,500</u>	<u>518,500</u>	<u>521,871</u>
<b>Total Sanitation</b>	<b><u>\$ 575,000</u></b>	<b><u>\$ 18,500</u></b>	<b><u>\$ 593,500</u></b>	<b><u>\$ 595,356</u></b>

<b>Variance With Final Budget Positive (Negative)</b>	<b>2006 Actual</b>
\$ 158	\$ 114,113
3	9,187
(2,295)	45,790
(837)	39,079
(343)	9,204
4,507	54,871
17	4,500
(2,627)	25,928
1,758	10,258
590	4,978
(14)	1,962
161	6,966
(1,560)	12,317
4,642	-
(811)	80,238
<u>(2,992)</u>	<u>11,068</u>
357	430,459
<u>(2,736)</u>	<u>20,785</u>
<u>(2,379)</u>	<u>451,244</u>
1,515	63,487
<u>(3,371)</u>	<u>488,497</u>
<u>\$ (1,856)</u>	<u>\$ 551,984</u>

**CITY OF LIVINGSTON, TEXAS**  
**GENERAL FUND**  
**SCHEDULE OF EXPENDITURES-BUDGET (GAAP BASIS) AND ACTUAL**  
**FOR THE YEAR ENDED SEPTEMBER 30, 2007**  
**WITH COMPARATIVE ACTUAL TOTALS FOR 2006**

---

	<b>Budgeted Amounts GAAP Basis</b>			
	<b>Original</b>	<b>Revisions</b>	<b>Final</b>	<b>Actual</b>
<b>FIRE DEPARTMENT</b>				
Salaries	\$ 131,000	\$ (1,000)	\$ 130,000	\$ 125,281
Salaries, administration	23,650	100	23,750	23,514
Social Security	8,500	50	8,550	8,624
Retirement	12,800	-	12,800	13,120
Employee insurance	18,900	(4,400)	14,500	19,727
Insurance and bonds	27,300	(300)	27,000	20,790
Recruitment costs	1,200	-	1,200	275
Supplies	23,000	-	23,000	20,799
Repairs-building and grounds	3,000	500	3,500	2,712
Equipment repairs and maintenance	20,000	7,500	27,500	31,982
Gas and oil	14,375	-	14,375	15,203
Utility/telephone	10,500	(500)	10,000	10,231
Dues and subscriptions	1,500	-	1,500	1,077
Transportation and contingency	15,000	(5,000)	10,000	11,163
Maintenance contribution	26,000	-	26,000	25,551
Postage and miscellaneous	4,110	90	4,200	3,831
	<u>340,835</u>	<u>(2,960)</u>	<u>337,875</u>	<u>333,880</u>
Capital expenditures	<u>25,000</u>	<u>5,000</u>	<u>30,000</u>	<u>29,828</u>
<b>Total Fire</b>	<b><u>365,835</u></b>	<b><u>2,040</u></b>	<b><u>367,875</u></b>	<b><u>363,708</u></b>
<b>POLICE DEPARTMENT</b>				
Salaries	730,000	-	730,000	734,278
Salaries, administration	23,650	100	23,750	23,514
Social Security	57,550	700	58,250	59,118
Retirement	106,650	(1,650)	105,000	104,585
Employee insurance	117,300	(1,800)	115,500	109,813
Uniforms	4,200	(2,200)	2,000	2,925
Insurance and bonds	45,150	100	45,250	45,136
Supplies	28,500	-	28,500	25,057
Repairs-building and grounds	12,500	-	12,500	11,715
Equipment repairs and maintenance	20,000	3,000	23,000	28,857
Gas and oil	51,750	(9,750)	42,000	41,361
Utility/telephone	9,850	(1,850)	8,000	7,627
Dues and subscriptions	500	-	500	240
Transportation and contingency	21,000	(1,000)	20,000	20,334
Postage and miscellaneous	24,200	2,800	27,000	24,836
	<u>1,252,800</u>	<u>(11,550)</u>	<u>1,241,250</u>	<u>1,239,396</u>
Capital expenditures	<u>105,000</u>	<u>1,500</u>	<u>106,500</u>	<u>105,984</u>
<b>Total Police</b>	<b><u>\$ 1,357,800</u></b>	<b><u>\$ (10,050)</u></b>	<b><u>\$ 1,347,750</u></b>	<b><u>\$ 1,345,380</u></b>

<u>Variance With Final Budget Positive (Negative)</u>	<u>2006 Actual</u>
\$ 4,719	\$ 118,163
236	20,281
(74)	6,649
(320)	9,339
(5,227)	8,786
6,210	23,844
925	525
2,201	19,682
788	1,844
(4,482)	23,666
(828)	11,453
(231)	9,636
423	1,275
(1,163)	9,788
449	24,474
369	3,092
<hr/>	<hr/>
3,995	292,497
172	39,202
<hr/>	<hr/>
<b>4,167</b>	<b>331,699</b>
(4,278)	692,546
236	20,281
(868)	55,633
415	101,755
5,687	110,275
(925)	2,031
114	43,394
3,443	25,027
785	10,142
(5,857)	12,910
639	40,599
373	8,785
260	269
(334)	18,436
<hr/>	<hr/>
2,164	14,254
1,854	1,156,337
516	46,549
<hr/>	<hr/>
<b>\$ 2,370</b>	<b>\$ 1,202,886</b>

**CITY OF LIVINGSTON, TEXAS**  
**GENERAL FUND**  
**SCHEDULE OF EXPENDITURES-BUDGET (GAAP BASIS) AND ACTUAL**  
**FOR THE YEAR ENDED SEPTEMBER 30, 2007**  
**WITH COMPARATIVE ACTUAL TOTALS FOR 2006**

---

	<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	\$ 198,000	\$ 14,000	\$ 212,000	\$ 210,802
Salaries, administration	23,650	100	23,750	23,514
Social Security	17,300	700	18,000	17,854
Retirement	29,750	500	30,250	30,276
Employee insurance	37,800	(300)	37,500	37,464
Uniforms	2,730	270	3,000	3,065
Insurance and bonds	21,525	(25)	21,500	26,175
Supplies	25,750	450	26,200	24,567
Equipment repairs and maintenance	35,000	-	35,000	34,438
Gas and oil	37,950	(2,950)	35,000	31,402
Transit system	4,620	-	4,620	4,620
Transportation and contingency	2,785	(185)	2,600	2,303
	436,860	12,560	449,420	446,480
Capital expenditures	<u>350,000</u>	<u>(50,000)</u>	<u>300,000</u>	<u>285,387</u>
<b>Total Paving and Street</b>	<b><u>786,860</u></b>	<b><u>(37,440)</u></b>	<b><u>749,420</u></b>	<b><u>731,867</u></b>
<b>PARKS AND RECREATION DEPARTMENT</b>				
Salaries	241,500	-	241,500	240,287
Salaries, administration	47,300	200	47,500	47,027
Social Security	21,850	-	21,850	21,717
Retirement	29,325	575	29,900	30,338
Employee insurance	43,200	(2,700)	40,500	38,353
Uniforms	4,550	(250)	4,300	3,837
Insurance and bonds	27,825	(3,825)	24,000	22,578
Advertising, hotel tax	65,000	-	65,000	58,522
Supplies	48,250	4,250	52,500	44,872
Repairs-building and grounds	45,000	-	45,000	54,709
Equipment repairs and maintenance	13,000	-	13,000	14,167
Gas and oil	38,830	(30)	38,800	47,704
Utility/telephone	13,050	100	13,150	13,995
Dues and subscriptions	550	-	550	455
Transportation and contingency	3,500	2,400	5,900	5,881
Programming costs	5,000	-	5,000	4,658
Postage and miscellaneous	5,290	260	5,550	5,581
	653,020	980	654,000	654,681
Capital expenditures	<u>190,500</u>	<u>(45,500)</u>	<u>145,000</u>	<u>119,590</u>
<b>Total Parks and Recreation</b>	<b><u>\$ 843,520</u></b>	<b><u>\$ (44,520)</u></b>	<b><u>\$ 799,000</u></b>	<b><u>\$ 774,271</u></b>

