

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

**FISCAL YEAR
OCTOBER 1, 2009 - SEPTEMBER 30, 2010
ISSUED BY: FINANCE DEPARTMENT
MARILYN SUTTON**

**CITY OF LIVINGSTON, TEXAS
COMPREHENSIVE ANNUAL FINANCIAL REPORT
SEPTEMBER 30, 2010**

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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

March 4, 2011

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, 2010 is submitted herewith. This report is published to provide the City Council, City Staff, the citizens, the 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.

Clarke Evans, Mayor

Marilyn Sutton, City Manager

Ellie Monteaux, City Secretary

Council Members: E. Ray Hill, Judy Cochran, Raymond Luna, Billy S. Wiggins, Elgin Davis

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.

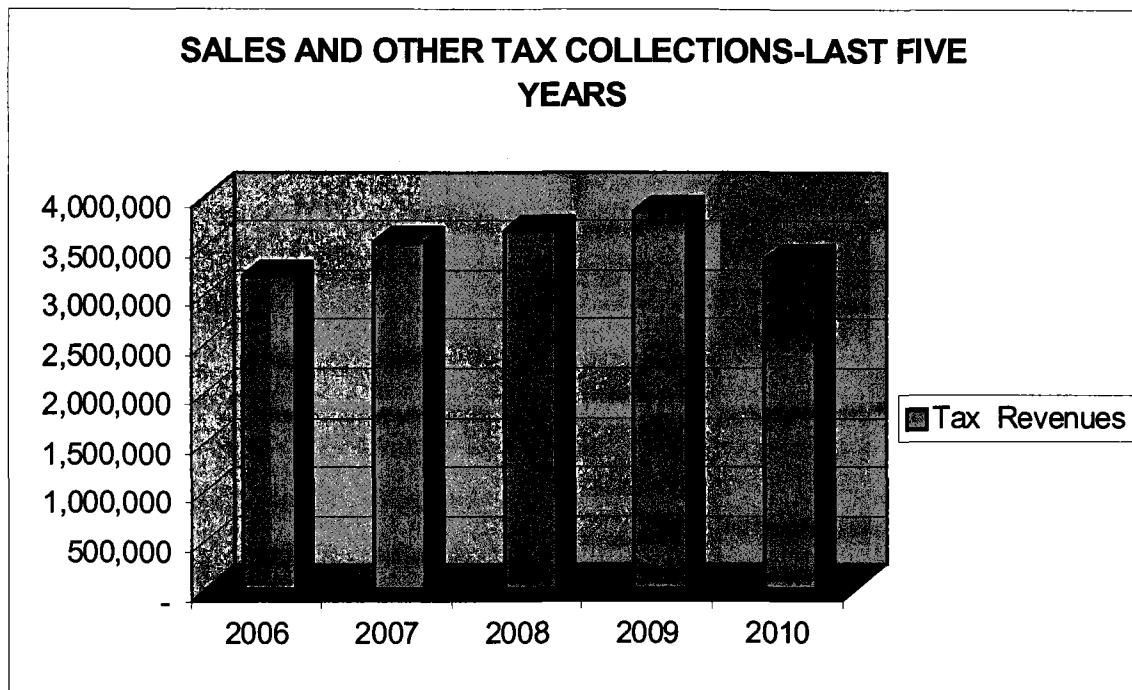
All internal control evaluations occur within the above framework. We believe that the City's internal accounting controls adequately safeguard assets and provide reasonable assurance of proper recording of financial transactions.

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

Uncertain and difficult economic times continued in the community during the 2010 fiscal year. Declining sales tax collections and rising unemployment rates reflected a downturn in the local economy. Additionally, the city experienced reductions in hotel occupancy tax revenue and other revenue sources including interest earnings, park and recreation user fees, and building permit and construction fees.

Sales tax receipts, a major indicator of the economic condition of the area, decreased from \$3,393,000 in 2008-2009 to \$3,012,000, a decrease of \$381,000, or 11.2%. A graph of tax receipts follows:



Early in 2010, the City Council and management staff realized the need to determine a course of action to reduce expenditures to offset the reduced revenues so a hiring freeze was imposed and several capital improvement projects were delayed. By the end of the fiscal year, expenditures had been reduced to meet the declining revenues without further action being necessary. The City was able to accomplish its major goals for the fiscal year which included the upgrade of an aging 6" cast iron line with a new 8" PVC water line on SH 146 South to improve the water pressure and quality; renovation and upgrade of the pole yard water pumping station and the West Street pumping station; installation of a SCADA system for the water distribution system; financing and construction by the Trinity River Authority of an upgrade of the City's water transmission line from a 12" line to a 20" line; and paving of more than 3 miles of unpaved dirt streets with a grant from the Texas Department of Rural Affairs.

On a positive note, the appraised value of property located within the city limits increased by about \$5,000,000 in 2010, total deposits in the local banks increased by 5%, or \$20,428,000, electric sales revenue increased by 12.9%, or \$1,073,000 due to extreme winter and summer weather, and water sales and sewer service revenue increased by 4.2%, or \$90,000 for the fiscal year. The Texas Department of Criminal Justice Polunsky Unit, located on FM 350 South, continued as the City's leading water and wastewater user consuming 243,281,000 gallons of water with the IAH federal detention facility, located on FM 350 South, as the City's second largest water and wastewater user consuming 32,263,000 gallons of water.

New residential and commercial construction projects were undertaken in the City during 2010 with 76 building permits issued at a total construction value of \$24,686,000. New or renovated businesses and commercial developments in 2010 include: a new Dollar King store in the Southpoint Shopping Center (\$350,000), new administrative offices for Sam Houston Electric Cooperative on US 190 East (\$9,018,000), a new retail shopping center on U.S. 190 west of Wal-Mart to include Dollar Tree, Cato's, Hibbett's Sports, Sally's Beauty Supply, Verizon Wireless, and space for several other retailers at build-out (\$1,384,000), McDonalds (\$980,000), Memorial Medical Center SANE Unit (\$40,000), The Sweat Shop (\$40,000), and new office space in Jackson Square (\$438,000). Additionally, the First United Methodist Church requested annexation of 18 acres of land on US 190 West to construct a three-story, 22,339 square foot educational building (\$2,800,000) and Habitat for Humanity constructed two single-family residences (\$95,000).

Future Economic Outlook

The Livingston Main Street program is now in its sixth year and continues to make progress in efforts to make downtown an attractive, vital area of commerce. This past fiscal year the Livingston Main Street program disbursed more than \$9,000 in locally-raised grant funds to building and business owners through facade, infrastructure and sign grants. Since 2005, Livingston Main Street has provided more than \$66,000 in locally-raised grant funds helping to stimulate more than \$1,010,000 of reinvestment in the Main Street District.

Three large construction projects by local governmental entities have progressed during 2010 and have had a positive economic impact on the community. These projects include the construction of the new LISD High School campus on FM 350 South (\$65,000,000), the new Polk County Judicial Center on Mill Street in downtown Livingston (\$10,500,000) and the expansion of the existing Polk County Law Enforcement/Detention Center on Business 59 (\$19,000,000). Once these major projects are completed, the City will experience an increase in utility revenues since the City will provide water and sewer services to the new high school campus, and electric, water and sewer services to the new judicial center and the law enforcement/detention center.

Another major project which will significantly impact the community for many years to come is the Polk County Community College/Commerce Center to be located on the US 59 North bypass adjacent to Pedigo Park. An architectural firm has been selected and the project design is expected to be complete by the end of 2010 with construction to begin in early 2011. Additionally, planning is proceeding for the expansion of the Camp Cho-Yeh Conference Center on South Washington (Old Highway 35) to include a new conference center along with camping and recreational facilities at an estimated cost of \$7,500,000. As we end 2010, the City is continuing to receive inquiries from developers and retailers concerning locations that are within the City limits concerning future motel construction, residential multi-family apartment units, and retail shopping centers and restaurants.

As we begin the new year, sales tax revenue has increased for the first three months of the 2010-2011 fiscal year by \$40,000, or 5.6%, from the first three months of 2009-2010. Other leading economic indicators are showing signs of improvement so we are hopeful that the local economy will continue to experience gradual growth in the coming year. Continuing growth in the major revenue sources 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 for 2011.

Major Initiatives

In 2011, major infrastructure upgrade projects will continue to be the primary focus with the rehabilitation, upgrading and expansion of the water distribution system and the sanitary sewer system being of significant importance. We will continue to replace aging cast iron water lines to improve the clarity and taste of tap water in isolated areas of the City and paint one of the elevated water storage tanks in 2011. The installation of the new transmission line which supplies the City's water from Lake Livingston should be complete by mid-2011. Additionally, through the receipt in 2011 of \$1,258,000 in disaster recovery grant funds, the City will construct a diversion channel and install a new mechanical bar screen at the wastewater treatment plant and install generators at the City's lift stations, public works facility and electric warehouse in order to maintain utility services through a major disaster.

In early 2011 the City will consider the issuance of Certificates of Obligation to fund several capital projects which cannot be funded from current funds including the construction of a 1,000,000 gallon elevated water storage tank on US 190 West and FM 350 South to provide additional storage in this area of high growth. Other projects will include street renovation/rehabilitation in various parts of the city and the renovation of a facility purchased by the City in 2007 to serve as the new 17,500 square foot library.

Additionally, the City Council and administrative staff will begin work in early 2011 on a new 5-year strategic plan, with input from the citizens and supervisory departmental staff, to address future infrastructure needs, assess facilities, programming and service delivery needs and to determine future personnel staffing needs

for the community. As we move forward into 2011, the initiatives will be continually reevaluated and revised, if necessary, based on the financial condition of the community.

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 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 2010 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, 2010, 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, 2009. 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 twenty-two consecutive years (fiscal years ended 1988-2009). We believe the 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, 2010

PRINCIPAL OFFICIALS

City Council

Mayor	Clarke Evans
Mayor Pro-tem	Elgin Davis
Alderman	E. Ray Hill
Alderwoman	Judy Cochran
Alderman	Raymond Luna
Alderman	Billy S. Wiggins

Administration

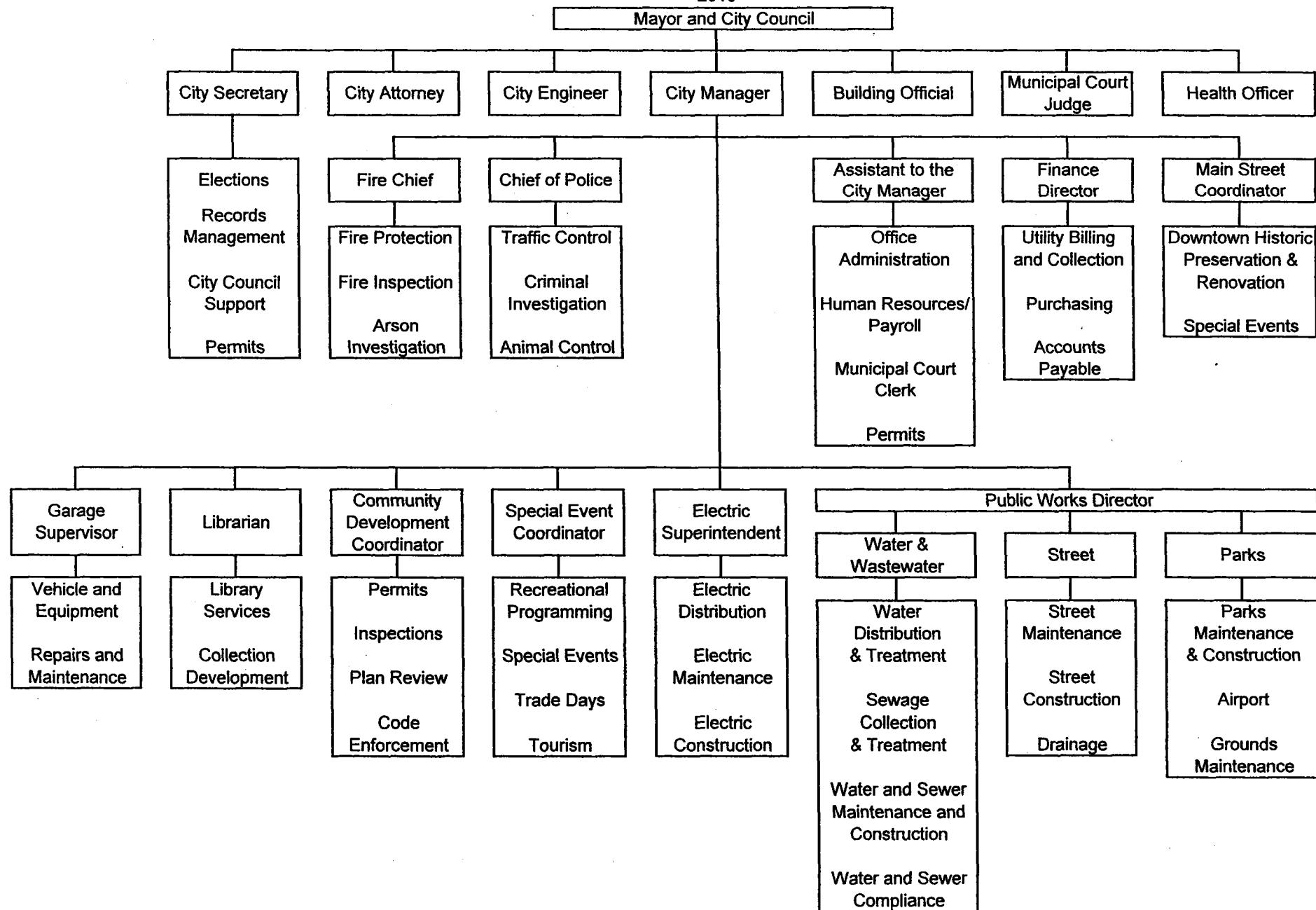
City Manager	Marilyn Sutton
City Secretary	Ellie Monteaux
City Attorney	Gaffney Phillips

Form of Government

Council - Manager
General Law City

**CITY OF LIVINGSTON, TEXAS
ORGANIZATIONAL CHART**

2010



CERTIFICATE OF ACHIEVEMENT



INDEPENDENT AUDITOR'S REPORT

The Honorable Clarke Evans, 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, 2010, 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, 2010, 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 3-12 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 conducted 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 4, 2011

CITY OF LIVINGSTON, TEXAS

MANAGEMENT'S DISCUSSION AND ANALYSIS

SEPTEMBER 30, 2010

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, 2010. 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 decreased by \$373,000 or 7.1% as a result of the year's operations. The decrease was due primarily to a decrease in sales tax revenues of \$381,000 or 11.2%. Net assets of the City's business type activities increased by \$1,488,000 or 9.1% during 2010. This increase was primarily as a result of increased electricity revenues due to rate increases and water recoveries due to the reimbursement of certain engineering expenses by the Trinity River Authority.
- The City's total net assets increased by \$1,115,000 or 5.1% during the current fiscal year. The increase is the result of the growth in electricity sales described above along with water recoveries.
- Total cost of the entire City's programs increased \$54,000 or less than 1.0%. Expenses increased in the police and parks departments while declining in administration, sanitation and fire departments. The largest contributors to the increase were the addition of personnel in the police department and the increased fuel costs for the airport along with increased costs of grounds maintenance for the parks department. The decline in administration was primarily due to a reduction in professional fees that were abnormally high in 2009 as the result of Hurricane Ike and economic development issues. The decline in the fire department was the result of fewer building repairs related to Hurricane Ike, and the decline in the sanitation department was due to reduced supply costs.
- As of September 30, 2010, the City of Livingston's governmental funds reported combined ending fund balances of \$1,192,000 a decrease of \$678,000 in comparison with the prior fiscal year. The decrease is due primarily to the transfer of capital projects funds to the proprietary fund for water system improvements.
- At the end of the current fiscal year, the unreserved fund balance for the general fund was \$863,000 or approximately 17.0% of total general fund expenditures.
- The City's total bonded debt decreased by \$745,000 during the current fiscal year.

OVERVIEW OF THE FINANCIAL STATEMENTS

Management's Discussion and Analysis is intended to serve as an introduction to the City of Livingston's basic financial statements. The City of Livingston's basic financial statements comprise three components: 1) government-wide financial statements, 2) fund financial statements, and 3) notes to the financial statements. This report also contains other supplementary information in addition to the basic financial statements themselves.

Government-wide Financial Statements. The government-wide financial statements are designed to provide readers with a broad overview of the City of Livingston's finances, in a manner similar to private-sector business. The statement of net assets presents information on all of the City of Livingston's assets and liabilities, with the difference between the two reported as net assets. Over time, increases or decreases in net assets may serve as a useful indicator of whether the financial position of the City of Livingston is improving or deteriorating. The statement of net assets combines and consolidates governmental funds current financial resources (short-term spendable resources) with capital assets and long-term obligations. Other non-financial factors should also be taken into consideration, such as changes in the City's sales tax 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, 2010

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 Texas Municipal Retirement System (TMRS) administers the City's pension plan through a cost-sharing multiple employer defined benefit plan. Further information about the City of Livingston's pension plan can be found in footnote 7, pages 41-43 of this report.

