

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

**FISCAL YEAR
OCTOBER 1, 2012 - SEPTEMBER 30, 2013
ISSUED BY: FINANCE DEPARTMENT
MARILYN SUTTON**

**CITY OF LIVINGSTON, TEXAS
COMPREHENSIVE ANNUAL FINANCIAL REPORT
SEPTEMBER 30, 2013**

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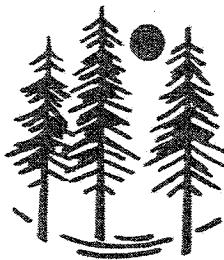
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City of Livingston, Texas

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 5, 2014

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, 2013 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.

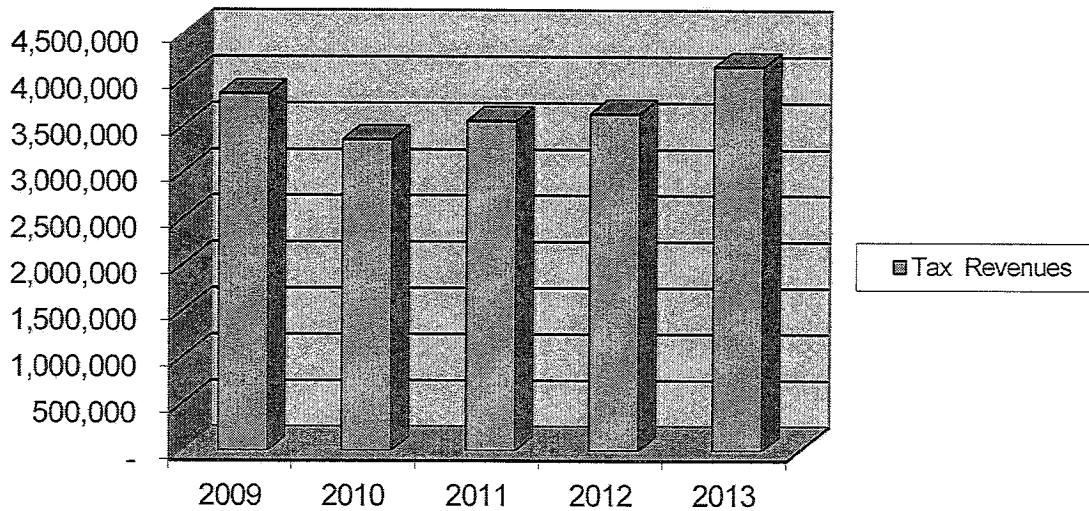
In accordance with the State Laws of Texas, the City has formally established budgetary accounting control for its operating funds. Budgetary control is maintained at the department head/function level. Financial reports are produced showing budget and actual expenditures by line item, and are distributed 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

The local economy continued to experience growth in 2013 as is evidenced by the fact that sales tax revenue, a major indicator of the economic condition of the area, increased from \$3,275,000 to \$3,731,000, an increase of \$456,000 or 13.9%.

A graph of tax receipts follows:

SALES AND OTHER TAX COLLECTIONS-LAST FIVE YEARS



In fiscal 2013, hotel occupancy tax increased by 20.8%, gross receipts and franchise fees increased by 3.6%, sanitation service revenue increased by 8.5%, municipal court fines increased by 6.9%, and parks and recreation and library user fees increased by 17.7%.

The Utility Fund experienced an increase in revenue due to the weather conditions as well as an increase in customers over the past year. Electric sales revenue increased by 3.3%, or \$306,703 and electric kWh sold increased from 82,891,235 in 2012 to 84,689,816 in 2013. Water sales and sewer service revenue increased by 5.4%, or \$181,024 for the fiscal year with total gallons of water consumed increasing from 550,208,000 in 2012 to 560,064,000 in 2013. The Texas Department of Criminal Justice Polunsky Unit, located on FM 350 South, continued as the City's leading water and wastewater user consuming 237,818,000 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 24,791,000 gallons of water. Together, these two facilities represent 46.9% of water and sewer consumption, or 262,609,000 gallons of the total water consumed in fiscal 2013. In addition to the increases in the electric and water usage revenue, the City experienced an increase in the number of utility customers 3,295 in 2012 to 3,310 in 2013.

Economic Development

A total of 68 building permits were issued by the City for commercial and residential construction projects in 2013 with a total construction value of \$5,694,144. This activity demonstrates the positive economic climate in the local community which is expected to continue into the new year with additional projects currently in the planning and development stages.