<b>Variance With Final Budget Positive (Negative)</b>	<b>2006 Actual</b>
\$ 1,198	\$ 184,704
236	20,286
146	15,682
(26)	27,494
36	32,481
(65)	2,666
(4,675)	20,176
1,633	26,038
562	52,241
3,598	30,517
-	4,620
<u>297</u>	<u>2,198</u>
2,940	419,103
<u>14,613</u>	<u>584,517</u>
<u>17,553</u>	<u>1,003,620</u>
1,213	225,055
473	40,555
133	20,319
(438)	29,693
2,147	41,300
463	3,588
1,422	26,746
6,478	64,837
7,628	45,610
(9,709)	64,604
(1,167)	8,934
(8,904)	25,425
(845)	12,316
95	408
19	4,278
342	4,881
(31)	3,267
(681)	621,816
<u>25,410</u>	<u>212,554</u>
<u>\$ 24,729</u>	<u>\$ 834,370</u>

**CITY OF LIVINGSTON, TEXAS**  
**GENERAL FUND**  
**SCHEDULE OF EXPENDITURES-BUDGET (GAAP BASIS) AND ACTUAL**  
**FOR THE YEAR ENDED SEPTEMBER 30, 2007**  
**WITH COMPARATIVE ACTUAL TOTALS FOR 2006**

	<b>Budgeted Amounts GAAP Basis</b>			
	<b>Original</b>	<b>Revisions</b>	<b>Final</b>	<b>Actual</b>
<b>LIBRARY DEPARTMENT</b>				
Salaries	\$ 133,000	\$ 1,000	\$ 134,000	\$ 134,160
Salaries, administration	23,650	100	23,750	23,514
Social Security	11,875	125	12,000	11,991
Retirement	19,725	(225)	19,500	19,497
Employee insurance	27,000	(1,500)	25,500	25,418
Insurance and bonds	7,675	(375)	7,300	7,303
Supplies	7,500	300	7,800	9,352
Repairs-building and grounds	35,000	(28,500)	6,500	8,625
Equipment repairs and maintenance	3,500	(500)	3,000	948
Utility/telephone	4,850	-	4,850	4,466
Dues and subscriptions	2,700	50	2,750	2,447
Transportation and contingency	2,000	-	2,000	976
Postage and printing	<u>1,650</u>	<u>150</u>	<u>1,800</u>	<u>1,264</u>
	280,125	(29,375)	250,750	249,961
Memorial capital	5,000	10,000	15,000	22,175
Capital expenditures	<u>35,000</u>	<u>(21,000)</u>	<u>14,000</u>	<u>11,222</u>
<b>Total Library</b>	<b><u>320,125</u></b>	<b><u>(40,375)</u></b>	<b><u>279,750</u></b>	<b><u>283,358</u></b>
<b>GARAGE DEPARTMENT</b>				
Salaries	75,000	-	75,000	73,895
Salaries, administration	23,650	100	23,750	23,512
Social Security	7,425	-	7,425	7,381
Retirement	9,900	600	10,500	10,471
Employee insurance	10,800	(90)	10,710	10,703
Uniforms	1,000	-	1,000	989
Insurance and bonds	8,300	(300)	8,000	8,030
Supplies	8,500	-	8,500	5,861
Repairs-building and grounds	4,000	(1,500)	2,500	1,351
Equipment repairs and maintenance	6,000	(1,500)	4,500	4,499
Gas and oil	4,025	(525)	3,500	3,179
Utility/telephone	<u>3,575</u>	<u>525</u>	<u>4,100</u>	<u>4,178</u>
	162,175	(2,690)	159,485	154,049
Capital expenditures	<u>10,500</u>	<u>14,500</u>	<u>25,000</u>	<u>26,303</u>
<b>Total Garage</b>	<b><u>172,675</u></b>	<b><u>11,810</u></b>	<b><u>184,485</u></b>	<b><u>180,352</u></b>
<b>TOTAL GENERAL EXPENDITURES</b>	<b><u>\$ 4,955,505</u></b>	<b><u>\$ (114,200)</u></b>	<b><u>\$ 4,841,305</u></b>	<b><u>\$ 4,796,196</u></b>

<b>Variance With Final Budget Positive (Negative)</b>	<b>2006 Actual</b>
\$ (160)	\$ 124,651
236	20,281
9	11,088
3	16,532
82	21,583
(3)	7,289
(1,552)	7,111
(2,125)	6,635
2,052	295
384	4,312
303	2,570
1,024	1,781
<u>536</u>	<u>1,149</u>
789	225,277
(7,175)	18,839
<u>2,778</u>	<u>8,143</u>
<u>(3,608)</u>	<u>252,259</u>
1,105	73,412
238	20,280
44	7,168
29	10,312
7	9,443
11	957
(30)	7,878
2,639	6,277
1,149	2,945
1	5,284
321	3,248
<u>(78)</u>	<u>3,366</u>
5,436	150,570
<u>(1,303)</u>	<u>7,153</u>
<u>4,133</u>	<u>157,723</u>
<u>\$ 45,109</u>	<u>\$ 4,785,785</u>

## **DEBT SERVICE FUND**

**CITY OF LIVINGSTON, TEXAS**  
**DEBT SERVICE FUND - COMPARATIVE BALANCE SHEET**  
**SEPTEMBER 30, 2007 AND 2006**

---

**ASSETS**

	<b>2007</b>	<b>2006</b>
Cash	\$ 32,042	\$ 64,428
Total Assets	\$ 32,042	\$ 64,428

**FUND BALANCES**

Reserve for debt service	\$ 32,042	\$ 64,428
Total Fund Balance	\$ 32,042	\$ 64,428

**CITY OF LIVINGSTON, TEXAS**  
**DEBT SERVICE FUND**  
**BUDGETARY COMPARISON SCHEDULE**  
**FOR THE YEAR ENDED SEPTEMBER 30, 2007**  
**WITH COMPARATIVE ACTUAL TOTALS FOR 2006**

---

	<b>Budgeted Amounts GAAP Basis</b>		
	<b>Original</b>	<b>Revisions</b>	<b>Final</b>
<b>REVENUES</b>			
Miscellaneous	\$ -	\$ -	\$ -
Total Revenues	- -	- -	- -
<b>EXPENDITURES</b>			
Debt service:			
Principal retirement	570,000	- -	570,000
Interest	363,425	- -	363,425
Total Expenditures	933,425	- -	933,425
Excess (deficiency) of revenues over expenditures	(933,425)	- -	(933,425)
<b>OTHER FINANCING SOURCES (USES)</b>			
Bonds Issued from refunding debt	3,055,000	- -	3,055,000
Redemption of refunded bonds	(2,940,000)	- -	(2,940,000)
Bond issue costs	(74,689)	- -	(74,689)
Transfers in	842,060	- -	842,060
Total other financing sources	882,371	- -	882,371
Excess (deficiency) of revenues and other financing sources over expenditures and other uses	\$ (51,054)	\$ - -	\$ (51,054)
Fund balances at beginning of year			
Fund balance at end of year			

Actual	Variance with Final Budget Positive (Negative)	2006
\$ 18,668	\$ 18,668	\$ 5,492
<u>18,668</u>	<u>18,668</u>	<u>5,492</u>
570,000	-	560,000
363,425	-	362,868
<u>933,425</u>	<u>-</u>	<u>922,868</u>
 <u>(914,757)</u>	<u>18,668</u>	<u>(917,376)</u>
3,055,000	-	-
(2,940,000)	-	-
(74,689)	-	-
<u>842,060</u>	<u>-</u>	<u>907,009</u>
<u>882,371</u>	<u>-</u>	<u>907,009</u>
(32,386)	18,668	(10,367)
 <u>64,428</u>	<u>-</u>	<u>74,795</u>
 <u>\$ 32,042</u>	<u>\$ 18,668</u>	<u>\$ 64,428</u>