THE CITY AS A WHOLE - Government-Wide Financial Analysis

The City's combined net assets were \$22,814,000 as of September 30, 2010. Analyzing the net assets and net expenses of governmental and business-type activities separately, the business type activities net assets are \$17,919,000. 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 (82.97%) reflects its investment in capital assets (e.g., land, water rights, buildings, machinery, equipment, and 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, 2010

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

Table 1
Net Assets

	Governmental Activities		Business-Type Activities		Total Primary Government	
	2010	2009	2010	2009	2010	2009
Current and other assets						
Capital assets	\$ 1,516,402	\$ 2,215,743	\$ 4,175,811	\$ 3,544,404	\$ 5,692,213	\$ 5,760,147
Total assets	<u>10,387,933</u>	<u>10,811,760</u>	<u>17,897,038</u>	<u>14,299,578</u>	<u>28,284,971</u>	<u>25,111,338</u>
	<u>11,904,335</u>	<u>13,027,503</u>	<u>22,072,849</u>	<u>17,843,982</u>	<u>33,977,184</u>	<u>30,871,485</u>
Long-term debt outstanding	6,790,000	7,535,000	2,785,000	140,000	9,575,000	7,675,000
Other liabilities	<u>219,655</u>	<u>224,645</u>	<u>1,368,893</u>	<u>1,273,357</u>	<u>1,588,548</u>	<u>1,498,002</u>
Total liabilities	<u>7,009,655</u>	<u>7,759,645</u>	<u>4,153,893</u>	<u>1,413,357</u>	<u>11,163,548</u>	<u>9,173,002</u>
Net assets:						
Invested in capital assets, net						
of related debt	3,816,433	3,805,846	15,112,038	14,299,578	18,928,471	18,105,424
Restricted	60,119	58,323	125,923	120,096	186,042	178,419
Unrestricted	<u>1,018,128</u>	<u>1,403,689</u>	<u>2,680,995</u>	<u>2,010,951</u>	<u>3,699,123</u>	<u>3,414,640</u>
Total net assets	<u>\$ 4,894,680</u>	<u>\$ 5,267,858</u>	<u>\$ 17,918,956</u>	<u>\$ 16,430,625</u>	<u>\$ 22,813,636</u>	<u>\$ 21,698,483</u>

An additional portion of the City's net assets (1%) represents resources that are subject to external restriction on how they may be used. The remaining balance of unrestricted net assets \$3,699,123 may be used to meet the government's ongoing obligations to citizens and creditors.

As of September 30, 2010, 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 governmental activities total assets decreased by \$1,123,168. This decrease related to depreciation of capital assets and transfers of capital projects funds to the proprietary fund. Long-term debt of governmental activities decreased by \$745,000 at the City paid down outstanding bonds. The long-term debt of the business type activities increased by \$2,645,000 as the City entered into contractual arrangements with the Trinity River Authority to expand the City's water system.

Analysis of the City's Operations Overall the City had an increase in net assets of \$1,115,153.

City of Livingston, Texas
Management's Discussion and Analysis (continued)
September 30, 2010

Governmental Activities

Governmental activities decreased the net assets by \$373,178. Net assets invested in capital assets, net of related debt increased by \$10,587 or .27% due to the repayment of outstanding bonds and additional investment in equipment, buildings, and infrastructure net of depreciation. Unrestricted net assets decreased by \$385,561 as a result of decreased sales tax revenues.

Total revenues for governmental activities decreased from the previous year by \$1,458,201. The primary decrease was in sales, franchise, and hotel/motel tax revenues of \$490,390 due to decreased retail and economic activity in the City, a decrease in building permits of \$114,091 as a result of the downturn in construction, and a decrease in grant revenues of \$783,529 associated with Hurricane Ike recovery in the previous year.

Business-Type Activities

Net assets from business-type activities increased by \$1,488,331 or 9.1% from \$16,430,625 in 2009 to \$17,918,956 in 2010. The increase was primarily due to increased electricity revenues, which increased by \$1,073,416 over 2009 due to rate increases and an increase in water recoveries of \$537,571 due to the reimbursement of certain engineering expenses by the Trinity River Authority.

The following table provides a summary of the City's operations for year ended September 30, 2010 with comparative totals for year ended September 30, 2009.

City of Livingston, Texas
 Management's Discussion and Analysis (continued)
 September 30, 2010

Table 2
City of Livingston's Changes in Net Assets

	Governmental Activities		Business-Type Activities		Total Primary Government	
	2010	2009	2010	2009	2010	2009
Revenues:						
Program Revenues:						
Charges for Services	\$ 1,577,549	\$ 1,756,231	\$ 13,968,911	\$ 12,369,934	\$ 15,546,460	\$ 14,126,165
Capital Grants & Contributions	247,392	471,764	-	-	247,392	471,764
Operating Grants & Contributions	94,055	653,212	-	-	94,055	653,212
General Revenues:						
Property tax	-	-	-	-	-	-
Sales tax	3,012,227	3,392,552	-	-	3,012,227	3,392,552
Franchise tax	143,586	172,631	-	-	143,586	172,631
Hotel/Motel tax	210,076	291,096	-	-	210,076	291,096
Investment earnings	7,153	12,753	18,495	27,310	25,648	40,063
Miscellaneous	-	-	-	-	-	-
Total Revenues	5,292,038	6,750,239	13,987,406	12,397,244	19,279,444	19,147,483
Expenses:						
Administration	550,726	625,366	-	-	550,726	625,366
Sanitation	597,196	607,137	-	-	597,196	607,137
Fire	406,508	413,973	-	-	406,508	413,973
Police	1,618,530	1,530,106	-	-	1,618,530	1,530,106
Paving & Street	950,467	935,608	-	-	950,467	935,608
Parks &						
Recreation	893,254	847,600	-	-	893,254	847,600
Library	312,390	284,255	-	-	312,390	284,255
Garage	180,496	186,795	-	-	180,496	186,795
Interest on long-term debt	292,638	316,960	-	-	292,638	316,960
Electric, Water, and Sewer	-	-	12,362,086	12,007,478	12,362,086	12,007,478
Total Expenses	5,802,205	5,747,800	12,362,086	12,007,478	18,164,291	17,755,278
Excess (deficiency) before transfers	(510,167)	1,002,439	1,625,320	389,766	1,115,153	1,392,205
Transfers	136,989	(263,233)	(136,989)	263,233	-	-
Increase (decrease) in net assets	(373,178)	739,206	1,488,331	652,999	1,115,153	1,392,205
Net assets - October 1	5,267,858	4,528,652	16,430,625	15,777,626	21,698,483	20,306,278
Net assets - September 30	\$ 4,894,680	\$ 5,267,858	\$ 17,918,956	\$ 16,430,625	\$ 22,813,636	\$ 21,698,483

City of Livingston, Texas
Management's Discussion and Analysis (continued)
September 30, 2010

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 \$1,191,524. Approximately 72.4% of the total amount (\$863,051) 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 (\$60,119), library (\$49,852) and capital improvements (\$218,502).

The unreserved fund balance of the general fund decreased by \$233,652 from the prior year. The decrease was the result of decreased sales tax collections and reduced grant funds. The reserved fund balance of the general fund decreased by \$14,853 from the prior year. The decrease was due to the use of library memorial funds for the purchase of library books.

In the general fund, the City budgeted for a decrease in the fund balance on a GAAP basis of \$450,287. Due to additional transfers from the proprietary fund of approximately \$246,000, the actual fund balance decreased by \$248,505. The debt service fund balance increased by \$1,796 which was more than the budgeted breakeven because of higher than budgeted interest income. The capital projects fund balance decreased by \$431,726 as a result of amounts transferred to the proprietary fund to assist with water system improvements.

Proprietary Fund

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

Unrestricted net assets of the proprietary fund were \$2,680,995. Total net assets increased in 2010 by \$1,488,331. As previously described, the increase in the net assets was primarily the result of higher electricity sales and water system recoveries.

General Fund Budgetary Highlights

The City made revisions to the original appropriations approved by the City Council. Overall these changes resulted in decreased budgeted revenues of \$464,143 or 7.9%. The decrease in budgeted revenues was primarily for a decrease in sales tax, franchise tax, hotel/motel taxes and construction permits. The decrease in sales, franchise, and hotel/motel taxes along with construction permits was the result of decreased economic activity and construction activity. Budgeted expenditures were decreased by \$266,930 or 4.9%. The decreases in budgeted expenditures were primarily for decreased streets, parks and recreation and library improvement projects.

City of Livingston, Texas
 Management's Discussion and Analysis (continued)
 September 30, 2010

CAPITAL ASSET AND DEBT ADMINISTRATION

Capital Assets

At the end of the fiscal year 2010, the City had \$28,284,971 (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 and water service contract rights. The total increase in the City's investment in capital assets for the current fiscal year was 12.0% (4.1% decrease for governmental activities and a 23.9% increase in business-type activities) (See Table 3).

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

	Governmental Activities		Business-Type Activities		Totals 2010	Totals 2009
	2010	2009	2010	2009		
Land	\$ 476,004	\$ 476,004	\$ 679,488	\$ 629,613	\$ 1,155,492	\$ 1,105,617
Water Rights	-	-	2,785,000	140,000	2,785,000	140,000
Buildings and improvements	2,214,187	2,277,585	312,903	322,173	2,527,090	2,599,758
Equipment and fixtures	856,629	933,039	412,683	507,866	1,269,312	1,440,905
Paving, sidewalks and streets	5,593,637	5,745,138	-	-	5,593,637	5,745,138
Parks development	1,067,966	1,181,998	-	-	1,067,966	1,181,998
Airport						
improvements	179,510	197,996	-	-	179,510	197,996
Utility systems	-	-	13,706,964	12,839,926	13,706,964	12,839,926
Total	\$ 10,387,933	\$ 10,811,760	\$ 17,897,038	\$ 14,439,578	\$ 28,284,971	\$ 25,251,338

This year's major additions included:

Police Vehicles	\$ 25,958
Various street improvements	308,353
Water Service Contract Rights	2,715,000
Utility System Improvements	1,145,421
Total	\$ 4,194,732

The City's fiscal year 2011 capital budget calls for it to spend another \$3,150,000 for capital projects, principally for street improvements (\$285,000), police patrol cars (\$52,000), swimming pool renovation (\$60,000), central fueling station and control equipment (\$85,000), pavilion upgrade (\$50,000), electrical system improvements (\$400,000), water system upgrades and equipment (\$715,000) and sewer system improvements (\$1,365,000). Additional information on the City of Livingston's capital assets can be found in footnote 6 on pages 39-41 of this report.

City of Livingston, Texas
 Management's Discussion and Analysis (continued)
 September 30, 2010

Debt

At year-end, the City had \$6,790,000 in bonds outstanding as compared to \$7,535,000 at the end of the prior fiscal year, a decrease of 10.0% - as shown in Table 4.

Table 4
Outstanding Debt, at Year-end

	Governmental Activities		Business-Type Activities		Totals	
	2010	2009	2010	2009	2010	2009
General obligation bonds (backed by the City)	\$ 2,735,000	\$ 3,050,000	\$ -	\$ -	\$ 2,735,000	\$ 3,050,000
Certificates of obligation (backed by the City)	<u>4,055,000</u>	<u>4,485,000</u>	<u>-</u>	<u>-</u>	<u>4,055,000</u>	<u>4,485,000</u>
Totals	<u>\$ 6,790,000</u>	<u>\$ 7,535,000</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 6,790,000</u>	<u>\$ 7,535,000</u>

The City issued debt in June of 2007 in order to retire \$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-%. The City does not currently assess property taxes but meets its debt obligations through sales tax receipts.

Additional information on the City of Livingston's long-term debt can be found in footnote 9 on pages 44-46 of this report.

ECONOMIC FACTORS AND NEXT YEAR'S BUDGETS AND RATES

The City's elected and appointed officials considered many factors when determining the projected revenues from various sources and expenditures for the fiscal year 2011 budget. Due to the continuing uncertainty in our local economy and the importance of sales tax revenue in our budget, city staff was extremely conservative in the preparation of the 2011 budget.

The General Funds' largest revenue source continues to be sales tax receipts since the City has not levied an ad valorem property tax since 1988. For the fiscal year ended September 30, 2010, sales tax revenue was down by 11.2%. While the City has experienced a 5.6% increase in sales tax revenue during the first three months of the 2011 fiscal year, we are uncertain how long this trend will continue. Currently, sales tax revenue accounts for 15% of the City's total annual operating revenue.

City of Livingston, Texas
Management's Discussion and Analysis (continued)
September 30, 2010

As for the City's business-type activities, fees for sanitation, electric, water and sewer services account for 79% of the city's total annual operating revenue. Since we continue to receive inquiries expressing varying degrees of interest from major national retailers regarding locations that are within the community, we are hopeful that new commercial construction will increase in 2011. New facilities that are currently under construction, including the LISD High School, Polk County Judicial Center and Polk County Law Enforcement/Detention Center will impact our utility revenue in the coming fiscal year as the city provides utility services to these facilities. Additionally, the City Council increased sanitation fees, electric fees, and water fees in October, 2010 to meet the increased operating expenses of the City for the upcoming fiscal year.

The City strives to provide an effective, cost-efficient range of services which the citizens have come to expect. The City Council and management staff are committed to the general philosophy of "pay as you go". In general, the City provides 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.

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, 2010

	PRIMARY GOVERNMENT		
	Governmental Activities	Business-type Activities	Total
ASSETS			
Cash	\$ 1,223,419	\$ 940,186	\$ 2,163,605
Certificates of deposit	150,000	1,500,000	1,650,000
Receivables:			
Returned checks receivable	2,428	23,070	25,498
Paving accounts receivable	35,332	-	35,332
Utility accounts receivable	-	1,586,632	1,586,632
Deferred issuance cost (net)	105,223	-	105,223
Restricted assets - cash	-	125,923	125,923
Capital assets (net of accumulated depreciation):			
Land	476,004	679,488	1,155,492
Buildings and improvements	2,214,187	312,903	2,527,090
Equipment and fixtures	856,629	412,683	1,269,312
Paving, sidewalks and streets	5,593,637	-	5,593,637
Parks development	1,067,966	-	1,067,966
Airport improvements	179,510	-	179,510
Electrical system	-	3,405,186	3,405,186
Water system	-	5,148,076	5,148,076
Sewer system	-	5,153,702	5,153,702
Water service contract rights	-	2,785,000	2,785,000
Total Assets	<u>\$ 11,904,335</u>	<u>\$ 22,072,849</u>	<u>\$ 33,977,184</u>

CITY OF LIVINGSTON, TEXAS
GOVERNMENT-WIDE STATEMENT OF NET ASSETS
SEPTEMBER 30, 2010

PRIMARY GOVERNMENT			
	Governmental Activities	Business-type Activities	Total
LIABILITIES			
Accounts payable	\$ 219,655	\$ 973,245	\$ 1,192,900
Meter deposits	-	395,648	395,648
Noncurrent Liabilities:			
Due within one year	790,000	70,000	860,000
Due in more than one year	<u>6,000,000</u>	<u>2,715,000</u>	<u>8,715,000</u>
Total Liabilities	<u>7,009,655</u>	<u>4,153,893</u>	<u>11,163,548</u>
NET ASSETS			
Invested in capital assets, net of related debt	3,816,433	15,112,038	18,928,471
Restricted for:			
System improvements	-	109,484	109,484
Debt service	60,119	16,439	76,558
Unrestricted	<u>1,018,128</u>	<u>2,680,995</u>	<u>3,699,123</u>
Total Net Assets	<u>\$ 4,894,680</u>	<u>\$ 17,918,956</u>	<u>\$ 22,813,636</u>

See accompanying notes to financial statements

CITY OF LIVINGSTON, TEXAS
GOVERNMENT-WIDE STATEMENT OF ACTIVITIES
FOR THE YEAR ENDED SEPTEMBER 30, 2010

<u>FUNCTIONS/PROGRAMS</u>	<u>Program Revenues</u>			
	<u>Expenses</u>	<u>Charges for Services</u>	<u>Capital Grants and Contributions</u>	<u>Operating Grants and Contributions</u>
Governmental activities:				
Administrative	\$ 550,726	\$ 247,380	\$ -	\$ -
Sanitation	597,196	846,516	-	-
Fire	406,508	-	-	52,225
Police	1,618,530	228,426	-	29,855
Paving and street	950,467	10,197	247,392	-
Parks and recreation	893,254	226,859	-	-
Library	312,390	18,171	-	11,975
Garage	180,496	-	-	-
Interest on long-term debt	292,638	-	-	-
Total governmental activities	<u>5,802,205</u>	<u>1,577,549</u>	<u>247,392</u>	<u>94,055</u>
Business-type activities:				
Electric, water and sewer	12,362,086	13,968,911	-	-
Total business-type activities	<u>12,362,086</u>	<u>13,968,911</u>	<u>-</u>	<u>-</u>
Total primary government	<u>\$ 18,164,291</u>	<u>\$ 15,546,460</u>	<u>\$ 247,392</u>	<u>\$ 94,055</u>
General revenues:				
Taxes				
Sales taxes				
Franchise taxes				
Hotel/Motel taxes				
Unrestricted investment earnings				
Transfers				
Total general revenues and transfers				
Change in net assets				
Net assets-beginning				
Net assets-ending				

See accompanying notes to financial statements

Net (Expense) Revenue and Changes in Net Assets

Governmental Activities	Business-Type Activities	Total
\$ (303,346)	\$ -	\$ (303,346)
249,320	-	249,320
(354,283)	-	(354,283)
(1,360,249)	-	(1,360,249)
(692,878)	-	(692,878)
(666,395)	-	(666,395)
(282,244)	-	(282,244)
(180,496)	-	(180,496)
(292,638)	-	(292,638)
<u>(3,883,209)</u>	<u>-</u>	<u>(3,883,209)</u>
<u>-</u>	<u>1,606,825</u>	<u>1,606,825</u>
<u>-</u>	<u>1,606,825</u>	<u>1,606,825</u>
<u>(3,883,209)</u>	<u>1,606,825</u>	<u>(2,276,384)</u>
3,012,227	-	3,012,227
143,586	-	143,586
210,076	-	210,076
7,153	18,495	25,648
<u>136,989</u>	<u>(136,989)</u>	<u>-</u>
<u>3,510,031</u>	<u>(118,494)</u>	<u>3,391,537</u>
<u>(373,178)</u>	<u>1,488,331</u>	<u>1,115,153</u>
<u>5,267,858</u>	<u>16,430,625</u>	<u>21,698,483</u>
<u>\$ 4,894,680</u>	<u>\$ 17,918,956</u>	<u>\$ 22,813,636</u>