New or renovated businesses and commercial developments underway in 2013 include: Polk County Community College/Commerce Center; renovation of the old LISD High School campus into an Intermediate School campus; an historical renovation elevator project at the Polk County Courthouse; renovation of the Mistrot Building as the Blue Duck restaurant which will open in mid-January, 2014; renovation of the Miller Pump building to house a new plumbing business (The Plumber) and Petalz, a florist and gift shop which opened in November, 2013; renovation of a vacant building on South Washington as a trucking compliance management business and gym; renovation and expansion of La Casita Mexican restaurant on South Washington; construction of DOW Emergency Clinic, a 16,000 square foot facility located on US 190 West which opened in October, 2013 to provide 24-hour emergency medical services; construction of a new 6,417 square foot office and recreation center to serve the Livingston Housing Authority project located on Pine Street; expansion of Livingston Clinic at 219 Eastwood to accommodate additional physician offices and medical services; renovation of a vacant building at 714 West Church as Livingston Pharmacy which opened in December, 2013; renovation of a vacant building in Pineborough Shopping Center as The Factory Connection, a retail clothing outlet; development of Texas Slam, a youth sports academy which will include indoor batting cages, an archery range and two baseball fields on West Park Drive adjacent to Pedigo Park; construction of climate-controlled storage buildings on the US 59 North bypass; construction of eight 4-plex apartments on Clark Street near North Houston; and renovation of an existing lease space to house Domino's Pizza on US 190 West in Cockrell Square.

Future Economic Outlook

A major project which will significantly impact the community for many years to come is the Polk County Community College/Commerce Center which opened in August, 2013. More than 300 students enrolled in the fall, 2013 semester at the Angelina College satellite campus to attend day and night classes. Activity at the Commerce Center has been steady with many events having been held in the past few months. In addition to providing electric, water and sewer services to the new facility, the City expects to see significant increases in sales tax revenue and hotel occupancy tax revenue as the Commerce Center attracts visitors from out of town to attend the events at the new facility.

As the City begins 2014, the Retail Analysis Merchandising Plan for the Livingston area, which was funded through the Polk County Economic and Industrial Development Corporation, is being used by the economic development staff and Catalyst Commercial, Inc. to make contact with the key retailers identified in the study. This study has helped determine the retail trade potential for the area and will help ensure that future development in the area is consistent with existing market and economic factors.

Sales tax revenue has increased for the first four months of the 2013 - 2014 fiscal year by about 1% from the first four months of 2012 - 2013 and other leading economic indicators continue to show signs of improvement. The City believes that the local economy will continue to experience gradual growth in the coming year.

Major Initiatives

In 2011, the City Council and administrative staff completed the process of developing a new 5-year strategic plan. This process involved input from a community survey from our residents, a planning session with supervisory personnel and a City Council workshop to address future infrastructure needs, assess facilities and equipment, programming and service delivery needs and determine future personnel staffing needs for the community.

In 2013, the City moved forward with the construction of several major capital improvement projects to meet the continuing growth in the community:

- Landmark Structures was awarded the contract for the construction of a 1,000,000 gallon elevated water storage tank on the west side of Livingston to accommodate the growth along US 190 West and FM 350 South. Construction began in March, 2013 on the \$2,262,000 project with completion of the project on schedule for April, 2014.
- J.E. Kingham Construction Company was awarded the contract for the renovation of the Wadsworth facility on Tyler Street as a new 17,500 square foot library. Construction began in March, 2013 at a cost not to exceed \$2,352,741. The project includes a large sitting area with WIFI access and a vending area, an expanded public use computer room, a separate young adult area and children's area along with books and current materials, a staff workroom and librarian's office on the first floor. The second floor will include a genealogy library, additional space for children's activities and the Friends of the Library organization, and community meeting rooms. The anticipated completion of the project is February, 2014.
- The Trinity River Authority awarded a contract to Layne Heavy Civil in the amount of \$16,148,000 for the expansion and rehabilitation of the City's existing water treatment plant on FM 350 South. Construction began in November on the project which will increase daily water production from 3 MGD to 5 MGD to meet increased water supply needs in the community. Completion of the project is expected to be June, 2015.
- The Sam Rayburn Municipal Power Agency awarded a contract to Kulaga Construction Company in the amount of \$727,205 for the construction of an electric express feeder to connect the Livingston electric substation on the east side of Livingston with the Ogletree electric substation on the west side of Livingston to provide increased reliability and redundancy in the city's electrical distribution system. Work began in November, 2013 with an expected completion date of mid-2014.