## **CAPITAL PROJECTS FUND**

**CITY OF LIVINGSTON, TEXAS**  
**CAPITAL PROJECTS FUND - COMPARATIVE BALANCE SHEET**  
**SEPTEMBER 30, 2007 AND 2006**

---

**ASSETS**

	<b><u>2007</u></b>	<b><u>2006</u></b>
Certificates of deposit	\$ 1,430,000	\$ -
Total Assets	<u>\$ 1,430,000</u>	<u>\$ -</u>

**FUND BALANCES**

Fund Balances:

Reserved for:		
Capital projects	\$ 1,430,000	\$ -
Total Fund Balances	<u>\$ 1,430,000</u>	<u>\$ -</u>

**CITY OF LIVINGSTON, TEXAS**  
**CAPITAL PROJECTS FUND**  
**BUDGETARY COMPARISON SCHEDULE**  
**FOR THE YEAR ENDED SEPTEMBER 30, 2007**  
**WITH COMPARATIVE ACTUALS FOR 2006**

---

	<b>Budgeted Amounts GAAP Basis</b>		
	<b>Original</b>	<b>Revisions</b>	<b>Final</b>
<b><u>EXPENDITURES</u></b>			
Capital outlay:			
Streets	\$ _____ -	\$ _____ -	\$ _____ -
Total Expenditures	<u>_____ -</u>	<u>_____ -</u>	<u>_____ -</u>
Excess (deficiency) of revenues over expenditures	<u>_____ -</u>	<u>_____ -</u>	<u>_____ -</u>
<b><u>OTHER FINANCING SOURCES</u></b>			
Bonds issued	1,500,000	-	1,500,000
Bond issue costs	(32,593)	-	(32,593)
Transfers in	-	-	-
Transfers out	<u>(37,407)</u>	<u>_____ -</u>	<u>(37,407)</u>
Total other financing sources	<u>1,430,000</u>	<u>_____ -</u>	<u>1,430,000</u>
Excess of revenues and other financing sources over expenditures and other uses	<u>\$ 1,430,000</u>	<u>\$ _____ -</u>	<u>\$ 1,430,000</u>
Fund balances at beginning of year			
Fund balances at end of year			

Actual	Variance With Final Budget Positive (Negative)	2006
\$ -	\$ -	\$ 344,577
<u>      </u> <u>      </u> <u>      </u>	<u>      </u> <u>      </u> <u>      </u>	<u>344,577</u>
		(344,577)
1,500,000	-	
(32,593)	-	
-	-	1,629
<u>(37,407)</u>	<u>      </u>	<u>1,629</u>
<u>1,430,000</u>	<u>      </u>	<u>      </u>
\$ 1,430,000	\$ -	\$ (342,948)
<u>      </u> <u>      </u>	<u>      </u> <u>      </u>	<u>342,948</u>
<u>\$ 1,430,000</u>	<u>\$ -</u>	<u>\$ -</u>

**(This Page Intentionally Left Blank)**

## **PROPRIETARY FUND**

**CITY OF LIVINGSTON, TEXAS**  
**COMPARATIVE STATEMENT OF NET ASSETS**  
**ELECTRIC, WATER AND SEWER FUND**  
**SEPTEMBER 30, 2007 AND 2006**

---

<b>ASSETS</b>	<b>2007</b>	<b>2006</b>
<b>Current assets:</b>		
Cash	\$ 894,885	\$ 363,552
Certificates of deposit	1,700,000	2,003,090
Restricted assets		
Cash in bank, water and sewer system improvements	158,853	141,493
Cash in bank, reserve fund	17,920	13,135
Receivables:		
Returned checks receivable	19,872	14,358
Utility accounts receivable	<u>1,263,088</u>	<u>1,282,950</u>
 Total Current Assets	 <u>4,054,618</u>	 <u>3,818,578</u>
 Noncurrent assets:		
<b>Capital assets:</b>		
Land	522,738	505,880
Building and improvements	366,823	361,566
Equipment and fixtures	1,851,191	1,527,575
Electrical system	3,632,757	3,463,765
Water system	5,301,115	5,064,771
Sewer system	<u>6,838,483</u>	<u>6,800,279</u>
 Less accumulated depreciation	 <u>(5,851,752)</u>	 <u>(5,511,696)</u>
 Net capital assets	 <u>12,661,355</u>	 <u>12,212,140</u>
 Other assets:		
Water service contract rights	<u>275,000</u>	<u>340,000</u>
 Total Other Assets	 <u>275,000</u>	 <u>340,000</u>
 Total Noncurrent Assets	 <u>12,936,355</u>	 <u>12,552,140</u>
 Total Assets	 <u>\$ 16,990,973</u>	 <u>\$ 16,370,718</u>

	<b>2007</b>	<b>2006</b>
<b>LIABILITIES</b>		
Current liabilities:		
Accounts payable	\$ 1,644,065	\$ 810,813
Meter deposits	318,868	323,197
Contracts payable-Trinity River Authority	60,000	60,000
Total current liabilities	<u>2,022,933</u>	<u>1,194,010</u>
Noncurrent liabilities:		
Contracts payable-Trinity River Authority	<u>215,000</u>	<u>280,000</u>
Total noncurrent liabilities	<u>215,000</u>	<u>280,000</u>
Total liabilities	<u>2,237,933</u>	<u>1,474,010</u>
<b>NET ASSETS</b>		
Invested in capital assets (net of related debt)	12,661,355	12,212,140
Restricted for water and sewer system improvements	158,852	125,571
Restricted for Trinity River Authority contracts payable	17,920	13,135
Unrestricted	<u>1,914,913</u>	<u>2,545,862</u>
Total net assets	<u>\$ 14,753,040</u>	<u>\$ 14,896,708</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, 2007 AND 2006**

**Business-Type Activities - Enterprise Fund**

	<b>2007</b>	<b>2006</b>
<b><u>Operating revenues:</u></b>		
Charges for sales and services:		
Electricity sales	\$ 7,189,430	\$ 7,045,572
Water sales	1,526,673	1,528,133
Sewer service charges	1,140,556	1,111,808
Penalties, utilities	122,459	112,824
Water tapping fees	22,312	6,400
Sewer tapping fees	13,299	5,950
Recoveries, electrical	592,614	677,351
Recoveries, water	80,722	16,081
Revenue, night lights	70,614	69,549
Service fees	41,148	43,155
Total Operating Revenues	<u>10,799,827</u>	<u>10,616,823</u>
<b><u>Operating expenses:</u></b>		
Light and Power Department	8,161,925	8,110,720
Water Department	1,542,215	1,492,055
Sewer Department	441,562	416,373
Depreciation	340,056	297,331
Total Operating Expenses	<u>10,485,758</u>	<u>10,316,479</u>
Operating Income	314,069	300,344
<b><u>Non-operating revenues:</u></b>		
Interest income	<u>75,798</u>	<u>74,278</u>
Income Before Transfers	389,867	374,622
Transfers Out	<u>(533,535)</u>	<u>(365,963)</u>
Change in net assets	(143,668)	8,659
Total net assets - beginning	<u>14,896,708</u>	<u>14,888,049</u>
Total net assets - ending	<u>\$ 14,753,040</u>	<u>\$ 14,896,708</u>

**CITY OF LIVINGSTON, TEXAS**  
**COMPARATIVE STATEMENT OF CASH FLOWS**  
**ELECTRIC, WATER, AND SEWER FUND**  
**FOR THE YEARS ENDED SEPTEMBER 30, 2007 AND 2006**