See accompanying notes to financial statements

CITY OF LIVINGSTON, TEXAS
GOVERNMENTAL FUNDS
BALANCE SHEET
SEPTEMBER 30, 2010

	General	Debt Service
ASSETS		
Cash	\$ 1,094,798	\$ 60,119
Certificates of deposit	-	-
Receivables:		
Returned checks receivable	2,428	-
Paving accounts receivable	<u>35,332</u>	<u>-</u>
Total Assets	<u>\$ 1,132,558</u>	<u>\$ 60,119</u>
LIABILITIES		
Accounts payable	\$ 219,655	\$ -
Total Liabilities	<u>219,655</u>	<u>-</u>
FUND BALANCES		
Reserved for:		
Capital Projects	-	-
Library Memorials	49,852	-
Debt Service	-	60,119
Unreserved	<u>863,051</u>	<u>-</u>
Total Fund Balances	<u>912,903</u>	<u>60,119</u>
Total Liabilities and Fund Balances	<u>\$ 1,132,558</u>	<u>\$ 60,119</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

Capital Projects	Total Governmental Funds
\$ 68,502	\$ 1,223,419
150,000	150,000
<u>-</u>	<u>2,428</u>
<u>-</u>	<u>35,332</u>
<u>\$ 218,502</u>	<u>\$ 1,411,179</u>
 \$ -	 \$ 219,655
<u>-</u>	<u>219,655</u>
 218,502	 218,502
<u>-</u>	<u>49,852</u>
<u>-</u>	<u>60,119</u>
<u>-</u>	<u>863,051</u>
<u>218,502</u>	<u>1,191,524</u>
<u>\$ 218,502</u>	
 10,387,933	
 105,223	
<u> (6,790,000)</u>	
 <u>\$ 4,894,680</u>	

See accompanying notes to financial statements

CITY OF LIVINGSTON, TEXAS
GOVERNMENTAL FUNDS
STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES
FOR THE YEAR ENDED SEPTEMBER 30, 2010

	General	Debt Service
REVENUES		
Taxes:		
Sales taxes	\$ 3,012,227	\$ -
Franchise taxes	143,586	-
Hotel/Motel taxes	210,076	-
Licenses and permits	221,005	-
Charges for service	1,064,615	-
Fines and forfeitures	217,430	-
Miscellaneous	437,265	1,781
Total Revenues	<u>5,306,204</u>	<u>1,781</u>
EXPENDITURES		
Current:		
Administrative	504,889	-
Sanitation	597,076	-
Fire	401,836	-
Police	1,586,706	-
Paving and street	765,007	-
Parks and recreation	724,820	-
Library	310,701	-
Garage	194,976	-
Debt service:		
Principal retirement	-	745,000
Interest	-	292,398
Total Expenditures	<u>5,086,011</u>	<u>1,037,398</u>
Excess (deficiency) of revenues over expenditures	<u>220,193</u>	<u>(1,035,617)</u>
OTHER FINANCING SOURCES (USES)		
Transfers in	568,715	1,037,413
Transfers out	<u>(1,037,413)</u>	-
Total other financing sources (uses)	<u>(468,698)</u>	<u>1,037,413</u>
Net change in fund balances	(248,505)	1,796
Fund Balances - beginning	<u>1,161,408</u>	<u>58,323</u>
Fund Balances - ending	<u>\$ 912,903</u>	<u>\$ 60,119</u>

See accompanying notes to financial statements

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, 2010

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

Net changes in fund balances - total governmental funds \$ (678,435)

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.

(423,828)

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.

729,085

Changes in net assets of governmental activities \$ (373,178)

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CITY OF LIVINGSTON, TEXAS
GENERAL FUND
STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE
BUDGET (GAAP BASIS) AND ACTUAL
YEAR ENDED SEPTEMBER 30, 2010

	Budgeted Amounts GAAP Basis		
	Original	Revisions	Final
<u>REVENUES</u>			
Taxes:			
Sales taxes	\$ 3,468,000	\$ (518,000)	\$ 2,950,000
Franchise taxes	175,000	(25,000)	150,000
Hotel/Motel taxes	285,000	(60,000)	225,000
Licenses and permits	175,000	35,000	210,000
Charges for service	1,069,200	(24,355)	1,044,845
Fines and forfeitures	216,000	20,700	236,700
Miscellaneous	518,950	107,512	626,462
Total Revenues	<u>5,907,150</u>	<u>(464,143)</u>	<u>5,443,007</u>
<u>EXPENDITURES</u>			
Current:			
Administrative	537,530	(12,360)	525,170
Sanitation	615,000	(7,000)	608,000
Fire	431,365	(19,240)	412,125
Police	1,553,925	20,200	1,574,125
Paving and street	880,920	(71,925)	808,995
Parks and recreation	829,575	(107,150)	722,425
Library	375,100	(48,425)	326,675
Garage	222,280	(21,030)	201,250
Total Expenditures	<u>5,445,695</u>	<u>(266,930)</u>	<u>5,178,765</u>
Excess of revenues over expenditures	<u>461,455</u>	<u>(197,213)</u>	<u>264,242</u>
<u>OTHER FINANCING SOURCES (USES)</u>			
Transfers in	322,869	-	322,869
Transfers out	(1,037,398)	-	(1,037,398)
Total other financing sources and (uses)	<u>(714,529)</u>	<u>-</u>	<u>(714,529)</u>
Excess of revenues and other financing sources over expenditures and other uses	<u>\$ (253,074)</u>	<u>\$ (197,213)</u>	<u>\$ (450,287)</u>
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>
\$ 3,012,227	\$ 62,227
143,586	(6,414)
210,076	(14,924)
221,005	11,005
1,064,615	19,770
217,430	(19,270)
437,265	(189,197)
<u>5,306,204</u>	<u>(136,803)</u>
	7.86%
504,889	20,281
597,076	10,924
401,836	10,289
1,586,706	(12,581)
765,07	43,988
724,820	(2,395)
310,701	15,974
194,976	6,274
<u>5,086,011</u>	<u>92,754</u>
<u>220,193</u>	<u>(44,049)</u>
568,715	245,846
(1,037,413)	(15)
<u>(468,698)</u>	<u>245,831</u>
(248,505)	\$ 201,782
<u>1,161,408</u>	
<u>\$ 912,903</u>	

See accompanying notes to financial statements

CITY OF LIVINGSTON, TEXAS
STATEMENT OF NET ASSETS PROPRIETARY FUNDS
SEPTEMBER 30, 2010

Business-Type Activities - Enterprise Fund

	Electric
	Water and
	Sewer
ASSETS	
Current assets:	
Cash	\$ 940,186
Certificates of deposit	1,500,000
Restricted assets	
Cash in bank, water and sewer system improvements	109,484
Cash in bank, reserve fund	16,439
Receivables:	
Returned checks receivable	23,070
Utility accounts receivable	<u>1,586,632</u>
Total Current Assets	<u>4,175,811</u>
Noncurrent assets:	
Capital assets:	
Land	679,488
Building and improvements	463,474
Equipment and fixtures	1,976,224
Electrical system	4,689,258
Water system	6,946,465
Sewer system	7,351,018
Water service contract rights	<u>2,785,000</u>
	24,890,927
Less accumulated depreciation	<u>(6,993,889)</u>
Net capital assets	<u>17,897,038</u>
Total Assets	<u>\$ 22,072,849</u>

See accompanying notes to financial statements

CITY OF LIVINGSTON, TEXAS
STATEMENT OF NET ASSETS PROPRIETARY FUNDS
SEPTEMBER 30, 2010

Business-Type Activities - Enterprise Fund

**Electric
Water and
Sewer**

LIABILITIES

Current liabilities:

Accounts payable	\$ 973,245
Meter deposits	395,648
Contracts payable - Trinity River Authority	70,000
Total current liabilities	<u>1,438,893</u>

Noncurrent liabilities:

Contracts payable - Trinity River Authority	2,715,000
Total noncurrent liabilities	<u>2,715,000</u>
Total liabilities	<u>4,153,893</u>

NET ASSETS

Invested in capital assets (net of related debt)	15,112,038
Restricted for water and sewer system improvements	109,484
Restricted for Trinity River Authority contracts payable	16,439
Unrestricted	<u>2,680,995</u>
Total Net Assets	<u>\$ 17,918,956</u>

CITY OF LIVINGSTON, TEXAS
STATEMENT OF REVENUES, EXPENSES AND CHANGES IN FUND NET ASSETS
PROPRIETARY FUND
FOR THE YEAR ENDED SEPTEMBER 30, 2010

Business-Type Activities - Enterprise Fund

	Electric Water and Sewer
<u>Operating revenues</u>	
Charges for sales and services:	
Electricity sales	\$ 9,398,055
Water sales	1,725,164
Sewer service charges	1,276,276
Penalties, utilities	144,319
Water tapping fees	5,625
Sewer tapping fees	3,200
Recoveries, electrical	701,086
Recoveries, water	596,134
Revenue, night lights	76,498
Service fees	42,554
Total Operating Revenues	<u>13,968,911</u>
<u>Operating expenses</u>	
Light and Power Department	9,535,619
Water Department	1,921,994
Sewer Department	509,656
Depreciation	394,817
Total Operating Expenses	<u>12,362,086</u>
Operating Income	1,606,825
Non-operating revenues:	
Interest income	<u>18,495</u>
Income Before Transfers	1,625,320
Transfers In	431,726
Transfers Out	(568,715)
Change in net assets	1,488,331
Total net assets - beginning	<u>16,430,625</u>
Total net assets - ending	<u>\$ 17,918,956</u>

See accompanying notes to financial statements

CITY OF LIVINGSTON, TEXAS
STATEMENT OF CASH FLOWS
PROPRIETARY FUND
FOR THE YEAR ENDED SEPTEMBER 30, 2010

<u>Business-Type Activities - Enterprise Fund</u>	
	Electric Water and Sewer
Cash flows from operating activities:	
Cash received from customers	\$ 13,693,774
Cash payments to suppliers for goods and services	(10,683,054)
Cash payments to employees for services	<u>(1,188,289)</u>
Net cash provided by operating activities	<u>1,822,431</u>
Cash flows from noncapital financing activities:	
Transfers from other funds	431,726
Transfers to other funds	<u>(568,715)</u>
Net cash used by noncapital financing activities	<u>(136,989)</u>
Cash flows from capital and related financing activities:	
Acquisition of capital assets	<u>(1,207,277)</u>
Net cash used for capital and related financing activities	<u>(1,207,277)</u>
Cash flows from investing activities:	
Interest on cash and investments	<u>18,495</u>
Net cash provided by investing activities	<u>18,495</u>
NET CHANGE IN CASH AND CASH EQUIVALENTS	496,660
CASH AND CASH EQUIVALENTS AT BEGINNING OF YEAR	<u>569,449</u>
CASH AND CASH EQUIVALENTS AT END OF YEAR	<u>\$ 1,066,109</u>

(Continued)

CITY OF LIVINGSTON, TEXAS
STATEMENT OF CASH FLOWS
PROPRIETARY FUND
FOR THE YEAR ENDED SEPTEMBER 30, 2009

Business-Type Activities - Enterprise Fund

	Electric Water and Sewer
Reconciliation of income from operations to net cash provided by operating activities:	
Income from operations	\$ 1,606,825
Adjustments to reconcile operating net income to net cash provided by operating activities:	
Depreciation	394,817
Change in operating assets and liabilities:	
Returned checks receivable	390
Utility accounts receivable	(275,137)
Accounts payable	83,336
Meter deposits	<u>12,200</u>
Total adjustments	<u>215,606</u>
Net cash provided by operating activities	<u>\$ 1,822,431</u>
Reconciliation of total cash and cash investments:	
Unrestricted	\$ 940,186
Restricted	
Cash in bank, water and sewer system improvements	109,484
Cash in bank, reserve fund	<u>16,439</u>
Total cash and cash equivalents	<u>\$ 1,066,109</u>

(Concluded)

NOTES TO THE BASIC FINANCIAL STATEMENTS

CITY OF LIVINGSTON, TEXAS
NOTES TO BASIC FINANCIAL STATEMENTS
SEPTEMBER 30, 2010

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 (GAAP) 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, 2010.

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. Interfund services provided and used are not eliminated in the government-wide statement of activities.

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, infrastructure assets, and certain intangible 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

GAAP 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, 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, 2010 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 various capital projects.

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, 2010.

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 to the Electric, Water and Sewer Fund from the Capital Projects Fund, from the General Fund to the Debt Service Fund and from the Electric, Water and Sewer Fund to the General Fund.

Transfers In and Out

The following is a summary of interfund transfers for the year ended September 30, 2010:

Fund	Transfer In	Transfer Out
General Fund	\$ 568,715	\$ 1,037,413
Debt Service Fund	1,037,413	-
Capital Projects Fund	-	431,726
Electric, Water and Sewer Fund	<u>431,726</u>	<u>568,715</u>
 Total	 <u>\$ 2,037,854</u>	 <u>\$ 2,037,854</u>

Transfers were made from the Electric, Water and Sewer Fund to the General Fund to compensate for general revenue shortfalls. Transfers from the General Fund to the Debt Service Fund were made to meet bond principal and interest obligations. Transfers from the Capital projects Fund to the Electric, Water and Sewer Fund were used for improvements to the water supply system.

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, 2010, the City had the following investments:

Investment Type	Fair Value	Weighted Average Maturity (Years)
Non-Pooled Certificates of Deposit	<u>\$ 1,650,000</u>	0.195
Total Fair Value	<u>\$ 1,650,000</u>	
Portfolio weighted average maturity		0.195

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, 2010 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, 2010.

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 September 30, 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 2010, 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, 2010:

Governmental funds capital outlays	\$ 497,770
Governmental funds depreciation expense	<u>(921,598)</u>
Amount by which capital outlays exceeded depreciation	<u>\$ (423,828)</u>
Repayment of principal of long-term debt	745,000
Amortization of bond issue costs	<u>(15,915)</u>
Total repayment of bonds and issue costs	<u>\$ 729,085</u>

NOTE 6 CAPITAL ASSETS:

Capital asset activity for the year ended September 30, 2010 was as follows:

	Balance October 1, 2009	Additions	Retirements/ Adjustments	Balance September 30, 2010
Governmental Activities:				
Capital assets not being depreciated				
Land	\$ 476,004	\$ -	\$ -	\$ 476,004
Capital assets being depreciated				
Building and Improvements	3,774,274	52,132	-	3,826,406
Equipment and Fixtures	4,370,356	137,285	-	4,507,641
Paving, Sidewalks and Streets	13,452,669	308,353	-	13,761,022
Parks Development	3,144,320	-	-	3,144,320
Airport Improvements	719,574	-	-	719,574
Total capital assets being depreciated	<u>25,461,193</u>	<u>497,770</u>	<u>-</u>	<u>25,958,963</u>
Less accumulated depreciation for:				
Buildings and Improvements	(1,496,689)	(115,530)	-	(1,612,219)
Equipment and Fixtures	(3,437,317)	(213,695)	-	(3,651,012)
Paving, Sidewalks and Streets	(7,707,530)	(459,855)	-	(8,167,385)
Parks Development	(1,962,322)	(114,032)	-	(2,076,354)
Airport Improvements	(521,578)	(18,486)	-	(540,064)
Total accumulated depreciation	<u>(15,125,436)</u>	<u>(921,598)</u>	<u>-</u>	<u>(16,047,034)</u>
Total capital assets being depreciated, net	<u>10,335,757</u>	<u>(423,828)</u>	<u>-</u>	<u>9,911,929</u>
Governmental activities capital assets, net	<u>\$ 10,811,761</u>	<u>\$ (423,828)</u>	<u>\$ -</u>	<u>\$ 10,387,933</u>

NOTE 6 CAPITAL ASSETS: (CONTINUED)

	<u>Balance October 1, 2009</u>	<u>Additions</u>	<u>Retirements/ Adjustments</u>	<u>Balance September 30, 2010</u>
Business-type Activities:				
Capital assets not being depreciated				
Land	\$ 629,613	\$ 49,875	\$ -	\$ 679,488
Water Service Contract Rights	140,000	2,715,000	(70,000)	2,785,000
	<u>769,613</u>	<u>2,764,875</u>	<u>(70,000)</u>	<u>3,464,488</u>
Capital assets being depreciated				
Building and Improvements	463,474	-	-	463,474
Equipment and Fixtures	1,964,243	11,981	-	1,976,224
Electrical System	4,430,284	258,974	-	4,689,258
Water System	6,281,573	664,892	-	6,946,465
Sewer System	7,129,463	221,555	-	7,351,018
Total capital assets being depreciated	<u>20,269,037</u>	<u>1,157,402</u>	<u>-</u>	<u>21,426,439</u>
Less accumulated depreciation for:				
Building and Improvements	(141,301)	(9,270)	-	(150,571)
Equipment and Fixtures	(1,456,377)	(107,164)	-	(1,563,541)
Electrical System	(1,213,488)	(70,584)	-	(1,284,072)
Water System	(1,699,192)	(99,197)	-	(1,798,389)
Sewer System	(2,088,714)	(108,602)	-	(2,197,316)
Total accumulated depreciation	<u>(6,599,072)</u>	<u>(394,817)</u>	<u>-</u>	<u>(6,993,889)</u>
Total capital assets being depreciated, net	<u>13,669,965</u>	<u>762,585</u>	<u>-</u>	<u>14,432,550</u>
Business-type activities capital assets, net	<u>\$ 14,439,578</u>	<u>\$ 3,527,460</u>	<u>\$ (70,000)</u>	<u>\$ 17,897,038</u>

GAAP requires that interest expenditures incurred during construction of assets be capitalized. GAAP also 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 2010, net interest costs were not capitalized because interest expenditures related to constructed assets net of related interest revenue were not material.