The City strives to provide an efficient and cost-effective 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 within a 75-mile radius of Livingston.

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 2013 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, 2013, 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, 2012. 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-five consecutive years (fiscal years ended 1988-2012). 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, 2013

PRINCIPAL OFFICIALS

City Council

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

Administration

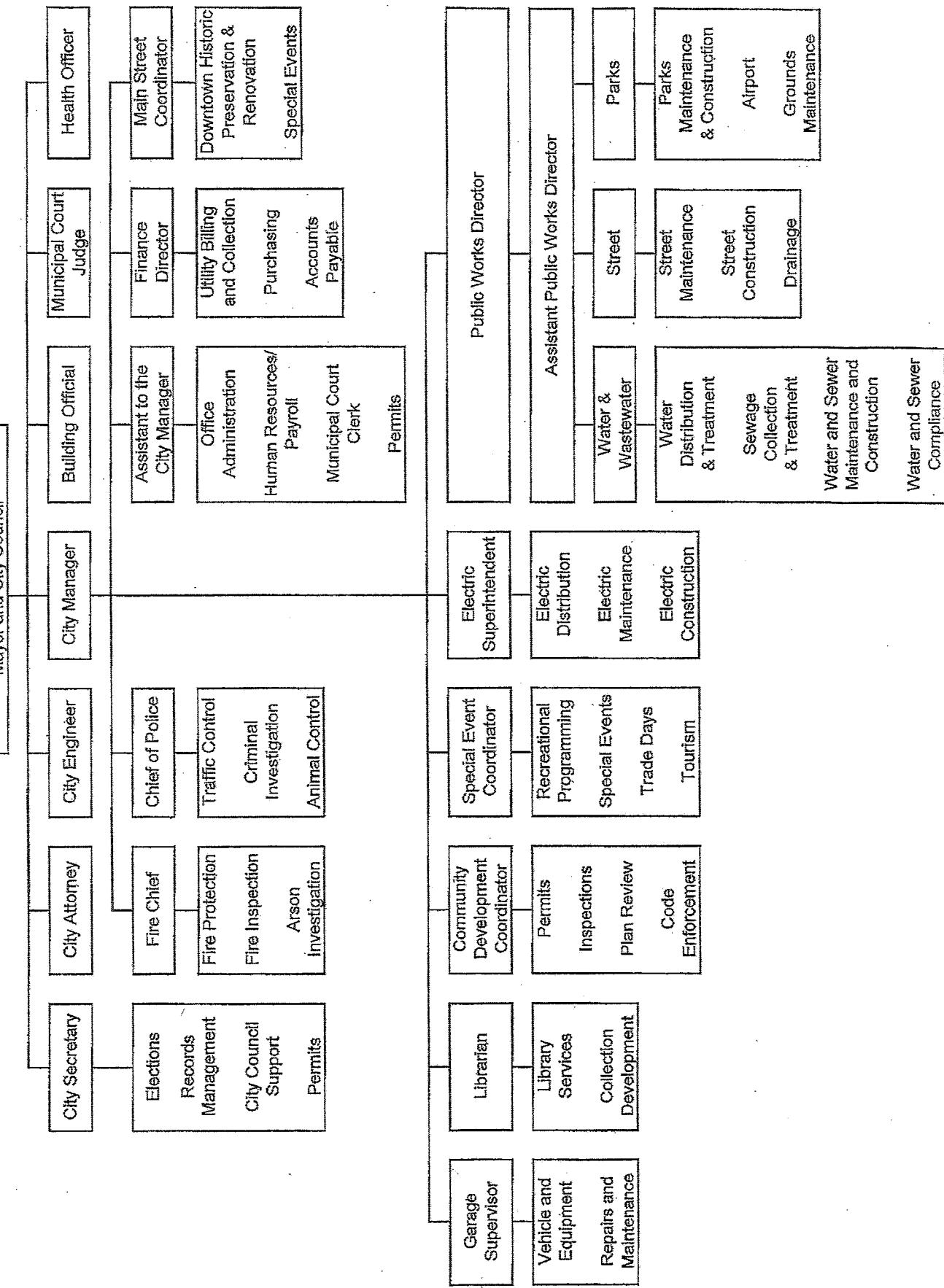
City Manager	Marilyn Sutton
City Secretary	Ellie Monteaux
City Attorney	Jim Wright