---

**Business-Type Activities - Enterprise Fund**

	<b>2007</b>	<b>2006</b>
<b>Cash flows from operating activities:</b>		
Cash received from customers	\$ 10,887,537	\$ 10,375,836
Cash payments to suppliers for goods and services	(8,417,628)	(8,936,616)
Cash payments to employees for services	<u>(972,513)</u>	<u>(952,464)</u>
Net cash provided by operating activities	<u>1,497,396</u>	<u>486,756</u>
<b>Cash flows from noncapital financing activities:</b>		
Transfers to other funds	<u>(533,535)</u>	<u>(365,963)</u>
Net cash used for noncapital financing activities	<u>(533,535)</u>	<u>(365,963)</u>
<b>Cash flows from capital and related financing activities:</b>		
Acquisition of capital assets	<u>(789,271)</u>	<u>(469,180)</u>
Net cash used for capital and related financing activities	<u>(789,271)</u>	<u>(469,180)</u>
<b>Cash flows from investing activities:</b>		
Sale of certificate of deposit	<u>303,090</u>	-
Interest on cash and investments	<u>75,798</u>	<u>74,278</u>
Net cash provided by investing activities	<u>378,888</u>	<u>74,278</u>
<b>NET CHANGE IN CASH AND CASH EQUIVALENTS</b>	<b>553,478</b>	<b>(274,109)</b>
<b>CASH AND CASH EQUIVALENTS AT BEGINNING OF YEAR</b>	<b>518,180</b>	<b>792,289</b>
<b>CASH AND CASH EQUIVALENTS AT END OF YEAR</b>	<b><u>\$ 1,071,658</u></b>	<b><u>\$ 518,180</u></b>

(Continued)

**CITY OF LIVINGSTON, TEXAS**  
**STATEMENT OF CASH FLOWS**  
**ELECTRIC, WATER, AND SEWER FUND**  
**FOR THE YEARS ENDED SEPTEMBER 30, 2007 AND 2006**

---

**Business-Type Activities - Enterprise Fund**

	<b>2007</b>	<b>2006</b>
Reconciliation of income from operations to net cash provided by operating activities:		
Income from operations	\$ 314,069	\$ 300,344
Adjustments to reconcile operating net income to net cash provided by operating activities:		
Depreciation	340,056	297,331
Change in operating assets and liabilities:		
Returned checks receivable	(5,514)	(1,154)
Utility accounts receivable	19,862	(126,387)
Accounts payable	833,252	(1,779)
Meter deposits	<u>(4,329)</u>	<u>18,401</u>
Total adjustments	<u>1,183,327</u>	<u>186,412</u>
Net cash provided by operating activities	<u>\$ 1,497,396</u>	<u>\$ 486,756</u>
Reconciliation of total cash and cash investments		
Unrestricted	\$ 894,885	\$ 363,552
Restricted		
Cash in bank, water and sewer system improvements	158,853	141,493
Cash in bank, reserve fund	<u>17,920</u>	<u>13,135</u>
Total cash and cash equivalents	<u>\$ 1,071,658</u>	<u>\$ 518,180</u>

(Concluded)

## **ENTERPRISE FUND**

**CITY OF LIVINGSTON, TEXAS**  
**ENTERPRISE FUND**

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

**FOR THE YEAR ENDED SEPTEMBER 30, 2007**

**WITH COMPARATIVE ACTUAL AMOUNTS FOR THE YEAR ENDED SEPTEMBER 30, 2006**

	<b>2007</b>			
	<b>Original Budget</b>	<b>Revisions</b>	<b>Final</b>	<b>Actual</b>
<b>LIGHT AND POWER DEPARTMENT</b>				
Salaries	\$ 475,000	\$ 5,000	\$ 480,000	\$ 472,156
Salaries, administration	23,650	(650)	23,000	22,562
Social Security	38,025	975	39,000	37,847
Retirement	73,600	(6,100)	67,500	66,985
Employee insurance	69,100	(9,100)	60,000	59,807
Uniform rental	5,500	(500)	5,000	4,457
Insurance and bonds	20,150	(650)	19,500	19,176
Legal and professional	5,000	-	5,000	3,340
Engineering	3,000	-	3,000	-
Supplies	40,000	(5,000)	35,000	29,982
Repairs-building and grounds and equipment	22,500	8,000	30,500	25,202
Gas and oil	27,600	(5,600)	22,000	20,114
Utility/telephone	4,300	(200)	4,100	3,815
Dues and subscriptions	5,000	600	5,600	5,575
Power purchase	7,820,000	(495,000)	7,325,000	7,355,515
Transportation and contingency	20,000	(7,500)	12,500	10,469
Utility billing	9,000	(500)	8,500	8,628
Postage and miscellaneous	11,000	250	11,250	11,412
Auditing and accounting	5,000	(100)	4,900	4,883
<b>Total Light and Power</b>	<b>8,677,425</b>	<b>(516,075)</b>	<b>8,161,350</b>	<b>8,161,925</b>
<b>WATER DEPARTMENT</b>				
Salaries	297,000	8,000	305,000	307,807
Salaries - administration	23,650	(650)	23,000	22,562
Social Security	24,500	600	25,100	25,276
Retirement	44,500	-	44,500	44,407
Employee insurance	60,000	(4,500)	55,500	54,280
Uniform rental	3,700	-	3,700	3,827
Insurance and bonds	17,325	(825)	16,500	16,657
Legal and professional	2,500	-	2,500	2,149
Supplies	45,500	(5,000)	40,500	29,168
Repairs-building and grounds	10,000	(2,500)	7,500	6,033
Repairs-equipment	35,000	-	35,000	26,102
Gas and oil	14,375	(2,875)	11,500	11,220
Engineering	7,000	-	7,000	8,844
Dues and subscriptions	3,750	-	3,750	3,590
Water-TRA	58,400	-	58,400	58,400
Operations and maintenance-TRA	859,827	(48,927)	810,900	810,898
Transportation and contingency	15,515	(2,515)	13,000	12,247
Utility billing	9,000	(500)	8,500	8,628
Postage and printing	11,550	950	12,500	11,587
TRA-debt service	79,132	(5,482)	73,650	73,650
Auditing and accounting	5,000	(100)	4,900	4,883
<b>Total Water</b>	<b>1,627,224</b>	<b>(64,324)</b>	<b>1,562,900</b>	<b>1,542,215</b>

<b>Variance</b>	<b>2006 Actual</b>
\$ 7,844	\$ 485,443
438	20,281
1,153	38,687
515	72,364
193	67,057
543	5,052
324	18,935
1,660	2,010
3,000	300
5,018	28,813
5,298	16,582
1,886	21,625
285	3,908
25	699
(30,515)	7,293,656
2,031	11,573
(128)	8,410
(162)	10,825
17	4,500
<b><u>(575)</u></b>	<b><u>8,110,720</u></b>
 (2,807)	286,751
438	20,281
(176)	23,489
93	43,069
1,220	56,215
(127)	3,492
(157)	16,069
351	2,350
11,332	31,322
1,467	5,542
8,898	33,171
280	11,090
(1,844)	9,797
160	3,196
-	58,400
2	779,026
753	11,607
(128)	8,410
913	10,845
-	73,433
17	4,500
<b><u>20,685</u></b>	<b><u>1,492,055</u></b>

**CITY OF LIVINGSTON, TEXAS  
ENTERPRISE FUND**

**SCHEDULE OF EXPENSES BY DEPARTMENT - COMPARED TO BUDGET  
FOR THE YEAR ENDED SEPTEMBER 30, 2007**

**WITH COMPARATIVE ACTUAL AMOUNTS FOR THE YEAR ENDED SEPTEMBER 30, 2006**

	<b>2007</b>			
	<b>Original Budget</b>	<b>Revisions</b>	<b>Final</b>	<b>Actual</b>
<b>SEWER DEPARTMENT</b>				
Salaries	125,000	-	125,000	124,864
Salaries, administration	23,650	(650)	23,000	22,562
Social Security	11,250	-	11,250	11,280
Retirement	17,050	450	17,500	17,580
Employee insurance	22,200	(1,700)	20,500	20,045
Uniform rental	1,775	(25)	1,750	1,580
Insurance and bonds	6,300	400	6,700	6,737
Lab fees-engineering	25,000	30,000	55,000	57,471
Supplies	30,000	(5,000)	25,000	25,276
Chemicals	22,500	-	22,500	23,892
Legal/professional	1,000	-	1,000	200
Repairs-equipment	50,000	(25,000)	25,000	11,228
Repairs-building and grounds	2,000	-	2,000	151
Gas and oil	20,425	(2,425)	18,000	18,349
Dues and subscriptions	15,000	(3,000)	12,000	11,883
Transportation and contingency	64,500	2,500	67,000	75,477
Utilities and telephone	13,125	875	14,000	12,987
<b>Total Sewer</b>	<b>450,775</b>	<b>(3,575)</b>	<b>447,200</b>	<b>441,562</b>
<b>TOTAL ENTERPRISE FUND DEPARTMENT EXPENDITURES</b>	<b>\$ 10,755,424</b>	<b>\$ (583,974)</b>	<b>\$ 10,171,450</b>	<b>\$ 10,145,702</b>