The acquisition of water service contract rights were financed with bonds issued by the Trinity River Authority (See Note 11) in a non cash financing transaction.

NOTE 6 CAPITAL ASSETS: (CONTINUED)

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

Governmental Activities	
Administrative	\$ 48,596
Sanitation	120
Fire	32,723
Police	94,358
Paving and street	522,454
Parks and recreation	177,849
Library	34,990
Garage	10,508
Governmental Activities	<u>\$ 921,598</u>
Business-type activities	
Electric, Water and Street	<u>\$ 394,817</u>

The City did not have any significant active construction projects as of September 30, 2010.

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), 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 (3% annual), 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.

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.

NOTE 7 PENSION PLAN: (CONTINUED)

Two-thirds of the cities participating in TMRS have adopted the Updated Service Credit and Annuity Increases provisions on an annually repeating basis. For the December 31, 2007 valuation, the TMRS Board determined that the Projected Unit funding method should be used, which facilitates advance funding for future updated service credits and annuity increases that are adopted on an annually repeating basis. In addition, the Board also adopted a change in the amortization period from a 25-year "open" to a 30-year "closed" period.

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 30-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 30-year period. Currently, the unfunded actuarial liability is being amortized over the 30-year period, which began January 2007. The amortization period is closed. The actuarial assumptions included (a) a 7.5% investment rate of return (net of administrative expenses), (b) projected salary increases vary by age and years of service, and cost of living adjustments are 2.1%, and (c) an inflation rate of 3.0%. 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, 2009 valuation is effective for rates beginning January 2010). For fiscal year 2010, the City's annual pension cost of \$481,383 was equal to the City's required and actual contributions.

Schedule of Actuarial Liabilities and Funding Progress

Actuarial Valuation Date	12/31/2009
Actuarial Value of Assets	\$8,883,996
Actuarial Accrued Liability	\$12,916,237
Percentage Funded	68.8%
Unfunded (Over-funded) Actuarial Accrued Liability (UAAL)	\$4,032,241
Annual Covered Payroll	\$2,993,527
UAAL as a percentage of covered payroll	134.7%

The plan utilizes the 10-year smoothed market method with a 25% corridor for determining the actuarial value of assets. This keeps the actuarial value within a certain range of the market value of assets and smoothes the market fluctuations.

NOTE 7 PENSION PLAN: (CONTINUED)

Net Pension Obligation (NPO) at the Beginning of the Period	\$	<u> </u>
Annual Pension Cost:		
Annual Required Contribution (ARC)	\$	481,383
Interest on NPO		<u> </u>
Adjustment to the ARC		<u> </u>
Contributions Made		<u>(481,383)</u>
Increase in NPO		<u> </u>
 NPO at the end of the period	\$	<u> </u>

Six Year Trend Information

Fiscal Year Funding	Annual Pension Cost (APC)	Percentage of APC Contributed	Net Pension Obligation
9/30/2005	359,799	100%	<u> </u>
9/30/2006	369,679	100%	<u> </u>
9/30/2007	364,665	100%	<u> </u>
9/30/2008	382,053	100%	<u> </u>
9/30/2009	464,952	100%	<u> </u>
9/30/2010	481,383	100%	<u> </u>

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 or by calling 800-924-8677. In addition, the report is available on the TMRS website at www.TMRS.com.

NOTE 8 SUPPLEMENTAL DEATH BENEFITS:**Plan Description**

The City provides group-term life insurance coverage ("supplemental death benefits") for their active and retired employees through a cost sharing multiple-employer defined benefit plan. Coverage may be discontinued by adopting an ordinance before November 1 of any year to be effective the following January 1. The plan is administered by the TMRS. The Plan was instituted by ordinance of the City. Additional information about the plan can be obtained from TMRS at the address above.

NOTE 8 SUPPLEMENTAL DEATH BENEFITS: (Continued)**Benefits**

Payments are similar to group-term life insurance benefits, and are paid to the designated beneficiary upon the receipt of an approved application for payment. The death benefit for active employees provides a lump-sum payment approximately equal to the employee's annual salary (calculated based on the employee's actual earnings for the twelve month period preceding the month of death). The death benefit for retirees is considered an other postemployment benefit and is a fixed amount of \$7,500.

Contributions

Contributions are made monthly based on the covered payroll of employee members. The contribution rate is based upon mortality and service experience of all employees covered by the plan determined actuarially in accordance with the parameters of GASB Statement 45. That rate for 2009 was .5% of covered payroll. The rate is equal to the cost of providing one-year term life insurance. The City's contribution to the supplemental death benefit plan for the years ended September 30, 2010, 2009, and 2008 were \$14,968, \$10,178, and \$9,301, respectively, which equaled the required contributions each year. The valuation date for the plan is December 31, 2009 using the projected unit credit method. The amortization method is level percent of payroll and the amortization period is 25-years, open period. Investment return is assumed to be 4.25% and inflation is 3.0%. No salary increases or cost of living adjustments are included. Assets of the plan are valued at fund value.

NOTE 9 LONG-TERM DEBT:

The following is a summary of bonds payable of the City for the year ended September 30, 2010:

	<u>Governmental-Type Activities</u>
\$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	\$ 2,810,000
\$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	1,245,000
\$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>2,735,000</u>
Total Bonds Payable	<u>\$ 6,790,000</u>

NOTE 9 LONG-TERM DEBT: (CONTINUED)

Changes in Outstanding Debt-

	Balance October 1, 2009	Issues or Additions	Payments or Expenditures	Balance September 30, 2010	Due Within One Year
<u>Governmental Type Activities</u>					
General Obligation Bonds	\$ 3,050,000	\$ -	\$ 315,000	\$ 2,735,000	\$ 340,000
Certificates of Obligation	<u>4,485,000</u>	<u>-</u>	<u>430,000</u>	<u>4,055,000</u>	<u>450,000</u>
Total government	<u>\$ 7,535,000</u>	<u>\$ -</u>	<u>\$ 745,000</u>	<u>\$ 6,790,000</u>	<u>\$ 790,000</u>

General Obligation Bonds and Certificates of Obligation-

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

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.

The City does not currently assess ad valorem taxes; however, the certificates of obligation and general obligation debt is expected to be repaid through sales tax and other general revenue receipts.

The advance refunding of the 1997 certificates of obligation using the 2007 general obligation refunding bonds resulted in a reduction in total debt service requirements of \$338,607. The 1997 bonds were retired at the time of the refunding, and there is no outstanding in-substance defeased debt.

NOTE 9 LONG-TERM DEBT: (CONTINUED)**Annual Requirements to Retire Debt Obligations-**

The annual aggregate maturities for each bond type for the years subsequent to September 30, 2010, are as follows:

General Obligation Bonds

<u>Year Ending Sept. 30,</u>	<u>Governmental Activities</u>		
	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
2011	340,000	109,400	449,400
2012	360,000	95,800	455,800
2013	375,000	81,400	456,400
2014	390,000	66,400	456,400
2015	410,000	50,800	460,800
2016-2017	<u>860,000</u>	<u>52,000</u>	<u>912,000</u>
Total	<u>\$ 2,735,000</u>	<u>\$ 455,800</u>	<u>\$ 3,190,800</u>

Certificates of Obligation

<u>Year Ending Sept. 30,</u>	<u>Governmental Activities</u>		
	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
2011	450,000	157,821	607,821
2012	470,000	141,738	611,738
2013	485,000	124,788	609,788
2014	505,000	106,736	611,736
2015	525,000	87,135	612,135
2016-2018	<u>1,620,000</u>	<u>129,835</u>	<u>1,749,835</u>
Total	<u>\$ 4,055,000</u>	<u>\$ 748,053</u>	<u>\$ 4,803,053</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 10 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 11 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. 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.

In September, 2010 the TRA issued \$2,715,000 in bonds to expand the capabilities of the system to meet the requirements of the City. The bonds are secured by the net revenues of the City's combined waterworks and sanitary sewer system.

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, 2010, the City paid approximately \$72,000 into the interest and sinking fund. The annual principal and interest payments applicable to the TRA's bonds through maturity are in the following amounts:

<u>Calendar Year</u>	<u>Amount Per Year</u>
2011	\$ 153,751
2012	171,263
2013	169,763
2014	168,263
2015	171,763
2016-2034	<u>3,583,710</u>
Total	<u>\$ 4,418,513</u>

Changes in Long-term Contracts Payable-

<u>Business Type Activities</u>	<u>Balance October 1, 2009</u>	<u>Issues or Additions</u>	<u>Payments or Expenditures</u>	<u>Balance September 30, 2010</u>	<u>Due Within One Year</u>
Contracts payable	\$ 140,000	\$ 2,715,000	\$ 70,000	\$ 2,785,000	\$ 70,000
Total business	\$ 140,000	\$ 2,715,000	\$ 70,000	\$ 2,785,000	\$ 70,000

NOTE 12 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 2010. Reflected in the revenues for the Electric, Water and Sewer Fund is an approximate \$700,000 rebate of power costs.

NOTE 13 RELATED PARTY TRANSACTIONS:

The City of Livingston maintains its bank accounts at two local banks. Certain 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 14 LITIGATION:

The City is party to various legal proceedings which normally occur in governmental operations. These legal proceedings are not likely to have a material adverse impact on the affected funds of the City. All of the proceedings are being handled by the City's insurance carrier. No losses are accrued in relation to these proceedings.

NOTE 15 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, 2010 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. The City received approximately \$341,000 in federal grants in 2010 principally related to street improvements. These amounts are included in miscellaneous income for the general fund.

NOTE 16 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 17 SANITATION DEPARTMENT CONTRACT:

The City contracted with Waste Services for a five-year period to operate its sanitation department which expires in 2013. 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 18 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, with a renewal to extend the lease until September 6, 2015 approved in August, 2010. Under the terms of the lease, the City will receive \$1.00 per year in rent.

NOTE 19 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

Actuarial Valuation Date	(1) Actuarial Value of Assets **	(2) Actuarial Accrued Liability (AAL) Unit Credit *	(3) Unfunded AAL (UAAL)	(4) Funded Ratio (1)/(2)	(5) Annual Covered Payroll	(6) Unfunded Actuarial Accrued Liability As a Percentage of Covered Payroll
12/31/2007 (A)	\$ 8,609,108	\$ 12,207,469	\$ 3,598,361	70.52%	\$ 2,608,445	137.95%
12/31/2008	7,960,183	11,751,010	3,790,827	67.74%	2,936,949	129.07%
12/31/2009	8,883,996	12,916,237	4,032,241	68.78%	2,993,527	134.70%

* 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.

(A) For the year ended December 31, 2007 the Texas Municipal Retirement System changed its actuarial funding method from the Unit Credit to the Projected Unit Credit method.

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, 2010

	Budgeted Amounts GAAP Basis		
	Original	Revisions	Final
REVENUES			
Miscellaneous	\$ -	\$ -	\$ -
Total Revenues	- - -	- - -	- - -
EXPENDITURES			
Debt service:			
Principal retirement	745,000	- - -	745,000
Interest	292,398	- - -	292,398
Total Expenditures	1,037,398	- - -	1,037,398
Excess (deficiency) of revenues over expenditures	(1,037,398)	- - -	(1,037,398)
OTHER FINANCING SOURCES			
Transfers in	1,037,398	- - -	1,037,398
Total other financing sources	1,037,398	- - -	1,037,398
Excess of revenues and other financing sources over expenditures and other uses	\$ - - -	\$ - - -	\$ - - -
Fund balances at beginning of year			
Fund balance at end of year			

<u>Actual</u>	Variance with Final Budget Positive (Negative)
\$ 1,781	\$ 1,781
<u>1,781</u>	<u>1,781</u>
745,000	-
292,398	-
<u>1,037,398</u>	<u>-</u>
(1,035,617)	1,781
1,037,413	15
<u>1,037,413</u>	<u>15</u>
1,796	\$ 1,796
58,323	
\$ 60,119	

CITY OF LIVINGSTON, TEXAS
BUDGETARY COMPARISON SCHEDULE
CAPITAL PROJECTS FUND
FOR THE YEAR ENDED SEPTEMBER 30, 2010

	Budgeted Amounts GAAP Basis		
	Original	Revisions	Final
<u>OTHER FINANCING SOURCES</u>			
Transfers out	(475,000)	-	(390,000)
Total other financing sources	<u>(475,000)</u>	-	<u>(390,000)</u>
Excess (deficiency) of revenues and other financing sources over expenditures and other uses	\$ (475,000)	\$ -	\$ (390,000)
Fund balance at beginning of year			
Fund balance at end of year			

Actual	Variance with Final Budget Positive (Negative)
<u>(431,726)</u>	<u>(41,726)</u>
<u>(431,726)</u>	<u>(41,726)</u>
 <u>(431,726)</u>	 <u>\$ (41,726)</u>
 <u>650,228</u>	
 <u>\$ 218,502</u>	

INDIVIDUAL FUND FINANCIAL STATEMENTS AND SCHEDULES

GENERAL FUND

CITY OF LIVINGSTON, TEXAS
GENERAL FUND - COMPARATIVE BALANCE SHEET
SEPTEMBER 30, 2010 AND 2009

ASSETS

	2010	2009
Cash	\$ 1,094,798	\$ 1,345,307
Receivables:		
Returned checks receivable	2,428	2,101
Paving accounts receivable	<u>35,332</u>	<u>38,645</u>
Total Assets	<u>\$ 1,132,558</u>	<u>\$ 1,386,053</u>

LIABILITIES AND FUND BALANCES

LIABILITIES

Accounts payable	\$ 219,655	\$ 224,645
Total Liabilities	<u>219,655</u>	<u>224,645</u>

FUND BALANCES

Reserve for library memorials	49,852	64,705
Unreserved	<u>863,051</u>	<u>1,096,703</u>
Total Fund Balances	<u>912,903</u>	<u>1,161,408</u>
Total Liabilities and Fund Balances	<u>\$ 1,132,558</u>	<u>\$ 1,386,053</u>

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CITY OF LIVINGSTON, TEXAS
GENERAL FUND - SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN
FUND BALANCES - BUDGET (GAAP BASIS) AND ACTUAL
FOR THE YEAR ENDED SEPTEMBER 30, 2010
WITH COMPARATIVE ACTUAL TOTALS FOR 2009

	Budgeted Amounts GAAP Basis			
	Original	Revisions	Final	Actual
REVENUES				
Taxes:				
Sales taxes	\$ 3,468,000	\$ (518,000)	\$ 2,950,000	\$ 3,012,227
Franchise taxes	175,000	(25,000)	150,000	143,586
Hotel/Motel taxes	285,000	(60,000)	225,000	210,076
Licenses and permits	175,000	35,000	210,000	221,005
Charges for service	1,069,200	(24,355)	1,044,845	1,064,615
Fines and forfeitures	216,000	20,700	236,700	217,430
Miscellaneous	518,950	107,512	626,462	437,265
Total Revenues	5,907,150	(464,143)	5,443,007	5,306,204
EXPENDITURES				
Administrative	537,530	(12,360)	525,170	504,889
Sanitation	615,000	(7,000)	608,000	597,076
Fire	431,365	(19,240)	412,125	401,836
Police	1,553,925	20,200	1,574,125	1,586,706
Paving and street	880,920	(71,925)	808,995	765,007
Parks and recreation	829,575	(107,150)	722,425	724,820
Library	375,100	(48,425)	326,675	310,701
Garage	222,280	(21,030)	201,250	194,976
Total Expenditures	5,445,695	(266,930)	5,178,765	5,086,011
Excess of revenues over expenditures	461,455	(197,213)	264,242	220,193
OTHER FINANCING SOURCES (USES)				
Transfers in	322,869	-	322,869	568,715
Transfers out	(1,037,398)	-	(1,037,398)	(1,037,413)
Total other financing sources (uses)	(714,529)	-	(714,529)	(468,698)
Excess (deficiency) of revenues and other financing sources over expenditures and other uses	\$ (253,074)	\$ (197,213)	\$ (450,287)	(248,505)
Fund balances at beginning of year				<u>1,161,408</u>
Fund balances at end of year				<u>\$ 912,903</u>

Variance With Final Budget Positive (Negative)	2009 Actual
\$ 62,227	\$ 3,392,552
(6,414)	172,631
(14,924)	291,096
11,005	330,493
19,770	1,069,232
(19,270)	210,193
(189,197)	1,269,282
<u>(136,803)</u>	<u>6,735,479</u>
20,281	555,048
10,924	606,952
10,289	402,907
(12,581)	1,512,901
43,988	780,497
(2,395)	728,376
15,974	273,591
6,274	202,652
<u>92,754</u>	<u>5,062,924</u>
<u>(44,049)</u>	<u>1,672,555</u>
245,846	-
(15)	<u>(1,358,426)</u>
<u>245,831</u>	<u>(1,358,426)</u>
\$ 201,782	314,129
	<u>847,279</u>
	<u>\$ 1,161,408</u>

**CITY OF LIVINGSTON, TEXAS
GENERAL FUND**
SCHEDULE OF EXPENDITURES-BUDGET (GAAP BASIS) AND ACTUAL
FOR THE YEAR ENDED SEPTEMBER 30, 2010
WITH COMPARATIVE ACTUAL TOTALS FOR 2009

	Budgeted Amounts GAAP Basis			
	Original	Revisions	Final	Actual
ADMINISTRATIVE DEPARTMENT				
Salaries	\$ 180,000	\$ (11,000)	\$ 169,000	\$ 167,775
Social Security	13,775	(425)	13,350	13,286
Retirement	35,000	11,000	46,000	44,668
Employee insurance	62,500	(3,750)	58,750	58,568
Insurance and bonds	11,025	(25)	11,000	11,315
Legal and professional	45,000	(15,000)	30,000	33,829
Auditing and accounting	8,500	270	8,770	8,767
Supplies	30,000	-	30,000	28,901
Repairs-building and grounds	10,000	15,000	25,000	22,004
Equipment repairs and maintenance	6,500	1,000	7,500	1,489
Gas and oil	2,530	(30)	2,500	2,597
Utility/telephone	11,000	500	11,500	11,512
Dues and subscriptions	15,000	500	15,500	15,491
Building demolitions	10,000	(10,000)	-	-
Transportation and contingency	75,000	1,000	76,000	60,842
Postage and miscellaneous	16,700	(1,400)	15,300	21,194
Capital expenditures	532,530	(12,360)	520,170	502,238
	5,000	-	5,000	2,651
Total Administrative	537,530	(12,360)	525,170	504,889
SANITATION DEPARTMENT				
Supplies	65,000	(7,000)	58,000	54,256
Refuse disposal/landfills	550,000	-	550,000	542,820
Total Sanitation	615,000	(7,000)	608,000	597,076

Variance With Final Budget Positive (Negative)	2009 Actual
\$ 1,225	\$ 169,412
64	13,418
1,332	65,525
182	55,497
(315)	10,457
(3,829)	62,737
3	6,967
1,099	30,302
2,996	7,338
6,011	7,328
(97)	1,859
(12)	9,877
9	15,185
-	-
15,158	74,176
(5,894)	14,874
<hr/>	<hr/>
17,932	544,952
2,349	10,096
<hr/>	<hr/>
20,281	555,048
<hr/>	<hr/>
3,744	62,307
7,180	544,645
<hr/>	<hr/>
10,924	606,952

**CITY OF LIVINGSTON, TEXAS
GENERAL FUND**
SCHEDULE OF EXPENDITURES-BUDGET (GAAP BASIS) AND ACTUAL
FOR THE YEAR ENDED SEPTEMBER 30, 2010
WITH COMPARATIVE ACTUAL TOTALS FOR 2009

	Budgeted Amounts GAAP Basis			
	Original	Revisions	Final	Actual
FIRE DEPARTMENT				
Salaries	157,550	(2,550)	155,000	148,257
Salaries, administration	27,625	350	27,975	27,972
Social Security	9,900	200	10,100	10,155
Retirement	18,300	(2,450)	15,850	18,389
Employee insurance	19,000	(750)	18,250	18,224
Insurance and bonds	31,500	(2,500)	29,000	27,401
Recruitment costs	1,200	(800)	400	-
Supplies	25,000	-	25,000	26,298
Repairs-building and grounds	2,500	1,000	3,500	1,948
Equipment repairs and maintenance	30,000	-	30,000	34,855
Gas and oil	22,000	(7,000)	15,000	12,194
Utility/telephone	12,500	-	12,500	9,701
Dues and subscriptions	1,350	(100)	1,250	2,109
Transportation and contingency	15,000	(2,000)	13,000	12,429
Maintenance contribution	24,000	(1,500)	22,500	21,737
Postage and miscellaneous	3,940	(1,140)	2,800	2,116
	<hr/> 401,365	<hr/> (19,240)	<hr/> 382,125	<hr/> 373,785
Capital expenditures	30,000	-	30,000	28,051
Total Fire	431,365	(19,240)	412,125	401,836
POLICE DEPARTMENT				
Salaries	902,000	5,000	907,000	906,410
Salaries, administration	27,625	350	27,975	27,972
Social Security	71,000	2,000	73,000	75,094
Retirement	141,200	(3,200)	138,000	138,023
Employee insurance	143,500	(11,000)	132,500	133,998
Uniforms	3,800	(500)	3,300	2,927
Insurance and bonds	54,600	400	55,000	55,775
Supplies	25,000	(4,000)	21,000	21,485
Repairs-building and grounds	20,000	(5,000)	15,000	10,589
Equipment repairs and maintenance	25,000	13,000	38,000	40,031
Gas and oil	50,000	(2,000)	48,000	54,469
Utility/telephone	10,000	2,500	12,500	11,026
Dues and subscriptions	400	50	450	157
Transportation and contingency	23,000	3,000	26,000	26,036
Postage and miscellaneous	21,800	(400)	21,400	20,380
	<hr/> 1,518,925	<hr/> 200	<hr/> 1,519,125	<hr/> 1,524,372
Capital expenditures	35,000	20,000	55,000	62,334
Total Police	1,553,925	20,200	1,574,125	1,586,706

CITY OF LIVINGSTON, TEXAS
GENERAL FUND
SCHEDULE OF EXPENDITURES-BUDGET (GAAP BASIS) AND ACTUAL
FOR THE YEAR ENDED SEPTEMBER 30, 2010
WITH COMPARATIVE ACTUAL TOTALS FOR 2009

	Budgeted Amounts GAAP Basis			
	Original	Revisions	Final	Actual
PAVING AND STREET DEPARTMENT				
Salaries	185,000	15,000	200,000	203,570
Salaries, administration	27,625	350	27,975	27,972
Social Security	16,500	1,000	17,500	17,713
Retirement	33,500	(2,500)	31,000	33,512
Employee insurance	33,725	3,275	37,000	37,011
Uniforms	3,000	300	3,300	2,992
Insurance and bonds	29,425	(925)	28,500	28,330
Supplies	15,000	1,300	16,300	11,742
Repairs-building and grounds	2,500	(1,000)	1,500	125
Equipment repairs and maintenance	25,000	-	25,000	32,119
Gas and oil	25,000	(2,500)	22,500	25,794
Transit system	4,620	-	4,620	4,620
Transportation and contingency	5,025	(1,225)	3,800	2,513
	<u>405,920</u>	<u>13,075</u>	<u>418,995</u>	<u>428,013</u>
Capital expenditures	<u>475,000</u>	<u>(85,000)</u>	<u>390,000</u>	<u>336,994</u>
Total Paving and Street	<u>880,920</u>	<u>(71,925)</u>	<u>808,995</u>	<u>765,007</u>
PARKS AND RECREATION DEPARTMENT				
Salaries	276,775	(12,775)	264,000	270,096
Salaries, administration	55,250	700	55,950	55,945
Social Security	25,450	(925)	24,525	24,942
Retirement	40,750	(4,250)	36,500	38,408
Employee insurance	50,800	(6,200)	44,600	45,578
Uniforms	4,600	400	5,000	4,474
Insurance and bonds	24,150	(2,400)	21,750	21,612
Advertising, hotel tax	75,000	5,000	80,000	87,133
Supplies	43,000	(3,000)	40,000	45,592
Repairs-building and grounds	52,500	(11,000)	41,500	35,215
Equipment repairs and maintenance	26,000	(5,500)	20,500	13,457
Gas and oil	37,325	3,175	40,500	46,986
Utility/telephone	19,600	5,050	24,650	16,031
Dues and subscriptions	500	(50)	450	100
Transportation and contingency	4,750	(250)	4,500	3,435
Programming costs	5,000	-	5,000	3,792
Postage and miscellaneous	3,125	(125)	3,000	2,609
	<u>744,575</u>	<u>(32,150)</u>	<u>712,425</u>	<u>715,405</u>
Capital expenditures	<u>85,000</u>	<u>(75,000)</u>	<u>10,000</u>	<u>9,415</u>
Total Parks and Recreation	<u>829,575</u>	<u>(107,150)</u>	<u>722,425</u>	<u>724,820</u>

Variance With Final Budget Positive (Negative)	2009 Actual
(3,570)	179,995
3	25,023
(2,113)	15,684
(2,512)	31,897
(11)	31,780
308	2,871
1,70	26,956
4,558	15,396
1,375	3,742
(7,119)	26,373
(3,294)	20,335
-	4,620
1,287	3,339
(9,018)	388,011
53,006	392,486
43,988	780,497
(6,096)	262,320
5	50,047
(417)	23,896
(1,908)	32,407
(978)	44,809
526	4,373
138	22,544
(7,133)	80,249
(5,592)	37,360
6,285	31,467
7,043	17,377
(6,486)	22,410
8,619	24,588
350	500
1,065	3,957
1,208	5,152
391	3,717
(2,980)	667,173
585	61,203
(2,395)	728,376

CITY OF LIVINGSTON, TEXAS
GENERAL FUND
SCHEDULE OF EXPENDITURES-BUDGET (GAAP BASIS) AND ACTUAL
FOR THE YEAR ENDED SEPTEMBER 30, 2010
WITH COMPARATIVE ACTUAL TOTALS FOR 2009

	Budgeted Amounts GAAP Basis			
	Original	Revisions	Final	Actual
LIBRARY DEPARTMENT				
Salaries	141,200	3,800	145,000	139,737
Salaries, administration	27,625	350	27,975	27,972
Social Security	12,900	850	13,750	12,830
Retirement	25,000	(3,000)	22,000	23,950
Employee insurance	31,600	(2,600)	29,000	27,336
Insurance and bonds	8,500	(1,100)	7,400	7,253
Supplies	10,500	1,000	11,500	10,615
Repairs-building and grounds	8,000	4,500	12,500	12,404
Equipment repairs and maintenance	3,500	(700)	2,800	2,466
Utility/telephone	8,750	(1,000)	7,750	6,119
Dues and subscriptions	3,100	(300)	2,800	2,648
Transportation and contingency	2,000	(500)	1,500	1,505
Postage and printing	2,425	275	2,700	2,566
	285,100	1,575	286,675	277,401
Memorial capital	15,000	-	15,000	19,650
Capital expenditures	75,000	(50,000)	25,000	13,650
Total Library	375,100	(48,425)	326,675	310,701
GARAGE DEPARTMENT				
Salaries	84,500	(3,500)	81,000	79,783
Salaries, administration	27,625	350	27,975	27,972
Social Security	8,575	(325)	8,250	8,243
Retirement	12,775	(275)	12,500	14,584
Employee insurance	12,650	(500)	12,150	10,629
Uniforms	1,100	(100)	1,000	1,015
Insurance and bonds	9,975	(850)	9,125	9,056
Supplies	7,750	-	7,750	5,532
Repairs-building and grounds	2,000	-	2,000	37
Equipment repairs and maintenance	5,200	(1,200)	4,000	4,481
Gas and oil	3,630	(130)	3,500	3,994
Utility/telephone	6,500	(1,500)	5,000	4,662
	182,280	(8,030)	174,250	169,988
Capital expenditures	40,000	(13,000)	27,000	24,988
Total Garage	222,280	(21,030)	201,250	194,976
TOTAL GENERAL EXPENDITURES	\$ 5,445,695	\$ (266,930)	\$ 5,178,765	\$ 5,086,011

Variance With Final Budget Positive (Negative)	2009 Actual
5,263	129,456
3	25,023
920	11,818
(1,950)	19,948
1,664	23,640
147	7,936
885	11,386
96	6,571
334	2,488
1,631	5,642
152	2,811
(5)	1,770
134	2,290
 9,274	 250,779
 (4,650)	 21,053
<u>11,350</u>	<u>1,759</u>
 <u>15,974</u>	 <u>273,591</u>
 1,217	 80,630
3	25,023
7	8,082
(2,084)	12,452
1,521	11,823
(15)	1,084
69	9,363
2,218	5,340
1,963	9,004
(481)	4,078
(494)	2,896
338	6,221
 4,262	 175,996
<u>2,012</u>	<u>26,656</u>
 <u>6,274</u>	 <u>202,652</u>
 <u>\$ 92,754</u>	 <u>\$ 5,062,924</u>

DEBT SERVICE FUND

CITY OF LIVINGSTON, TEXAS
DEBT SERVICE FUND - COMPARATIVE BALANCE SHEET
SEPTEMBER 30, 2010 AND 2009

ASSETS

	2010	2009
Cash	\$ 60,119	\$ 58,323
Total Assets	<u>\$ 60,119</u>	<u>\$ 58,323</u>

FUND BALANCES

Reserve for debt service	\$ 60,119	\$ 58,323
Total Fund Balance	<u>\$ 60,119</u>	<u>\$ 58,323</u>

CITY OF LIVINGSTON, TEXAS
DEBT SERVICE FUND
BUDGETARY COMPARISON SCHEDULE
FOR THE YEAR ENDED SEPTEMBER 30, 2010
WITH COMPARATIVE ACTUAL TOTALS FOR 2009

	Budgeted Amounts GAAP Basis		
	Original	Revisions	Final
REVENUES			
Miscellaneous	\$ -	\$ -	\$ -
Total Revenues	<u>-</u>	<u>-</u>	<u>-</u>
EXPENDITURES			
Debt service:			
Principal retirement	745,000	-	745,000
Interest	292,398	-	292,398
Total Expenditures	<u>1,037,398</u>	<u>-</u>	<u>1,037,398</u>
Excess (deficiency) of revenues over expenditures	<u>(1,037,398)</u>	<u>-</u>	<u>(1,037,398)</u>
OTHER FINANCING SOURCES (USES)			
Transfers in	1,037,398	-	1,037,398
Total other financing sources	<u>1,037,398</u>	<u>-</u>	<u>1,037,398</u>
Excess of revenues and other financing sources over expenditures and other uses	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>
Fund balances at beginning of year			
Fund balance at end of year			

Actual	Variance with Final Budget Positive (Negative)	2009
\$ 1,781	\$ 1,781	\$ 2,139
<u>1,781</u>	<u>1,781</u>	<u>2,139</u>
745,000	-	720,000
292,398	-	316,960
<u>1,037,398</u>	<u>-</u>	<u>1,036,960</u>
(1,035,617)	1,781	(1,034,821)
1,037,413	(15)	1,036,959
<u>1,037,413</u>	<u>15</u>	<u>1,036,959</u>
1,796	1,796	2,138
<u>58,323</u>	<u>-</u>	<u>56,185</u>
\$ 60,119	\$ 1,796	\$ 58,323

CAPITAL PROJECTS FUND

CITY OF LIVINGSTON, TEXAS
CAPITAL PROJECTS FUND - COMPARATIVE BALANCE SHEET
SEPTEMBER 30, 2010 AND 2009

ASSETS

	2010	2009
Cash	\$ 68,502	\$ 50,228
Certificates of deposit	<u>150,000</u>	<u>600,000</u>
Total Assets	\$ 218,502	\$ 650,228

FUND BALANCES

Fund Balances:

Reserved for:		
Capital projects	\$ 218,502	\$ 650,228
Total Fund Balances	\$ 218,502	\$ 650,228

**CITY OF LIVINGSTON, TEXAS
CAPITAL PROJECTS FUND
BUDGETARY COMPARISON SCHEDULE
FOR THE YEAR ENDED SEPTEMBER 30, 2010
WITH COMPARATIVE ACTUAL TOTALS FOR 2009**

	Budgeted Amounts GAAP Basis		
	Original	Revisions	Final
<u>EXPENDITURES</u>			
Bond issue costs	\$ -	\$ -	\$ -
Capital outlay:			
Library	- -	- -	- -
Total Expenditures	- -	- -	- -
Excess (deficiency) of revenues over expenditures	- -	- -	- -
<u>OTHER FINANCING SOURCES</u>			
Transfers in	- -	- -	- -
Transfers out	(475,000)	- -	(390,000)
Total other financing sources	(475,000)	- -	(390,000)
Excess (deficiency) of revenues and other financing sources over expenditures and other uses	\$ (475,000)	\$ - -	\$ (390,000)
Fund balances at beginning of year			
Fund balances at end of year			

Actual	Variance With Final Budget Positive (Negative)	2009
\$ -	\$ -	\$ -
-	-	544,499
-	-	544,499
<u>-</u>	<u>-</u>	<u>(544,499)</u>
<u>(431,726)</u>	<u>(41,726)</u>	<u>200,000</u>
<u>(431,726)</u>	<u>(41,726)</u>	<u>(141,766)</u>
<u>650,228</u>	<u>-</u>	<u>58,234</u>
(431,726)	(41,726)	(486,265)
<u>650,228</u>	<u>-</u>	<u>1,136,493</u>
<u>\$ 218,502</u>	<u>\$ (41,726)</u>	<u>\$ 650,228</u>

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PROPRIETARY FUND

CITY OF LIVINGSTON, TEXAS
COMPARATIVE STATEMENT OF NET ASSETS
ELECTRIC, WATER AND SEWER FUND
SEPTEMBER 30, 2010 AND 2009

ASSETS	2010	2009
Current assets:		
Cash	\$ 940,186	\$ 449,353
Certificates of deposit	1,500,000	1,500,000
Restricted assets		
Cash in bank, water and sewer system improvements	109,484	108,261
Cash in bank, reserve fund	16,439	11,835
Receivables:		
Returned checks receivable	23,070	23,460
Utility accounts receivable	<u>1,586,632</u>	<u>1,311,495</u>
 Total Current Assets	 <u>4,175,811</u>	 <u>3,404,404</u>
 Noncurrent assets:		
Capital assets:		
Land	679,488	629,613
Building and improvements	463,474	463,474
Equipment and fixtures	1,976,224	1,964,243
Electrical system	4,689,258	4,430,284
Water system	6,946,465	6,281,573
Sewer system	7,351,018	7,129,463
Water service contract rights	<u>2,785,000</u>	<u>140,000</u>
 Less accumulated depreciation	 <u>(6,993,889)</u>	 <u>(6,599,072)</u>
 Net capital assets	 <u>17,897,038</u>	 <u>14,439,578</u>
 Total Assets	 <u>\$ 22,072,849</u>	 <u>\$ 17,843,982</u>