<u>Variance</u>	<u>2006 Actual</u>
136	119,428
438	20,280
(30)	10,688
(80)	17,025
455	20,310
170	1,822
(37)	5,907
(2,471)	32,279
(276)	23,925
(1,392)	18,351
800	2,015
13,772	48,844
1,849	-
(349)	16,772
117	12,010
(8,477)	54,776
<u>1,013</u>	<u>11,941</u>
<u>5,638</u>	<u>416,373</u>
 <u>\$ 25,748</u>	 <u>\$ 10,019,148</u>

## **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 Five Fiscal Years**  
**(accrual basis of accounting)**

	<b>Fiscal Year</b>		
	<b>2003</b>	<b>2004</b>	<b>2005</b>
<b>Governmental activities</b>			
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>
<b>Total governmental activities net assets</b>	<b><u>\$ 3,355,576</u></b>	<b><u>\$ 3,713,099</u></b>	<b><u>\$ 3,562,070</u></b>
<b>Business-type activities</b>			
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>
<b>Total business-type activities net assets</b>	<b><u>\$ 13,503,803</u></b>	<b><u>\$ 14,206,061</u></b>	<b><u>\$ 14,888,049</u></b>
<b>Primary government</b>			
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>
<b>Total primary government net assets</b>	<b><u>\$ 16,859,379</u></b>	<b><u>\$ 17,919,160</u></b>	<b><u>\$ 18,450,119</u></b>

TABLE A-1

<u>2006</u>	<u>2007</u>
\$ 3,545,562	\$ 3,549,442
64,428	32,042
<u>301,060</u>	<u>746,824</u>
<u>\$ 3,911,050</u>	<u>\$ 4,328,308</u>
\$ 12,212,140	\$ 12,661,355
138,706	176,772
<u>2,545,862</u>	<u>1,914,913</u>
<u>\$ 14,896,708</u>	<u>\$ 14,753,040</u>
\$ 15,757,702	\$ 16,210,797
203,134	208,814
<u>2,846,922</u>	<u>2,661,737</u>
<u>\$ 18,807,758</u>	<u>\$ 19,081,348</u>

TABLE A-2

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

	<b>Fiscal Year</b>				
	<b>2003</b>	<b>2004</b>	<b>2005</b>	<b>2006</b>	<b>2007</b>
<b>Expenses</b>					
Governmental activities:					
Administrative	\$ 297,458	\$ 305,279	\$ 429,415	\$ 494,543	\$ 550,712
Sanitation	489,301	508,167	525,284	552,169	595,541
Fire	311,421	290,679	307,944	328,722	372,421
Police	1,126,591	1,132,421	1,201,267	1,260,724	1,345,599
Paving and street	634,610	785,259	921,559	971,433	1,023,956
Parks and recreation	825,657	778,992	792,944	806,073	842,246
Library	230,328	230,800	237,031	246,801	274,830
Garage	137,050	136,813	139,382	158,581	163,178
Interest on long-term debt	379,555	400,800	381,833	362,868	363,425
Total governmental activities expense	<u>4,431,971</u>	<u>4,569,210</u>	<u>4,936,659</u>	<u>5,181,914</u>	<u>5,531,908</u>
Business-type activities:					
Electric, water and sewer	9,947,254	9,378,300	9,747,275	10,407,751	10,553,606
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>	<u>10,553,606</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>	<u>\$ 16,085,514</u>
<b>Program Revenues</b>					
Governmental activities:					
Charges for services					
Administration	\$ 70,903	\$ 68,619	\$ 78,386	\$ 167,499	\$ 171,091
Sanitation	678,791	708,348	716,199	735,376	835,662
Police	240,419	189,847	238,120	236,332	224,131
Paving and street	1,501	1,916	25,756	83,227	8,931
Parks and recreation	321,888	427,800	401,882	269,001	290,508
Library	16,958	15,729	17,339	16,518	18,085
Operating grants and contributions	67,133	168,623	115,024	392,402	B. 228,664
Capital grants and contributions	-	404,018	A. 64,077	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>	<u>1,777,072</u>
Business-type activities:					
Charges for services					
Electric, water and sewer	9,981,003	10,312,959	10,655,080	10,708,095	10,867,675
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>	<u>10,867,675</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>	<u>\$ 12,644,747</u>
Net (Expense) Revenues					
Governmental activities	\$ (3,034,378)	\$ (2,584,310)	\$ (3,279,876)	\$ (3,268,668)	\$ (3,754,836)
Business-type activities	33,749	934,659	907,805	300,344	314,069
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>	<u>\$ (3,440,767)</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	\$ 3,144,640
Franchise taxes	124,949	134,374	136,979	148,230	162,312
Hotel/Motel taxes	116,991	136,563	131,303	168,967	236,920
Investment earnings	64,680	43,145	31,869	14,373	60,343
Miscellaneous	24,127	55,615	25,266	34,381	34,344
Transfers	455,955	247,191	259,141	365,963	533,535
Total governmental activities	<u>2,986,331</u>	<u>2,941,833</u>	<u>3,128,847</u>	<u>3,617,648</u>	<u>4,172,094</u>
Business-type activities:					
Investment earnings	21,190	14,790	33,324	74,278	75,798
Transfers	(455,955)	(247,191)	(259,141)	(365,963)	(533,535)
Total business-type activities	<u>(434,765)</u>	<u>(232,401)</u>	<u>(225,817)</u>	<u>(291,685)</u>	<u>(457,737)</u>
Total primary government	<u>\$ 2,551,566</u>	<u>\$ 2,709,432</u>	<u>\$ 2,903,030</u>	<u>\$ 3,325,963</u>	<u>\$ 3,714,357</u>
<b>Changes in Net Assets</b>					
Governmental activities	\$ (48,047)	\$ 357,523	\$ (151,029)	\$ 348,980	\$ 417,258
Business-type activities	(401,016)	702,258	681,988	8,659	(143,668)
Total primary government	<u>\$ (449,063)</u>	<u>\$ 1,059,781</u>	<u>\$ 530,959</u>	<u>\$ 357,639</u>	<u>\$ 273,590</u>

A. Grant received in 2004 to fund street improvements.

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

**(This Page Intentionally Left Blank)**

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

	<u>Fiscal Year</u>			
	<u>1998</u>	<u>1999</u>	<u>2000</u>	<u>2001</u>
General Fund				
Reserved	\$ 41,670	\$ 32,311	\$ 24,965	\$ 18,449
Unreserved	<u>32,171</u>	<u>134,622</u>	<u>215,150</u>	<u>409,807</u>
Total General Fund	<u>\$ 73,841</u>	<u>\$ 166,933</u>	<u>\$ 240,115</u>	<u>\$ 428,256</u>
All Other Governmental Funds				
Reserved				
Debt Service Fund	\$ 136,476	\$ 142,299	\$ 151,139	\$ 60,326
Capital Projects Fund	<u>478,751</u>	-	-	-
Total all other governmental funds	<u>\$ 615,227</u>	<u>\$ 142,299</u>	<u>\$ 151,139</u>	<u>\$ 60,326</u>

- A. Bond proceeds for resurfacing of City streets.
- B. Bond proceeds for library renovations and utility system improvements.