LIABILITIES	2010	2009
Current liabilities:		
Accounts payable	\$ 973,245	\$ 889,909
Meter deposits	395,648	383,448
Contracts payable-Trinity River Authority	70,000	70,000
Total current liabilities	<u>1,438,893</u>	<u>1,343,357</u>
Noncurrent liabilities:		
Contracts payable-Trinity River Authority	<u>2,715,000</u>	70,000
Total noncurrent liabilities	<u>2,715,000</u>	<u>70,000</u>
Total liabilities	<u>4,153,893</u>	<u>1,413,357</u>
NET ASSETS		
Invested in capital assets (net of related debt)	15,112,038	14,299,578
Restricted for water and sewer system improvements	109,484	108,261
Restricted for Trinity River Authority contracts payable	16,439	11,835
Unrestricted	<u>2,680,995</u>	<u>2,010,951</u>
Total net assets	<u>\$ 17,918,956</u>	<u>\$ 16,430,625</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, 2010 AND 2009

Business-Type Activities - Enterprise Fund

	2010	2009
<u>Operating revenues:</u>		
Charges for sales and services:		
Electricity sales	\$ 9,398,055	\$ 8,324,639
Water sales	1,725,164	1,683,063
Sewer service charges	1,276,276	1,228,693
Penalties, utilities	144,319	125,632
Water tapping fees	5,625	8,350
Sewer tapping fees	3,200	4,100
Recoveries, electrical	701,086	822,687
Recoveries, water	596,134	58,563
Revenue, night lights	76,498	74,383
Service fees	42,554	39,824
Total Operating Revenues	<u>13,968,911</u>	<u>12,369,934</u>
<u>Operating expenses:</u>		
Light and Power Department	9,535,619	9,292,595
Water Department	1,921,994	1,839,585
Sewer Department	509,656	497,129
Depreciation	394,817	378,169
Total Operating Expenses	<u>12,362,086</u>	<u>12,007,478</u>
Operating Income	1,606,825	362,456
Non-operating revenues:		
Interest income	<u>18,495</u>	<u>27,310</u>
Income Before Transfers	1,625,320	389,766
Transfers In	431,726	263,233
Transfers Out	<u>(568,715)</u>	-
Change in net assets	1,488,331	652,999
Total net assets - beginning	<u>16,430,625</u>	<u>15,777,626</u>
Total net assets - ending	<u>\$ 17,918,956</u>	<u>\$ 16,430,625</u>

CITY OF LIVINGSTON, TEXAS
COMPARATIVE STATEMENT OF CASH FLOWS
ELECTRIC, WATER, AND SEWER FUND
FOR THE YEARS ENDED SEPTEMBER 30, 2010 AND 2009

Business-Type Activities - Enterprise Fund

	2010	2009
Cash flows from operating activities:		
Cash received from customers	\$ 13,693,774	\$ 12,372,337
Cash payments to suppliers for goods and services	(10,683,054)	(10,452,715)
Cash payments to employees for services	(1,188,289)	(1,101,980)
Net cash provided by operating activities	<u>1,822,431</u>	<u>817,642</u>
Cash flows from noncapital financing activities:		
Transfers from other funds	431,726	263,233
Transfers to other funds	(568,715)	-
Net cash (used) provided for noncapital financing activities	<u>(136,989)</u>	<u>263,233</u>
Cash flows from capital and related financing activities:		
Acquisition of capital assets	(1,207,277)	(882,087)
Net cash used for capital and related financing activities	<u>(1,207,277)</u>	<u>(882,087)</u>
Cash flows from investing activities:		
Interest on cash and investments	18,495	27,310
Net cash provided by investing activities	<u>18,495</u>	<u>27,310</u>
NET CHANGE IN CASH AND CASH EQUIVALENTS	496,660	226,098
CASH AND CASH EQUIVALENTS AT BEGINNING OF YEAR	<u>569,449</u>	<u>343,351</u>
CASH AND CASH EQUIVALENTS AT END OF YEAR	<u>\$ 1,066,109</u>	<u>\$ 569,449</u>

(Continued)

CITY OF LIVINGSTON, TEXAS
COMPARATIVE STATEMENT OF CASH FLOWS
ELECTRIC, WATER, AND SEWER FUND
FOR THE YEARS ENDED SEPTEMBER 30, 2010 AND 2009

Business-Type Activities - Enterprise Fund

	2010	2009
Reconciliation of income from operations to net cash provided by operating activities:		
Income from operations	\$ 1,606,825	\$ 362,456
Adjustments to reconcile operating net income to net cash provided by operating activities:		
Depreciation	394,817	378,169
Change in operating assets and liabilities:		
Returned checks receivable	390	(1,301)
Utility accounts receivable	(275,137)	2,403
Accounts payable	83,336	50,685
Meter deposits	12,200	25,230
Total adjustments	215,606	455,186
Net cash provided by operating activities	<u>\$ 1,822,431</u>	<u>\$ 817,642</u>
Reconciliation of total cash and cash investments		
Unrestricted	\$ 940,186	\$ 449,353
Restricted		
Cash in bank, water and sewer system improvements	109,484	108,261
Cash in bank, reserve fund	16,439	11,835
Total cash and cash equivalents	<u>\$ 1,066,109</u>	<u>\$ 569,449</u>

(Concluded)

ENTERPRISE FUND

**CITY OF LIVINGSTON, TEXAS
ENTERPRISE FUND**

**SCHEDULE OF EXPENSES BY DEPARTMENT - COMPARED TO BUDGET
FOR THE YEAR ENDED SEPTEMBER 30, 2010**

WITH COMPARATIVE ACTUAL AMOUNTS FOR THE YEAR ENDED SEPTEMBER 30, 2009

	2010			
	Original Budget	Revisions	Final	Actual
LIGHT AND POWER DEPARTMENT				
Salaries	\$ 554,500	\$ (14,500)	\$ 540,000	\$ 535,981
Salaries, administration	27,625	350	27,975	27,972
Social Security	44,500	(1,000)	43,500	43,142
Retirement	80,000	-	80,000	83,835
Employee insurance	71,750	(250)	71,500	69,416
Uniform rental	4,500	1,300	5,800	6,260
Insurance and bonds	23,100	(1,100)	22,000	22,707
Legal and professional	3,750	(750)	3,000	2,110
Engineering	3,000	1,325	4,325	4,320
Supplies	25,000	1,000	26,000	25,332
Repairs-building and grounds and equipment	20,000	-	20,000	19,326
Gas and oil	27,000	(7,000)	20,000	20,866
Utility/telephone	7,000	-	7,000	6,534
Dues and subscriptions	8,000	(500)	7,500	7,688
Power purchase	8,370,000	230,000	8,600,000	8,620,388
Transportation and contingency	10,000	(2,500)	7,500	7,389
Utility billing	12,500	(1,000)	11,500	10,142
Postage and miscellaneous	13,650	(1,050)	12,600	13,444
Auditing and accounting	8,000	770	8,770	8,767
Total Light and Power	9,313,875	205,095	9,518,970	9,535,619
WATER DEPARTMENT				
Salaries	396,150	(1,150)	395,000	396,016
Salaries - administration	27,625	350	27,975	27,972
Social Security	32,500	-	32,500	32,729
Retirement	58,500	2,500	61,000	64,179
Employee insurance	65,350	(6,350)	59,000	58,823
Uniform rental	4,000	400	4,400	4,979
Insurance and bonds	22,050	(1,050)	21,000	25,479
Legal and professional	2,750	(1,500)	1,250	1,250
Supplies	41,000	10,000	51,000	65,709
Repairs-building and grounds	6,500	(1,500)	5,000	9,226
Repairs-equipment	25,000	(3,000)	22,000	25,321
Gas and oil	13,500	(2,000)	11,500	12,591
Engineering	20,000	(5,000)	15,000	9,887
Dues and subscriptions	4,200	7,800	12,000	11,981
Water-TRA	58,400	-	58,400	58,400
Operations and maintenance-TRA	1,000,000	(5,548)	994,452	994,452
Transportation and contingency	21,200	150	21,350	18,533
Utility billing	12,500	(1,000)	11,500	10,017
Postage and printing	14,700	(1,700)	13,000	13,460
TRA-debt service	71,000	1,225	72,225	72,223
Auditing and accounting	8,000	770	8,770	8,767
Total Water	1,904,925	(6,603)	1,898,322	1,921,994

Variance		2009 Actual
\$ 4,019	\$ 505,337	
3	25,023	
358	40,572	
(3,835)	77,709	
2,084	60,050	
(460)	4,460	
(707)	21,819	
890	2,983	
5	-	
668	25,105	
674	18,043	
(866)	17,463	
466	6,384	
(188)	7,604	
(20,388)	8,441,956	
111	8,577	
1,358	11,189	
(844)	11,354	
3	6,967	
(16,649)	<u>9,292,595</u>	
 (1,016)	 378,425	
3	25,023	
(229)	31,032	
(3,179)	53,296	
177	56,574	
(579)	3,867	
(4,479)	21,797	
-	1,250	
(14,709)	44,987	
(4,226)	8,002	
(3,321)	24,663	
(1,091)	9,032	
5,113	31,943	
19	3,660	
-	58,400	
-	971,935	
2,817	15,942	
1,483	10,252	
(460)	11,495	
2	71,042	
3	6,968	
(23,672)	<u>1,839,585</u>	

CITY OF LIVINGSTON, TEXAS
ENTERPRISE FUND
SCHEDULE OF EXPENSES BY DEPARTMENT - COMPARED TO BUDGET
FOR THE YEAR ENDED SEPTEMBER 30, 2010
WITH COMPARATIVE ACTUAL AMOUNTS FOR THE YEAR ENDED SEPTEMBER 30, 2009

	2010			
	Original Budget	Revisions	Final	Actual
SEWER DEPARTMENT				
Salaries	171,000	3,000	174,000	172,374
Salaries, administration	27,625	350	27,975	27,972
Social Security	15,250	250	15,500	15,628
Retirement	27,000	(1,150)	25,850	26,316
Employee insurance	25,500	(1,000)	24,500	24,326
Uniform rental	1,500	(375)	1,125	1,212
Insurance and bonds	8,400	5,350	13,750	14,460
Lab fees-engineering	40,000	(5,000)	35,000	20,264
Supplies	30,000	(3,500)	26,500	26,304
Chemicals	27,500	(2,500)	25,000	23,886
Legal/professional	1,000	(500)	500	295
Repairs-equipment	35,000	-	35,000	44,959
Repairs-building and grounds	2,500	-	2,500	1,595
Gas and oil	19,250	(3,000)	16,250	19,657
Dues and subscriptions	15,000	(3,000)	12,000	12,028
Transportation and contingency	87,750	(24,550)	63,200	58,454
Utilities and telephone	16,500	-	16,500	19,926
Total Sewer	<u>550,775</u>	<u>(35,625)</u>	<u>515,150</u>	<u>509,656</u>
TOTAL ENTERPRISE FUND DEPARTMENT EXPENDITURES	<u>\$ 11,769,575</u>	<u>\$ 162,867</u>	<u>\$ 11,932,442</u>	<u>\$ 11,967,269</u>

\$ (34,827) \$ 11,629,309

5,494	497,129
(3,426)	15,836
4,746	58,260
(28)	11,680
(3,407)	14,929
905	3,884
(9,959)	44,446
205	-
1,114	21,960
196	23,786
14,736	40,508
(710)	7,556
(87)	1,207
174	22,450
(466)	23,555
(128)	14,971
3	25,023
1,626	167,078

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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 Eight Fiscal Years
(accrual basis of accounting)

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

Note: Information, which is supposed to be presented for last ten years, is presented for years available.

TABLE A-

Fiscal Year				
2006	2007	2008	2009	2010
\$ 3,545,562	\$ 3,549,442	\$ 3,625,188	\$ 3,805,846	\$ 3,816,433
64,428	32,042	56,185	58,323	60,119
<u>301,060</u>	<u>746,824</u>	<u>847,279</u>	<u>1,403,689</u>	<u>1,018,128</u>
<u>\$ 3,911,050</u>	<u>\$ 4,328,308</u>	<u>\$ 4,528,652</u>	<u>\$ 5,267,858</u>	<u>\$ 4,894,680</u>
\$ 12,212,140	\$ 12,661,355	\$ 13,795,660	\$ 14,299,578	\$ 15,112,038
138,706	176,772	122,980	120,096	125,923
<u>2,545,862</u>	<u>1,914,913</u>	<u>1,858,986</u>	<u>2,010,951</u>	<u>2,680,995</u>
<u>\$ 14,896,708</u>	<u>\$ 14,753,040</u>	<u>\$ 15,777,626</u>	<u>\$ 16,430,625</u>	<u>\$ 17,918,956</u>
\$ 15,757,702	\$ 16,210,797	\$ 17,420,848	\$ 18,105,424	\$ 18,928,471
203,134	208,814	179,165	178,419	186,042
<u>2,846,922</u>	<u>2,661,737</u>	<u>2,706,265</u>	<u>3,699,123</u>	<u>3,699,123</u>
<u>\$ 18,807,758</u>	<u>\$ 19,081,348</u>	<u>\$ 20,306,278</u>	<u>\$ 21,982,966</u>	<u>\$ 22,813,636</u>

TABLE A-2

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

	Fiscal Year					
	2003	2004	2005	2006	2007	2008
Expenses						
Governmental activities:						
Administrative	\$ 297,458	\$ 305,279	\$ 429,415	\$ 494,543	\$ 550,712	\$ 543,102
Sanitation	489,301	508,167	525,284	552,169	595,541	614,965
Fire	311,421	290,679	307,944	328,722	372,421	403,472
Police	1,126,591	1,132,421	1,201,267	1,260,724	1,345,599	1,454,820
Paving and street	634,610	785,259	921,559	971,433	1,023,956	1,003,610
Parks and recreation	825,657	778,992	792,944	806,073	842,246	927,799
Library	230,328	230,800	237,031	246,801	274,830	283,433
Garage	137,050	136,813	139,382	158,581	163,178	177,194
Interest on long-term debt	379,555	400,800	381,833	362,868	363,425	350,383
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>	<u>5,758,778</u>
Business-type activities:						
Electric, water and sewer	9,947,254	9,378,300	9,747,275	10,407,751	10,553,606	10,490,362
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>	<u>10,490,362</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>	<u>16,249,140</u>
Program Revenues						
Governmental activities:						
Charges for services						
Administration	70,903	68,619	78,386	167,499	171,091	158,653
Sanitation	678,791	708,348	716,199	735,376	835,662	837,658
Police	240,419	189,847	238,120	236,332	224,131	222,411
Paving and street	1,501	1,916	25,756	83,227	8,931	1,921
Parks and recreation	321,888	427,800	401,882	269,001	290,508	291,150
Library	16,958	15,729	17,339	16,518	18,085	23,652
Operating grants and contributions	67,133	168,623	115,024	392,402	B. 228,664	B. 130,974
Capital grants and contributions	-	404,018	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>	<u>1,666,419</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	11,929,258
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>	<u>11,929,258</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>	<u>13,595,677</u>
Net (Expense) Revenues						
Governmental activities	(3,034,378)	(2,584,310)	(3,279,876)	(3,268,668)	(3,754,836)	(4,092,359)
Business-type activities	33,749	934,659	907,805	300,344	314,069	1,438,896
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>	<u>(2,653,463)</u>
General Revenues and Other Changes in Net Assets						
Governmental activities:						
Taxes						
Sales taxes	2,199,629	2,324,945	2,544,289	2,885,734	3,144,640	3,232,037
Franchise taxes	124,949	134,374	136,979	148,230	162,312	166,598
Hotel/Motel taxes	116,991	136,563	131,303	168,967	236,920	261,357
Investment earnings	64,680	43,145	31,869	14,373	60,343	54,954
Miscellaneous	24,127	55,615	25,266	34,381	34,344	90,514
Transfers	455,955	247,191	259,141	365,963	533,535	487,243
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>	<u>4,292,703</u>
Business-type activities:						
Investment earnings	21,190	14,790	33,324	74,278	75,798	72,933
Transfers	(455,955)	(247,191)	(259,141)	(365,963)	(533,535)	(487,243)
Total business-type activities	<u>(434,765)</u>	<u>(232,401)</u>	<u>(225,817)</u>	<u>(291,685)</u>	<u>(457,737)</u>	<u>(414,310)</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>	<u>3,878,393</u>
Changes in Net Assets						
Governmental activities	\$ (48,047)	\$ 357,523	\$ (151,029)	\$ 348,980	\$ 417,258	\$ 200,344
Business-type activities	(401,016)	702,258	681,988	8,659	(143,668)	1,024,586
Total primary government	<u>\$ (449,063)</u>	<u>\$ 1,059,781</u>	<u>\$ 530,959</u>	<u>\$ 357,639</u>	<u>\$ 273,590</u>	<u>\$ 1,224,930</u>

Note: Information, which is supposed to be presented for last ten years, is presented for years available.

A. Grant received in 2004 to fund street improvements.

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

D. Texas Community Block Grant received in 2010 for street improvements.

C. FEMA grant received in 2009 to assist with Hurricane Ike recovery.

2009		2010	
\$ 625,366	\$ 550,726		
607,137	597,196		
413,973	406,508		
1,530,106	1,618,530		
935,608	950,467		
847,600	893,254		
284,255	312,390		
186,795	180,496		
316,960	292,638		
<u>5,747,800</u>	<u>5,802,205</u>		
 <u>12,007,478</u>	<u>12,362,086</u>		
<u>12,007,478</u>	<u>12,362,086</u>		
<u>17,755,278</u>	<u>18,164,291</u>		
 368,308	247,380		
846,740	846,516		
222,025	228,426		
892	10,197		
298,880	226,859		
19,386	18,171		
653,212	C. 94,055		
<u>471,764</u>	<u>C. 247,392</u>	<u>D.</u>	
<u>2,881,207</u>	<u>1,918,996</u>		
 <u>12,369,934</u>	<u>13,968,911</u>		
<u>12,369,934</u>	<u>13,968,911</u>		
<u>15,251,141</u>	<u>15,887,907</u>		
 (2,866,593)	(3,883,209)		
<u>362,456</u>	<u>1,606,825</u>		
<u>(2,504,137)</u>	<u>(2,276,384)</u>		
 3,392,552	3,012,227		
172,631	143,586		
291,096	210,076		
12,753	7,153		
<u>(263,233)</u>	<u>136,989</u>		
<u>3,605,799</u>	<u>3,510,031</u>		
 27,310	18,495		
<u>263,233</u>	<u>(136,989)</u>		
<u>290,543</u>	<u>(118,494)</u>		
<u>3,896,342</u>	<u>3,391,537</u>		
 \$ 739,206	\$ (373,178)		
<u>652,999</u>	<u>1,488,331</u>		
<u>\$ 1,392,205</u>	<u>\$ 1,115,153</u>		

TABLE A-3

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

	Fiscal Year			
	2001	2002	2003	2004
General Fund				
Reserved	\$ 18,449	\$ 9,848	\$ 212	\$ 13,243
Unreserved	<u>409,807</u>	<u>461,852</u>	<u>740,600</u>	<u>635,728</u>
Total General Fund	<u>\$ 428,256</u>	<u>\$ 471,700</u>	<u>\$ 740,812</u>	<u>\$ 648,971</u>
All Other Governmental Funds				
Reserved				
Debt Service Fund	\$ 60,326	\$ 63,345	\$ 68,957	\$ 71,335
Capital Projects Fund	<u>-</u>	<u>-</u>	<u>3,221,395</u>	A. <u>1,267,007</u>
Total all other governmental funds	<u>\$ 60,326</u>	<u>\$ 63,345</u>	<u>\$ 3,290,352</u>	<u>\$ 1,338,342</u>

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

TABLE A-3

Fiscal Year					
2005	2006	2007	2008	2009	2010
\$ 5,096 420,260	\$ 2,598 253,737	\$ 2,598 583,212	\$ 78,525 768,754	\$ 64,705 1,096,703	\$ 49,852 863,051
<u>\$ 425,356</u>	<u>\$ 256,335</u>	<u>\$ 585,810</u>	<u>\$ 847,279</u>	<u>\$ 1,161,408</u>	<u>\$ 912,903</u>
\$ 74,795 342,948	\$ 64,425 -	\$ 32,042 1,430,000	\$ 56,185 B. 1,136,493	\$ 58,323 650,228	\$ 60,119 218,502
<u>\$ 417,743</u>	<u>\$ 64,425</u>	<u>\$ 1,462,042</u>	<u>\$ 1,192,678</u>	<u>\$ 708,551</u>	<u>\$ 278,621</u>

TABLE A-4

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

	Fiscal Year			
	2001	2002	2003	2004
Revenues				
Taxes	\$ 2,225,216	\$ 2,439,934	\$ 2,441,633	\$ 2,595,882
Licenses and permits	61,645	39,422	70,903	68,620
Charges for service	813,228	911,272	978,312	1,054,801
Fines and forfeitures	156,830	152,717	167,862	174,479
Miscellaneous	<u>423,424</u>	<u>179,894</u>	<u>268,702</u>	<u>790,232</u> C
Total Revenues	<u>3,680,343</u>	<u>3,723,239</u>	<u>3,927,412</u>	<u>4,684,014</u>
Expenditures				
Administrative	182,029	198,293	326,799	244,181
Sanitation	460,487	479,647	489,056	508,272
Fire	266,933	266,805	275,993	254,431
Police	890,487	940,587	1,023,348	1,034,373
Paving and street	265,880	307,094	336,300	371,020
Parks and recreation	566,161	555,474	636,034	609,285
<u>Library</u>	<u>188,264</u>	<u>192,387</u>	<u>211,978</u>	<u>211,390</u>
Garage	113,225	120,222	128,671	128,544
Capital outlay	985,499	505,679	1,939,513	A 2,682,760
Debt service				
Interest	292,623	282,348	379,556	400,800
Principal	<u>175,000</u>	<u>190,000</u>	<u>240,000</u>	<u>530,000</u>
Total Expenditures	<u>4,386,588</u>	<u>4,038,536</u>	<u>5,987,248</u>	<u>6,975,056</u>
Excess of revenues over (under) expenditures	(706,245)	(315,297)	(2,059,836)	(2,291,042)
Other Financing Sources (Uses)				
Proceeds from borrowing	-	-	5,000,000	A -
Proceeds from refunding	-	-	1,600,000	B -
Redemption of refunded bonds	-	-	(1,500,000)	B -
Transfers in	1,171,131	834,107	937,577	1,154,768
Transfers out	<u>(367,873)</u>	<u>(472,348)</u>	<u>(481,622)</u>	<u>(907,577)</u>
Total other financing sources	<u>803,258</u>	<u>361,759</u>	<u>5,555,955</u>	<u>247,191</u>
Net change in fund balances	<u>\$ 97,013</u>	<u>\$ 46,462</u>	<u>\$ 3,496,119</u>	<u>\$(2,043,851)</u>
Debt service as a percentage of noncapital expenditures	15.9%	15.4%	18.1%	27.7%

- A. Bond proceeds in 2003 used for street resurfacing.
- B. Refunding of bonds in 2003 due to favorable interest rates.
- C. Grant received in 2004 for street improvements.
- D. Bond proceeds in 2007 to be used for library and utility system improvements.
- E. Refunding of bonds in 2007 due to favorable interest rates.

TABLE A-4

Fiscal Year					
2005	2006	2007	2008	2009	2010
\$ 2,812,571	\$ 3,202,931	\$ 3,543,872	\$ 3,659,992	\$ 3,856,279	\$ 3,365,889
78,387	167,500	171,091	158,653	330,493	221,005
962,644	1,027,350	1,044,379	1,063,339	1,069,232	1,064,615
220,754	208,945	220,568	206,059	210,193	217,430
444,987	558,205	435,547	383,885	1,271,421	439,046
4,519,343	5,164,931	5,415,457	5,471,928	6,737,618	5,307,985
362,385	430,460	589,450	464,778	544,952	502,238
525,099	551,984	595,356	614,780	606,952	597,076
272,362	292,497	333,880	366,276	378,591	373,785
1,100,899	1,156,337	1,239,397	1,356,402	1,436,239	1,524,372
332,286	421,287	446,480	344,420	388,011	428,013
610,971	621,815	654,682	744,706	667,173	715,406
217,896	225,276	257,071	261,206	250,779	277,401
131,848	150,570	154,049	261,800	175,996	169,988
1,447,119	1,280,136	633,113	512,315	1,158,730	497,732
381,833	362,868	363,425	350,383	316,960	292,398
540,000	560,000	570,000	690,000	720,000	745,000
5,922,698	6,053,230	5,836,903	5,967,066	6,644,383	6,123,409
(1,403,355)	(888,299)	(421,446)	(495,138)	93,235	(815,424)
-	-	1,500,000 D	-	-	-
-	-	3,055,000 E	-	-	-
-	-	(2,940,000) E	-	-	-
1,196,580	1,274,601	1,040,595	1,560,371	1,236,959	1,606,128
(937,439)	(908,638)	(507,060)	(1,073,128)	(1,500,192)	(1,469,139)
259,141	365,963	2,148,535	487,243	(263,233)	136,989
\$ (1,144,214)	\$ (522,336)	\$ 1,727,089	\$ (7,895)	\$ (169,998)	\$ (678,435)
25.9%	24.0%	21.9%	23.6%	23.3%	22.6%

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REVENUE CAPACITY

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

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

Tax Year	Real Property (1)		Personal (1) Assessed Value
	Assessed Value	Estimated Actual Value	
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
2007	324,079,092	324,079,092	57,234,573
2008	358,777,630	358,777,630	57,815,193
2009	398,529,925	398,529,925	58,932,227

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

TABLE B-1

Personal (1) Estimated Actual Value	Total Property		Ratio of Total Assessed to Total Estimated Actual Value	Total Direct Rate Applied
	Assessed Value	Estimated Actual Value		
34,434,642	194,373,364	194,373,364	100%	0%
44,505,537	202,376,069	202,376,069	100%	0%
46,660,580	207,971,188	207,971,188	100%	0%
46,719,165	211,680,559	211,680,559	100%	0%
48,106,813	229,488,246	229,488,246	100%	0%
48,821,394	244,106,970	244,106,970	100%	0%
51,858,018	251,088,683	251,088,683	100%	0%
57,234,573	381,313,665	381,313,665	100%	0%
57,815,193	416,592,823	416,592,823	100%	0%
58,932,227	457,462,152	457,462,152	100%	0%

TABLE B-2

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)**

County Fiscal Year	City General Fund	School District	County	Total
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
2007	.00	1.1100	0.6277	1.7377
2008	.00	1.4135	0.6277	2.0412
2009	.00	1.4135	0.6277	2.0412

County Fiscal Year	City General Fund	School District	County	Total
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
2007	-	10,722,728	12,954,936	23,677,664
2008	-	16,305,268	15,157,004	31,462,272
2009	-	17,162,308	15,869,969	33,032,277

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.

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

TEN LARGEST ELECTRIC CUSTOMERS
FISCAL 2010 KILOWATT HOURS

(*) Name	Kilowatt Hours	Rank	Percent of Total	Kilowatt Hours	Rank	Percent of Total
Livingston Independent School Dist.	7,742,691	1	8.97%	6,971,209	1	9.29%
Brookshire Brothers	2,393,324	2	2.77%	2,242,437	2	2.99%
Lowe's	2,097,256	3	2.43%	-	-	0.00%
Polk County	1,957,255	4	2.27%	2,113,960	3	2.82%
HEB Grocery	1,938,488	5	2.25%	1,718,278	4	2.29%
Factory Stores of America	1,326,120	6	1.54%	1,464,444	5	1.95%
Bradford	1,158,185	7	1.34%	-	-	0.00%
Pine Ridge Health Care	850,291	8	0.99%	798,160	6	1.06%
First State Bank	731,303	9	0.85%	577,483	9	0.77%
McDonalds	648,304	10	0.75%	679,247	8	0.91%
First National Bank	-		0.00%	729,689	7	0.97%
Golden Corral	-		0.00%	509,947	10	0.68%
	20,843,217		24.15%	17,804,854		23.73%

TEN LARGEST WATER CUSTOMERS
FISCAL 2010 GALLONS USED

(*) Name	Gallons Used	Rank	Percent of Total	Gallons Used	Rank	Percent of Total
Texas Department of Criminal Just.	243,291,000	1	42.51%	208,744,000	1	42.48%
IAH Detention Facility	32,263,000	2	5.64%	-	-	0.00%
Memorial Medical Center	14,917,000	3	2.61%	9,063,000	3	1.84%
Livingston ISD	14,363,000	4	2.51%	13,438,000	2	2.73%
Camp Cho Yeh	8,412,000	5	1.47%	5,675,000	6	1.15%
Pine Hill Apts.	6,873,000	6	1.20%	5,795,000	5	1.18%
County of Polk	5,950,000	7	1.04%	-	-	0.00%
Walmart	3,873,000	8	0.68%	3,858,000	7	0.79%
The Bradford	3,829,000	9	0.67%	-	-	0.00%
Royal Inn	2,561,000	10	0.45%	-	-	0.00%
Livingston Housing Authority	-		0.00%	7,499,000	4	1.53%
Mill Ridge Golf Club	-		0.00%	3,577,000	8	0.73%
Pine Ridge Healthcare Center	-		0.00%	3,488,000	9	0.71%
Eastex Telephone Cooperative	-		0.00%	3,247,000	10	0.66%
	336,332,000		58.77%	264,384,000		53.80%

(*) Information provided by City of Livingston

Note: The City does not receive any revenue from property taxes at this time. The primary revenue source is sales tax. The City is prohibited by law from disclosing the principal revenue payers of sales tax revenue. Consequently, the City has elected to provide information on its largest Enterprise fund customers.

TABLE B-4

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

Fiscal Year	Total Tax Levy	Current Tax Collections	Percent of Levy Collected	Delinquent Tax Collections	Total Tax Collections
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	-	-
2007-08	N/A	N/A	N/A	-	-
2008-09	N/A	N/A	N/A	-	-
2009-10	N/A	N/A	N/A	-	-

* City discontinued levying property taxes in fiscal 1989.

TABLE B-4

Total Collections as Percent of Current Levy	Adjustment	Outstanding Delinquent Taxes	Outstanding Delinquent as a Percent of Total Tax Levy
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
N/A	-	-	N/A
N/A	-	-	N/A
N/A	-	-	N/A

TABLE B-5

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

	Fiscal Year			
	2000	2001	2002	2003
Agriculture, forestry, & fishing	\$ 186,082	\$ 120,040	\$ 104,087	\$ 55,655
Mining	2,445,805	3,017,072	1,670,892	2,928,533
Construction	1,427,549	2,178,456	3,176,878	459,045
Manufacturing	3,618,803	2,805,088	2,626,183	3,348,853
Transportation, communication, utility	3,940,131	3,915,504	3,944,208	3,694,829
Wholesale Trade	1,313,493	1,290,343	1,820,682	2,341,586
Retail Trade	112,245,922	107,735,964	110,586,688	107,480,485
Finance, insurance, real estate	331,846	321,496	309,122	282,049
Services	6,697,287	5,937,256	6,103,505	6,247,964
Other	-	-	-	-
Total	<u>\$ 132,206,918</u>	<u>\$ 127,321,219</u>	<u>\$ 130,342,245</u>	<u>\$ 126,838,999</u>

Source: State Comptroller's Office

TABLE B-5

Fiscal Year					
2004	2005	2006	2007	2008	2009
\$ 17,846	\$ -	\$ -	\$ -	\$ -	\$ -
5,613,633	7,700,436	60,829	756,938	285,694	139,367
424,557	787,927	11,059,135	11,376,991	8,329,709	2,566,018
3,585,308	3,323,607	5,178,592	6,562,549	7,440,687	4,670,834
3,502,046	3,498,339	74,518	63,730	152,921	293,334
2,315,597	2,906,373	8,451,726	8,816,753	8,944,623	7,407,560
122,067,358	131,436,864	119,034,315	128,368,896	137,752,269	136,583,087
107,361	69,374	1,177,586	1,690,872	1,741,041	1,666,834
6,119,047	5,621,477	32,216,522	29,680,044	34,724,520	34,823,277
440,818	3,097,013	-	-	-	-
<u>\$ 144,193,571</u>	<u>\$ 158,441,410</u>	<u>\$ 177,253,223</u>	<u>\$ 187,316,773</u>	<u>\$ 199,371,464</u>	<u>\$ 188,150,311</u>

TABLE B-6

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

	Fiscal Year			
	2001	2002	2003	2004
Electrical revenues	\$ 6,756,183	\$ 6,568,105	\$ 7,350,587	\$ 7,584,035
Water revenues	1,457,245	1,491,121	1,573,863	1,637,733
Sewer revenues	928,194	969,701	1,056,553	1,091,190
Total	<u>\$ 9,141,622</u>	<u>\$ 9,028,927</u>	<u>\$ 9,981,003</u>	<u>\$ 10,312,958</u>

Sources: Various City Departments

TABLE B-6

Fiscal Year					
2005	2006	2007	2008	2009	2010
\$ 7,873,279	\$ 8,039,723	\$ 8,016,265	\$ 8,918,291	\$ 9,387,165	\$ 10,362,512
1,650,187	1,550,614	1,629,707	1,765,155	1,749,976	2,326,923
<u>1,131,614</u>	<u>1,117,758</u>	<u>1,153,855</u>	<u>1,245,812</u>	<u>1,232,793</u>	<u>1,279,476</u>
<u>\$ 10,655,080</u>	<u>\$ 10,708,095</u>	<u>\$ 10,799,827</u>	<u>\$ 11,929,258</u>	<u>\$ 12,369,934</u>	<u>\$ 13,968,911</u>

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DEBT CAPACITY

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

TABLE C-

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

Fiscal Year	CERTIFICATES OF OBLIGATION	GENERAL OBLIGATION BONDS	WATER SERVICE CONTRACTS PAYABLE	TOTAL PRIMARY GOVERNMENT
2000-01	4,860,000	-	1,645,000	6,505,000
2001-02	4,670,000	-	1,295,000	5,965,000
2002-03	8,115,000 (1)	1,415,000	520,000	10,050,000
2003-04	7,770,000	1,230,000	460,000	9,460,000
2004-05	7,415,000	1,045,000	400,000	8,860,000
2005-06	7,050,000	850,000	340,000	8,240,000
2006-07	5,300,000 (2)	3,645,000 (2)	275,000	9,220,000
2007-08	4,905,000	3,350,000	210,000	8,465,000
2008-09	4,485,000	3,050,000	140,000	7,675,000
2009-10	4,055,000	2,735,000	2,785,000 (4)	9,575,000

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.