TABLE A-3

<u>Fiscal Year</u>					
<u>2002</u>	<u>2003</u>	<u>2004</u>	<u>2005</u>	<u>2006</u>	<u>2007</u>
\$ 9,848 <u>461,852</u>	\$ 212 <u>740,600</u>	\$ 13,243 <u>635,728</u>	\$ 5,096 <u>420,260</u>	\$ 2,598 <u>253,737</u>	\$ 2,598 <u>583,212</u>
\$ 471,700	\$ 740,812	\$ 648,971	\$ 425,356	\$ 256,335	\$ 585,810
\$ 63,345 -	\$ 68,957 <u>3,221,395</u>	\$ 71,335 A. <u>1,267,007</u>	\$ 74,795 <u>342,948</u>	\$ 64,428 -	\$ 32,042 <u>1,430,000</u> B.
\$ 63,345	\$ 3,290,352	\$ 1,338,342	\$ 417,743	\$ 64,428	\$ 1,462,042

TABLE A-4

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

	<u><b>Fiscal Year</b></u>			
	<u><b>1998</b></u>	<u><b>1999</b></u>	<u><b>2000</b></u>	<u><b>2001</b></u>
<b>Revenues</b>				
Taxes	\$ 2,032,315	\$ 2,094,957	\$ 2,254,103	\$ 2,225,216
Licenses and permits	105,532	98,402	65,372	61,645
Charges for service	628,180	560,635	797,694	813,228
Fines and forfeitures	164,329	103,441	130,154	156,830
Miscellaneous	<u>301,293</u>	<u>245,433</u>	<u>198,953</u>	<u>423,424</u>
<b>Total Revenues</b>	<u><b>3,231,649</b></u>	<u><b>3,102,868</b></u>	<u><b>3,446,276</b></u>	<u><b>3,680,343</b></u>
<b>Expenditures</b>				
Administrative	231,376	211,259	185,542	185,567
Sanitation	415,322	394,160	427,658	460,487
Fire	237,263	273,657	317,288	279,783
Police	912,467	858,558	925,680	923,481
Paving and street	611,547	561,299	568,984	689,612
Parks and recreation	698,218	895,893	767,938	1,005,060
Library	198,162	211,570	196,052	251,299
Garage	105,701	112,136	114,547	123,676
Capital outlay	2,158,763	A. 478,751	-	-
Debt service				
Interest	354,249	315,999	304,029	292,623
Principal	<u>550,000</u>	<u>155,000</u>	<u>165,000</u>	<u>175,000</u>
<b>Total Expenditures</b>	<u><b>6,473,068</b></u>	<u><b>4,468,282</b></u>	<u><b>3,972,718</b></u>	<u><b>4,386,588</b></u>
Excess of revenues over (under) expenditures	(3,241,419)	(1,365,414)	(526,442)	(706,245)
<b>Other Financing Sources</b> <b>(Uses)</b>				
Proceeds from borrowing	-	-	-	-
Proceeds from refunding	-	-	-	-
Redemption of refunded bonds	-	-	-	-
Bond issue costs	-	-	-	-
Transfers in	1,624,771	1,459,578	1,067,965	1,171,131
Transfers out	<u>(876,984)</u>	<u>(474,000)</u>	<u>(469,024)</u>	<u>(367,873)</u>
<b>Total other financing sources</b>	<u><b>747,787</b></u>	<u><b>985,578</b></u>	<u><b>598,941</b></u>	<u><b>803,258</b></u>
<b>Net change in fund balances</b>	<u><b>\$ (2,493,632)</b></u>	<u><b>\$ (379,836)</b></u>	<u><b>\$ 72,499</b></u>	<u><b>\$ 97,013</b></u>
Debt service as a percentage of noncapital expenditures	42.9%	16.9%	17.0%	15.8%

- 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.
- E. Bond proceeds in 2007 to be used for library and utility system improvements.
- F. Refunding of bonds in 2007 due to favorable interest rates.

TABLE A-4

<u>Fiscal Year</u>					
<u>2002</u>	<u>2003</u>	<u>2004</u>	<u>2005</u>	<u>2006</u>	<u>2007</u>
\$ 2,439,934	\$ 2,441,633	\$ 2,595,882	\$ 2,812,571	\$ 3,202,931	\$ 3,543,872
39,422	70,903	68,620	78,387	167,500	171,091
911,272	978,312	1,054,801	962,644	1,027,350	1,044,379
152,717	167,862	174,479	220,754	208,945	220,568
179,894	268,702	790,232	D. 444,987	558,205	435,547
<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>	<u>5,415,457</u>
219,570	335,176	251,405	381,312	451,244	521,904
481,974	489,056	508,272	525,099	551,984	595,356
290,064	309,087	273,847	290,596	331,699	363,708
1,009,301	1,055,415	1,084,599	1,222,758	1,202,886	1,345,380
629,290	333,779	963,848	578,207	1,003,620	731,867
603,608	685,545	647,341	685,484	834,370	774,271
210,043	228,237	230,581	242,879	252,259	283,358
122,338	152,792	129,975	132,278	157,723	180,352
-	1,778,605	B. 1,954,388	942,252	344,577	-
282,348	379,556	400,800	381,833	362,868	363,425
190,000	240,000	530,000	540,000	560,000	570,000
<u>4,038,536</u>	<u>5,987,248</u>	<u>6,975,056</u>	<u>5,922,698</u>	<u>6,053,230</u>	<u>5,729,621</u>
(315,297)	(2,059,836)	(2,291,042)	(1,403,355)	(888,299)	(314,164)
-	5,000,000	B.	-	-	1,500,000 E.
-	1,600,000	C.	-	-	3,055,000 F.
-	(1,500,000)	C.	-	-	(2,940,000) F.
-	-	-	-	-	(107,282)
834,107	937,577	1,154,768	1,196,580	1,274,601	1,040,595
(472,348)	(481,622)	(907,577)	(937,439)	(908,638)	(507,060)
<u>361,759</u>	<u>5,555,955</u>	<u>247,191</u>	<u>259,141</u>	<u>365,963</u>	<u>2,041,253</u>
<u>\$ 46,462</u>	<u>\$ 3,496,119</u>	<u>\$ (2,043,851)</u>	<u>\$ (1,144,214)</u>	<u>\$ (522,336)</u>	<u>\$ 1,727,089</u>
15.4%	18.1%	27.5%	25.9%	24.0%	22.5%

**(This Page Intentionally Left Blank)**

## **REVENUE CAPACITY**

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

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

---

<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>	
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	195,285,576	195,285,576	48,821,394
2006	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>	
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%
48,821,394	244,106,970	244,106,970	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>
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
2006	.00	1.4245	0.6277	2.0522

<b>County Fiscal Year</b>	<b>City General Fund</b>	<b>School District</b>	<b>County</b>	<b>Total</b>
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
2006	-	12,611,002	12,068,543	24,679,545

**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 information in this schedule was provided by the Polk County Tax Assessor/Collector's office.

TABLE B-3

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

<b>TEN LARGEST TAXPAYERS, 2006 ASSESSED VALUES</b>				<b>TEN LARGEST TAXPAYERS, 1997 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	9.47%	
Lowe's	11,588,993	2	4.62%	-	-	0.00%	
First National Bank	4,015,943	3	1.60%	1,629,834	10	1.04%	
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	2,413,391	7	0.96%	1,949,989	4	1.24%	
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%	
Ronnie Loper	-		0.00%	2,588,375	2	1.65%	
Wal-Mart Stores	-		0.00%	2,057,441	3	1.31%	
McNiel Real Estate	-		0.00%	1,847,165	5	1.18%	
Factory Stores, Inc.	-		0.00%	1,830,353	6	1.16%	
H.E. Butts	-		0.00%	1,779,567	7	1.13%	
Vanity Fair Factory Outlet	-		0.00%	1,762,129	8	1.12%	
Jackson Farm & Elect Supply	-		0.00%	1,657,857	9	1.05%	
	<b>\$ 49,000,877</b>		<b>19.52%</b>	<b>\$ 31,993,456</b>		<b>20.35%</b>	

(\*) Information provided by Polk County Tax 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>
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	-	-
2006-07	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	\$ (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
N/A	-	-	N/A

**CITY OF LIVINGSTON, TEXAS**  
**TAXABLE SALES BY CATEGORY**  
**Last Ten 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