(3) U.S. Census 2000.

(4) The Trinity River Authority issued \$2,715,000 in water system improvement bonds to be repaid by the City proprietary fund.

TABLE C-

PERCENTAGE OF PERSONAL INCOME	PER CAPITA	Net Bonded Debt Per Capita	Population (3)
5.67%	1,197	-	5,433
4.52%	1,098	-	5,433
7.37%	1,850	-	5,433
6.92%	1,741	-	5,433
6.48%	1,631	-	5,433
5.61%	1,517	-	5,433
6.19%	1,697	-	5,433
5.11%	1,558	-	5,433
4.44%	1,413	-	5,433
5.14%	1,762	-	5,433

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

Fiscal Year	Population	Assessed Value (1)	Gross Bonded Debt (3)	Less: Debt Service Fund
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	1,415,000	68,957
2003-04	5,433	211,680,559	1,230,000	71,335
2004-05	5,433	229,488,246	1,045,000	74,795
2005-06	5,433	244,106,970	850,000	64,428
2006-07	5,433	251,088,683	3,645,000	32,042
2007-08	5,433	381,313,665	3,350,000	56,185
2008-09	5,433	416,592,823	3,050,000	58,323
2009-10	5,433	457,462,152	2,735,000	60,119

(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

TABLE C-3

CITY OF LIVINGSTON, TEXAS
COMPUTATION OF DIRECT AND OVERLAPPING DEBT
September 30, 2010

Governmental Unit	Outstanding Debt	Percentage Applicable to This Governmental Unit *	City of Livingston's Share of Debt
City of Livingston	\$ -	100%	\$ -
(1) Livingston Independent School District	69,135,000	20%	13,827,000
(2) County of Polk	36,322,121	13%	4,721,876
Total direct and overlapping debt			\$ 18,548,876

(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, 2010

Assessed value, year 2009	<u>\$ 457,462,152</u>
Debt Limit - Ten Percent of assessed value	45,746,215
Amount of Debt Applicable to Debt Limit:	
General Obligation bonds	2,735,000
Other debt (certificate of obligation and contracts payable)	<u>6,840,000</u>
Total debt	<u>9,575,000</u>
Less: Assets in debt service fund	60,119
Total amount of debt applicable to debt limit	<u>9,514,881</u>
Legal debt margin	<u>\$ 36,231,334</u>

Fiscal Year	Debt Limit	Total Net Debt Applicable to Limit	Legal Debt Margin	Legal Debt Margin as a Percentage of the Debt Limit
2001	\$ 19,437,336	\$ 4,799,674	\$ 14,637,662	75.31%
2002	\$ 20,237,607	\$ 4,606,655	\$ 15,630,952	77.24%
2003	\$ 20,797,119	\$ 9,461,043	\$ 11,336,076	54.51%
2004	\$ 21,168,056	\$ 8,928,665	\$ 12,239,391	57.82%
2005	\$ 22,948,825	\$ 8,385,205	\$ 14,563,620	63.46%
2006	\$ 24,410,697	\$ 7,835,572	\$ 16,575,125	67.90%
2007	\$ 25,108,868	\$ 8,912,958	\$ 16,195,910	64.50%
2008	\$ 38,131,367	\$ 8,198,815	\$ 29,932,552	78.50%
2009	\$ 41,659,282	\$ 7,476,677	\$ 34,182,605	82.05%
2010	\$ 45,746,215	\$ 9,514,881	\$ 36,231,334	79.20%

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

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DEMOGRAPHIC AND ECONOMIC INFORMATION

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

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

Fiscal Year	Population	Personal Income	Per Capita Personal Income	Unemployment Rate
2000-01	5,433	114,799,587	21,130	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%
2007-08	5,433	165,695,634	30,498	6.20%
2008-09	5,433	172,943,256	31,832	10.30%
2009-10	5,433	186,243,240	34,280	9.60%

* Sources: Population provided by the 2000 census. Personal income provided by Bureau of Economic Analysis. Unemployment rate (for the years available) provided Bureau of Labor Statistics and Texas Labor Market Information as published by the Texas Workforce Commission.

TABLE D-2

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

(*) <u>Name</u>	2010			2001		
	<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	624	1	8.00%	600	1	8.82%
Memorial Med. Center	500	2	6.41%	139	6	2.04%
Wal-Mart Super Center	370	3	4.74%	500	2	7.35%
County of Polk - Government	335	4	4.29%	300	3	4.41%
I A H Detention Facility	213	5	2.73%	-	-	0.00%
Sam Houston Electric Coop	159	6	2.04%	-	-	0.00%
The Bradford at Brookside	140	7	1.79%	-	-	0.00%
Pine Ridge Nursing Center	132	8	1.69%	175	4	2.57%
Lowe's Home Improvement	127	9	1.63%	-	-	0.00%
Brookshire Bros.	85	10	1.09%	148	5	2.18%
First National Bank	-		0.00%	75	8	1.10%
First State Bank	-		0.00%	75	7	1.10%
City of Livingston	-		0.00%	75	9	1.10%
Eastex Telephone Coop	-		0.00%	60	10	0.88%
	<hr/> <u>2,685</u>		<hr/> <u>34.42%</u>		<hr/> <u>2,147</u>	<hr/> <u>31.57%</u>

(*) Information provided by the City of Livingston, Texas.

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OPERATING INFORMATION

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

TABLE E-1

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

Full-time Equivalent Employees as of September 30,

FUNCTION/PROGRAM	2001	2002	2003	2004	2005
Administrative	8	8	8	9	9
Fire A	1	1	1	1	1
Police Officers	18	17	17	18	18
Other staff	4	5	4	4	5
Paving and street	6	6	7	7	6
Parks and recreation	9	7	7	7	9
Library	4	4	4	4	4
Garage	2	2	2	2	2
Electric, Water & Sewer	17	18	18	18	18
Total	69	68	68	70	72

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 for 2006 and subsequent years.

TABLE E-

<u>2006</u>	<u>2007</u>	<u>2008</u>	<u>2009</u>	<u>2010</u>
10 B	11 B	12 B	10 B	10 B
2	2	2	2	2
18 5	18 5	17 6	18 6	18 6
7	7	5	5	6
9	10	8	11	11
5	5	4	5	5
2	2	2	2	2
19	16	18	18	19
77	76	74	77	79

TABLE E-2

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

<u>FUNCTION/PROGRAM</u>	Fiscal Year			
	2001	2002	2003	2004
Police				
Violations (Traffic & Criminal)	2,959	2,993	2,788	2,241
Fire				
Fire Calls	615	609	510	488
Library				
Volumes of Books	22,812	22,846	23,863	23,383
Electric				
Average daily kilowatt hours sold	199,352	198,484	202,958	219,935
Total customers	3,170	3,232	3,221	3,238
Water				
Average daily consumption	1,497,025	1,342,285	1,284,118	1,314,511
Total connections	3,076	3,056	3,123	3,143

Sources: Various City Departments

TABLE E-2

2005	2006	2007	2008	2009	2010
2,761	2,493	3,047	2,823	3,309	3,317
592	592	728	863	797	717
24,425	22,212	22,426	20,770	22,409	22,287
224,874 3,278	226,791 3,281	227,240 3,325	224,443 3,329	230,289 3,331	238,439 3,296
1,415,414 3,186	1,347,551 3,213	1,347,079 3,224	1,445,855 3,214	1,480,375 3,270	1,567,956 3,265

TABLE E-3

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

<u>FUNCTION/PROGRAM</u>	Fiscal Year			
	2001	2002	2003	2004
Police				
Patrol Units	9	9	9	9
Fire				
Stations and substation	2	2	2	2
Vehicles including fire trucks	9	9	8	8
Paving and Street				
Miles of Paved Streets	49.20	49.20	49.20	49.20
Miles of Paved Sidewalks	12.50	12.50	12.50	12.50
Street lights	686	691	693	697
Night lights	420	435	438	453
Parks & Recreation				
Acres of Parks	373.50	373.50	373.50	373.50
Water				
Miles of water mains	33.95	33.95	33.95	33.95
Storage capacity-gallons	2,150,000	2,150,000	2,150,000	2,150,000
Sewer				
Miles of sewer lines	78.12	78.12	78.12	78.12

Sources: Various City Departments

TABLE E-3

2005	2006	2007	2008	2009	2010
9	9	9	7	8	10
2 9	2 9	3 9	3 17	3 17	3 17
49.20 12.50 703 466	49.20 12.50 711 481	49.20 12.50 711 481	53.24 12.50 721 468	55.74 12.50 721 468	58.06 12.50 723 424
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	34.40 2,150,000	35.98 2,150,000	40.43 2,150,000
78.12	78.12	78.12	78.88	78.88	80.00

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MISCELLANEOUS STATISTICAL DATA - UNAUDITED

TABLE F-1**CITY OF LIVINGSTON, TEXAS****MISCELLANEOUS STATISTICAL DATA - UNAUDITED**

DATE OF INCORPORATION:	October 3, 1902
GOVERNMENT:	General Law City Council - Manager Elected Officials: Mayor Five (5) Council members
POPULATION:	1990 U.S. Census - 5,019 2000 U.S. Census - 5,433 2010 U.S. Census - 6155 (Preliminary)

INCORPORATED AREA IN ACRES LAST TEN YEARS

2001	5,440	2006	5,456
2002	5,440	2007	5,465
2003	5,440	2008	5,465
2004	5,441	2009	5,537
2005	5,456	2010	5,554

TRANSPORTATION FACILITIES

<u>Streets</u> 58.06 Miles paved street 10.45 Unpaved streets 10.50 Miles undeveloped streets 12.50 Miles sidewalk	<u>Railways</u> Union Pacific RR Company
<u>Highways</u> U.S. 59 and U.S. 190 Intersect in Downtown Area. Also serve as principal city streets	<u>Municipal Airport</u> Runway - 3,700' paved Windsocks, tiedowns, telephone Privately owned hangars Airport lighted

WATER AND SANITATION FACILITIES

<u>Water Mains</u> 12" 9.30 miles 8" 9.38 miles 6" 21.75 miles	<u>Water Storage</u> Elevated - 800,000 gallons Ground - 1,350,000 gallons
<u>Water Pumpage</u> Present requirements 1,800,000 gallons per day	<u>Sewer Lines</u> Sanitation - 80.00 miles of line Storm - Adequate for proper drainage

CITY OF LIVINGSTON, TEXAS

MISCELLANEOUS STATISTICAL DATA - UNAUDITED

PERSONNEL

<u>Department</u>	<u>Number of Employees</u>	<u>Employees Statistics</u>	
		<u>Years of Service</u>	<u>Number of Employees</u>
Administrative	10	31+	5
Electric	8	20-30	8
Water	8	15-19	6
Sewer	3	10-14	14
Police	24	6-9	12
Street	6	1-5	30
Parks and Recreational	6	Less than (one) 1 year	4
Library	5		
Garage	2		
Community Devel.	2		
Fire	2		
Mainstreet	1		
Trade Days	2		
Total	79		

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)	
Paid vacation (80 hours after one year) (120 hours after 10 years) (160 hours after 20 years)	
Paid sick leave (80 hours) with 240 hours accrual	Retirement Benefits ratio match 2:1
Paid Holidays (Nine)	Social Security
Bereavement Leave (24 hours)	Volunteer Program (MVP)
Earned personal leave days (Two)	Sick Leave Pool
Award program-Annual banquet, safety, service, attendance, and volunteer awards.	Holiday Compensation
Education tuition reimbursement	Law Enforcement Certificate Pay
Family Leave (FMLA)	Paid uniforms for all service personnel
Workers Compensation Program	Healthy initiative program
	Water/Wastewater Certificate pay

TABLE F-3

CITY OF LIVINGSTON, TEXAS

MISCELLANEOUS STATISTICAL DATA - UNAUDITED

<u>POLICE PROTECTION</u>		
<u>Personnel</u>		<u>Equipment</u>
One (1) Chief	One (1) Municipal Court Judge	Ten (10) Patrol Units
One (1) Lieutenant	One (1) Secretary/Comm. Spv	Eight (8) Radars
Four (4) Sergeants	One (1) Corporation Clerk	Radio Communication System
Two (2) Detectives	One (1) Records Clerk	Computer System
Eight (8) Officers	One (1) Associate Municipal	
Three (3) Reserve Officers	Court Judge	
Four (4) Telecommunication Operators		<u>Traffic and Criminal Violations</u>
One (1) Relief Telecommunication Operator		\$134,600 fines collected
One (1) Animal Control Officer		3,317 violations
Two (2) School Officers		
<u>FIRE PROTECTION</u>		
<u>Personnel</u>		<u>Housing</u>
One (1) Fire Chief		1992 Station 1 - 8 Truck bays, 2 offices
Thirty-seven (37) volunteer firemen		1 classroom, and 1 workroom
Three (3) radio dispatchers - full time and standby		1996 Station 2 - 5 Truck bays
One (1) secretary		2007 Station 3 - 2 Truck bays
<u>Equipment</u>		Fire Training Field - Used for live
Five (5) pumper (1-1000 GPM; 3-1250 GPM; 1-750 GPM)		fire training and other rescue classes
One (1) aerial ladder truck (1750 GPM)		
Two (2) tankers (3000 gal. capacity)		
One (1) Haz-Mat truck		
Two (2) rescue boats and equipment		
One (1) Command Post-32' self-contained		
Radio communication system including 50 mobile units, dispatch module and 6 remotes		
"Jaws" of life (4 sets with 1 set of air bags)		
Water rescue equipment		
Trench rescue equipment		
Rope rescue equipment		
Two (2) Thermal imagers		
Two (2) utility vehicle		<u>Total Fire Calls</u>
Two (2) Grass/brush fire trucks	50 gallons Micro Blaze	2009-2010 - 717 fire call
One (1) Heavy Rescue	40 self-contained air packs	
1-6 Bottle cascade system-light tower	6 generators	
1-8 Bottle cascade system	8 entry saws	
300 gallons AFFF Foam	Hazardous material equipment	
200 gallons Forestry Foam	3 Ventilation saws	
One (1) John Deere Gator	2 Metal cutoff saws	
	3 450 GPM Float Pumps	

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
U.S. Census - 2010 (Preliminary)	6,155

ENTERPRISES AS OF SEPTEMBER 30, 2010

(1) Centerpoint Energy	Gas Utility	Active Customers 1,302 Inactive Customers N/A
(1) Versalink Media	Television Cable	Customers - 363
(1) Livingston Telephone Co.	Telephone System	Access Lines - 4,062
(1) Telcom Supply	Television Cable	Customers - 908
City of Livingston	Electric & Water Systems	Electric Customers 3,296 Water Customers 2,717

(1) Information provided by individual corporate offices

CITY ELECTRIC DEPARTMENT STATISTICS (LAST TEN YEARS)

Fiscal Year	Number of Customers	KWH Consumed		Total
		Residential	Commercial	
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
2008	3,329	29,226,472	52,695,081	81,921,533
2009	3,331	30,428,769	53,626,613	84,055,382
2010	3,296	32,130,530	54,899,882	87,030,412

CITY OF LIVINGSTON, TEXAS

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

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
2007-08	\$ 3,232,037
2008-09	\$ 3,392,552
2009-10	\$ 3,012,227

WATER DEPARTMENT STATISTICS (LAST TEN YEARS)

<u>Year</u>	<u>Gallons Consumed *</u>	<u>Gallons Pumped</u>
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
2008	527,737,000	701,968,000
2009	540,337,000	704,626,000
2010	572,304,000	698,683,000

* Water consumption at municipally-owned facilities not included.

*** EDUCATIONAL FACILITIES**Public 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 Miscellaneous Data

Teachers - 278 Certified
 62 Aides Para Professional
 208 Auxiliary
 Average Daily Attendance - 4,004 Inclusive

Public School Administrative Personnel

Superintendent - One (1)
 Asst. Superintendent - Three (3)
 Principals - Seven (7)
 Asst. Principals - Eight (8)
 Counselors - Seventeen (17)
 Directors of Special Prog./Curriculum - Nine (9)
 Other - 31
 Private
 Private Kindergarten and/or Nursery Schools - Six (6)

* Information provided by Livingston Independent School District Business Office.

CITY OF LIVINGSTON, TEXAS

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

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

Matthews Park

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

Youth Center - South Washington

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

Murphy Memorial Library

Located 601 West Church Street, Constructed
 in 1967. Construction Value \$120,000. Staff-
 Professional Librarian, Three (3) Assistants,
 One (1) Aide, Janitorial help.
 Volumes; 2010 - 22,287

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	42,034
* Number voting in last general election	20,323
Number of registered voters in City	3,246
** Number voting in last Municipal election (2008)	910
Percentage of voters voting:	
Last general election (County) (2008)	56.0%
** Last Municipal election (Municipal) (2008)	28.3%

* Information provided by Polk County Clerk's Office and Polk County Tax Office.
 ** Information provided by City of Livingston.

CITY OF LIVINGSTON, TEXAS
CITY OFFICIALS
For the Year Ended September 30, 2010

<u>Name</u>	<u>Title</u>	<u>Amount of Surety Bond</u>
Clarke Evans	Mayor	\$ 25,000
E. Ray Hill	Alderman	25,000
Judy Cochran	Alderwoman	25,000
Billy S. Wiggins	Alderman	25,000
Raymond Luna	Alderman	25,000
Elgin Davis	Mayor Pro-tem	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.