TABLE B-5

<u>Fiscal Year</u>					
<u>2001</u>	<u>2002</u>	<u>2003</u>	<u>2004</u>	<u>2005</u>	<u>2006</u>
\$ 120,040	\$ 104,087	\$ 55,655	\$ 17,846	\$ -	\$ -
3,017,072	1,670,892	2,928,533	5,613,633	7,700,436	60,829
2,178,456	3,176,878	459,045	424,557	787,927	11,059,135
2,805,088	2,626,183	3,348,853	3,585,308	3,323,607	5,178,592
3,915,504	3,944,208	3,694,829	3,502,046	3,498,339	74,518
1,290,343	1,820,682	2,341,586	2,315,597	2,906,373	8,451,726
107,735,964	110,586,688	107,480,485	122,067,358	131,436,864	119,034,315
321,496	309,122	282,049	107,361	69,374	1,177,586
5,937,256	6,103,505	6,247,964	6,119,047	5,621,477	32,216,522
-	-	-	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>	<u>\$ 177,253,223</u>

TABLE B-6

**CITY OF LIVINGSTON, TEXAS**  
**ELECTRICAL, WATER, AND SEWER REVENUES**  
**Last Ten Fiscal Years**

---

	<u>Fiscal Year</u>			
	<u>1998</u>	<u>1999</u>	<u>2000</u>	<u>2001</u>
Electrical revenues	\$ 8,113,948	\$ 7,833,902	\$ 6,874,758	\$ 6,756,183
Water revenues	1,325,301	1,320,284	1,433,655	1,457,245
Sewer revenues	<u>771,252</u>	<u>836,288</u>	<u>865,533</u>	<u>928,194</u>
Total	<u>\$ 10,210,501</u>	<u>\$ 9,990,474</u>	<u>\$ 9,173,946</u>	<u>\$ 9,141,622</u>

Sources: Various City Departments

TABLE B-6

<u>Fiscal Year</u>					
<u>2002</u>	<u>2003</u>	<u>2004</u>	<u>2005</u>	<u>2006</u>	<u>2007</u>
\$ 6,568,105	\$ 7,350,587	\$ 7,584,035	\$ 7,873,279	\$ 8,039,723	\$ 8,016,265
1,491,121	1,573,863	1,637,733	1,650,187	1,550,614	1,629,707
<u>969,701</u>	<u>1,056,553</u>	<u>1,091,190</u>	<u>1,131,614</u>	<u>1,117,758</u>	<u>1,153,855</u>
<u>\$ 9,028,927</u>	<u>\$ 9,981,003</u>	<u>\$ 10,312,958</u>	<u>\$ 10,655,080</u>	<u>\$ 10,708,095</u>	<u>\$ 10,799,827</u>

**(This Page Intentionally Left Blank)**

## **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>
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%
2006-07	5,300,000 (2)	3,645,000 (2)	8,945,000	6.00%

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

(2) The City issued \$1,500,000 in new bonds and \$3,055,000 in refunding bonds in 2007

TABLE C-1

<b>PER CAPITA</b>	<b>PERSONAL INCOME DATA</b>
\$ 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
1,646	149,038,056

**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>
1997-98	5,019 (2)	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	244,106,970	-	64,428
2006-07	5,433	251,088,683	-	32,042

(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, 2007**

<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	10,130,000	20%	2,026,000
(2) County of Polk	25,810,117	13%	<u>3,355,315</u>
Total direct and overlapping debt			<u>\$ 5,381,315</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.

TABLE C-4

**CITY OF LIVINGSTON, TEXAS**  
**COMPUTATION OF LEGAL DEBT MARGIN**  
**September 30, 2007**

Assessed value, year 2006	<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	3,645,000
Other debt (certificates of obligation)	<u>5,300,000</u>
Total bonded debt	<u>8,945,000</u>
Less: Assets in debt service fund	32,042
Total amount of debt applicable to debt limit	<u>8,912,958</u>
Legal debt margin	<u>\$ 16,195,910</u>

Fiscal Year	Debt Limit	Total Net Debt Applicable to Limit	Legal Debt Margin	Legal Debt Margin as a Percentage of the Debt Limit
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	\$ 24,410,697	7,835,572	\$ 16,575,125	32.10%
2007	\$ 25,108,868	8,912,958	\$ 16,195,910	35.50%

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.

**(This Page Intentionally Left Blank)**

## **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>
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%
2006-07	5,433	149,038,056	27,432	6.20%

\* 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>2007</u>			<u>1998</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	600	1	7.82%	575	1	8.51%
Wal-Mart, Inc.-Retail Sales	500	2	6.52%	500	2	7.40%
County of Polk - Government	300	3	3.91%	300	3	4.44%
Camp Cho-Yeh & Conf. Cent.	178	4	2.32%	-	-	0.00%
Pine Ridge Nursing Center	175	5	2.28%	120	5	1.78%
Sam Houston Elec. Coop	153	6	1.99%	-	-	0.00%
Brookshire Bros.	148	7	1.93%	89	6	1.32%
Memorial Med. Center	139	8	1.81%	140	4	2.07%
Lowe's Home Improvement	123	9	1.60%	-	-	0.00%
First National Bank	77	10	1.00%	80	7	1.18%
McDonalds Restaurant	-		0.00%	77	8	1.14%
City of Livingston	-		0.00%	70	9	1.04%
First State Bank	-		0.00%	70	10	1.04%
	<u>2,393</u>		<u>31.19%</u>	<u>2,021</u>		<u>29.90%</u>

(\*) Information provided by the Polk County Economic & Industrial Development Corporation.

**(This Page Intentionally Left Blank)**

## **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.**

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

<b><u>FUNCTION/PROGRAM</u></b>	<b>Full-time Equivalent Employees as of September 30,</b>				
	<b><u>1998</u></b>	<b><u>1999</u></b>	<b><u>2000</u></b>	<b><u>2001</u></b>	<b><u>2002</u></b>
Administrative	8	9	8	8	8
Fire	1 A	1	1	1	1
Police					
Officers	18	18	19	18	17
Other staff	5	5	3	4	5
Paving and street	7	7	6	6	6
Parks and recreation	11	9	9	9	7
Library	5	4	4	4	4
Garage	2	2	2	2	2
Electric, Water & Sewer	<u>16</u>	<u>16</u>	<u>17</u>	<u>17</u>	<u>18</u>
Total	73	71	69	69	68

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

<u>2003</u>	<u>2004</u>	<u>2005</u>	<u>2006</u>	<u>2007</u>
8	9	9	10	11
1	1	1	2	2
17 4	18 4	18 5	18 5	18 5
7	7	6	7	7
7	7	9	9	10
4	4	4	5	5
2	2	2	2	2
<u>18</u>	<u>18</u>	<u>18</u>	<u>19</u>	<u>16</u>
68	70	72	77	76

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

<b><u>FUNCTION/PROGRAM</u></b>	<b>Fiscal Year</b>			
	<b><u>1998</u></b>	<b><u>1999</u></b>	<b><u>2000</u></b>	<b><u>2001</u></b>
Police				
Violations (Traffic & Criminal)	3,355	3,043	3,726	2,959
Fire				
Fire Calls	526	504	504	615
Library				
Volumes of Books	18,843	18,843	22,402	22,812
Electric				
Average daily kilowatt hours sold	204,564	221,135	205,024	199,352
Total customers	3,174	3,181	3,176	3,170
Water				
Average daily consumption	1,230,732	1,278,066	1,238,649	1,497,025
Total connections	3,036	3,060	3,085	3,076

Sources: Various City Departments

TABLE E-2

<u>2002</u>	<u>2003</u>	<u>2004</u>	<u>2005</u>	<u>2006</u>	<u>2007</u>
2,993	2,788	2,241	2,761	2,493	3,047
609	510	488	592	592	728
22,846	23,863	23,383	24,425	22,212	22,426
198,484 3,232	202,958 3,221	219,935 3,238	224,874 3,278	226,791 3,281	227,240 3,325
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	1,347,079 3,224

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

<u>FUNCTION/PROGRAM</u>	<u>Fiscal Year</u>			
	<u>1998</u>	<u>1999</u>	<u>2000</u>	<u>2001</u>
<b>Police</b>				
Patrol Units	9	9	9	9
<b>Fire</b>				
Stations and substation	3	2	2	2
Vehicles including fire trucks	16	15	9	9
<b>Paving and Street</b>				
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	676	679	686
Night lights	566	625	640	420
<b>Parks &amp; Recreation</b>				
Acres of Parks	373.50	373.50	373.50	373.50
<b>Water</b>				
Miles of water mains	33.95	33.95	33.95	33.95
Storage capacity-gallons	2,195,000	2,150,000	2,150,000	2,150,000
<b>Sewer</b>				
Miles of sewer lines	78.12	78.12	78.12	78.12

Sources: Various City Departments

**TABLE E-3**

<u>2002</u>	<u>2003</u>	<u>2004</u>	<u>2005</u>	<u>2006</u>	<u>2007</u>
9	9	9	9	9	9
2 9	2 8	2 8	2 9	2 9	3 9
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	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

**(This Page Intentionally Left Blank)**

**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 membersPOPULATION: 1990 U.S. Census - 5,019  
2000 U.S. Census - 5,433INCORPORATED AREA IN ACRES LAST TEN YEARS

1998	5,346	2003	5,440
1999	5,346	2004	5,451
2000	5,352	2005	5,456
2001	5,440	2006	5,456
2002	5,440	2007	5,465

TRANSPORTATION FACILITIESStreets

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 FACILITIESWater 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

TABLE F-2

## 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	9	31	3
Electric	5	20-30	11
Water	8	15-19	10
Sewer	3	10-14	7
Police	23	6-9	15
Street	7	1-5	22
Parks and Recreational	5	Less than (one) 1 year	8
Library	5		
Garage	2		
Community Devel.	2		
Fire	2		
Mainstreet	2		
Trade Days	3		
Total	76		

PERSONNEL POLICY PROVISIONS

Cost of Living Salary Adjustment	Paid insurance Benefits - all regular full-time employees and portion of dependents (hospitalization and life insurance, dental and vision prescription cards) and portion of dependent medical costs.
Merit System (all employees)	Retirement Benefits ratio match 2:1
Paid vacation (80 hours after one year) (120 hours after 10 years) (160 hours after 20 years)	Social Security
Paid sick leave (80 hours) with 240 hours accrual	Volunteer Program (MVP)
Paid Holidays (Nine)	Sick Leave Pool
Bereavement Leave (24 hours)	Holiday Compensation
Earned personal leave days (Two)	Law Enforcement Certificate Pay
Award program-Annual banquet, safety, service, attendance, and volunteer awards.	Paid uniforms for all service personnel
Education tuition reimbursement	Healthy initiative program
Family Leave (FMLA)	
Workers Compensation Program	

## CITY OF LIVINGSTON, TEXAS

## MISCELLANEOUS STATISTICAL DATA - UNAUDITED

<u>POLICE PROTECTION</u>	
<u>Personnel</u>	
One (1) Chief	One (1) Municipal Court Judge
One (1) Lieutenant	One (1) Secretary/Comm. Spv
One (1) Sergeant	One (1) Corporation Clerk
Two (2) Corporals	One (1) Records Clerk
One (1) Detective	One (1) Associate Municipal
Eight (8) Officers	Court Judge
Three (3) Reserve Officers	
Four (4) Telecommunication Operators	
Two (2) Relief Telecommunication Operators	
One (1) Animal Control Officer	
Two (2) School Officers	
	<u>Traffic and Criminal Violations</u>
	\$194,925 fines collected
	3,047 violations
<u>FIRE PROTECTION</u>	
<u>Personnel</u>	
One (1) Fire Chief	<u>Housing</u>
Thirty-seven (37) volunteer firemen	Fire Station constructed in June, 1974, Cost -
Three (3) radio dispatchers - full time and standby	\$14,500. Remodeled in 1992 at a cost of
One (1) secretary	\$175,000 to include 8 truck bays, two offices,
<u>Equipment</u>	work and classroom. Developing plans to
Four (4) pumper (1-1000 GPM; 2-1250 GPM; 1-750 GPM)	relocate a substation on west side of railroad
One (1) aerial ladder truck (1750 GPM)	tracks.
Two (2) tankers (3000 gal. capacity)	
One (1) Haz-Mat truck	Fire Hall and Training Field located on U.S.
Two (2) rescue boats and equipment	190 West; only modern fire-fighting training
One (1) Command Post-32' self-contained	facility in 90-mile radius.
Radio communication system including 50 mobile units, dispatch module and 6 remotes	5-bay fire substation constructed in 1996 at a cost of \$200,000 located at Feagin and Beatty.
"Jaws" of life (3 sets with 1 set of air bags)	
Water rescue equipment	Station #3 - Highway 146 South in service
Trench rescue equipment	October, 2007
Rope rescue equipment	
Two (2) Thermal imagers	<u>Total Fire Calls</u>
Two (2) utility vehicle	2006-2007 - 728 fire calls
Two (2) Grass/brush fire trucks	
One (1) Heavy Rescue	<u>Present Projects</u>
1-6 Bottle cascade system-light tower	Adding one additional
1-8 Bottle cascade system	1250 GPM pumper with
300 gallons AFFF Foam	CAFS system
200 gallons Forestry Foam	
One (1) John Deere Gator	

TABLE F-4

## 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, 2007**

(1) Centerpoint Energy	Gas Utility	Active Customers 1,341 Inactive Customers N/A
(1) Rapid Communications, LLC	Television Cable	Customers - 690
(1) Livingston Telephone Co.	Telephone System	Access Lines - 4425
(1) Telcom Supply	Television Cable	Customers - 803
City of Livingston	Electric & Water Systems	Electric Customers 3,325 Water Customers 3,224

(1) Information provided by individual corporate offices

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

Year	Number of Customers	KWH Consumed		Total
		Residential	Commercial	
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
2007	3,325	30,371,804	52,570,936	82,942,740

## CITY OF LIVINGSTON, TEXAS

MISCELLANEOUS STATISTICAL DATA - UNAUDITEDMUNICIPAL SALES TAX

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
2006-07	\$ 3,144,640

WATER DEPARTMENT STATISTICS (LAST TEN YEARS)

<u>Year</u>	<u>Gallons Consumed *</u>	<u>Gallons Pumped</u>
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
2007	491,684,000	642,198,000

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

\* EDUCATIONAL FACILITIESPublic Schools

Timbercreek Elementary (Pre-K - 3)  
 Pine Ridge Elementary (Pre-K - 3)  
 Livingston Intermediate School (Grades 4-5)  
 Livingston Jr. High School (Grades 6-8)  
 Livingston High School (Grades 9-12)  
 Livingston Special Education and Cooperative Training (Adult Education-Special Services)

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 - Twelve (12)  
 Other - 27  
Private  
 Private Kindergarten and/or Nursery Schools - Six (6)

Public School Miscellaneous Data

Teachers - 270 Certified  
 114 Aides Para Professional  
 174 Auxiliary  
 Average Daily Attendance - 3,871 Inclusive

\* 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; 2007 - 22,426

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	36,410
* Number voting in last general election	12,156
Number of registered voters in City	3,090
** Number voting in last Municipal election (2005)	606
Percentage of voters voting:	
Last general election (County)	33.4%
** Last Municipal election (Municipal) (2005)	19.6%

\* 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, 2007**

---

<u>Name</u>	<u>Title</u>	<u>Amount of Surety Bond</u>
Ben R. Ogletree, Jr.	Mayor	\$ 25,000
Clarke Evans	Alderman	25,000
Gene Bush	Alderman	25,000
Ray Hill	Mayor Pro-tem	25,000
Ray Luna	Alderman	25,000
Judy Cochran	Alderwoman	25,000
Marilyn Sutton	City Manager	25,000
Ellie Monteaux	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.