Form of Government

Council - Manager
General Law City

CITY OF LIVINGSTON, TEXAS
ORGANIZATIONAL CHART

201





Government Finance Officers Association

**Certificate of
Achievement
for Excellence
in Financial
Reporting**

Presented to
**City of Livingston
Texas**

For its Comprehensive Annual
Financial Report
for the Fiscal Year Ended

September 30, 2012

Executive Director/CEO

FINANCIAL SECTION



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 of the City of Livingston, Texas, as of and for the year ended September 30, 2013, and the related notes to the financial statements which collectively comprise the City's basic financial statements as listed in the Table of Contents.

Management's Responsibility for the Financial Statements

Management is responsible for the preparation and fair presentation of these financial statements in accordance with accounting principles generally accepted in the United States of America; this includes the design, implementation, and maintenance of internal control relevant to the preparation and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error.

Auditor's Responsibility

Our responsibility is to express opinions on these financial statements based on our audit. We conducted our audit in accordance with auditing standards generally accepted in the United States of America. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. Accordingly, we express no such opinion. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinions.

Opinion

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, the business-type activities, the major fund, and the remaining fund information of the City of Livingston, Texas, as of September 30, 2013, and the respective changes in financial position and, where applicable, cash flows thereof for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Other Matters

Required Supplementary Information

Accounting principles generally accepted in the United States of America require that the management's discussion and analysis on pages 4-13 be presented to supplement the basic financial statements. Such information, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board, who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. We have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

Other Information

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the City of Livingston, Texas, basic financial statements. The introductory section, budgetary comparison schedules, individual fund financial statements, and statistical information listed in the table of contents are presented for purposes of additional analysis and are not a required part of the financial statements.

Such information is the responsibility of management and was derived from and relates directly to the underlying accounting records used to prepare the financial statements. The information, except for the portion marked unaudited, has been subjected to the auditing procedures applied in the audit of the financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the financial statements or to the financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States. In our opinion, the information is fairly stated in all material respects in relation to the financial statements as a whole.

The introductory and statistical information have not been subjected to the auditing procedures applied in the audit of the basic financial statements and, accordingly, we do not express an opinion or provide any assurance on them.

Harper & Pearson Company, P. C.

Houston, Texas

March 5, 2013

CITY OF LIVINGSTON, TEXAS

MANAGEMENT'S DISCUSSION AND ANALYSIS

SEPTEMBER 30, 2013

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, 2013. Please read it in conjunction with the accompanying transmittal letter and the accompanying basic financial statements.

FINANCIAL HIGHLIGHTS

- The City's net position of governmental activities decreased by \$171,000 or 3.3% as a result of the year's operations. The decrease was due primarily to a decline in transfers from the Electric Water and Sewer Fund of approximately \$600,000 and an increase in interest expense of \$120,000. Net position of the City's business type activities increased by \$4,374,000 or 21.4% during 2013. This increase was primarily a result of transfers received for water system improvements and an increase in electrical recoveries of \$2,100,000 due to settlement of a class action lawsuit (\$408,000), a refund of excess debt service coverage (\$1,182,000), along with an increase in the annual rebate of power costs (\$200,000) and other recoveries.
- The City's total net position increased by \$4,203,000 or 16.4% during the current fiscal year. The increase is the result of the increases described above.
- Total cost of the City's government programs increased \$246,000 or 4.0%. Expenses increased in virtually all departments. The largest contributor to the increase was the increased interest costs related to the bonds issued in 2012.
- As of September 30, 2013, the City of Livingston's governmental funds reported combined ending fund balances of \$4,233,000 a decrease of \$2,036,000 in comparison with the prior fiscal year. The decrease is due primarily to the expenditure for library improvements (\$1,473,000) and transfers to the Electric Water and Sewer Fund (\$1,226,000) for water system improvements.
- At the end of the current fiscal year, the unassigned fund balance for the general fund was \$858,000 or approximately 15.7% of total general fund expenditures.
- The City's total bonded debt decreased by \$960,000 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.

City of Livingston, Texas
Management's Discussion and Analysis (continued)
September 30, 2013

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 position presents information on all of the City of Livingston's assets and liabilities, with the difference between the two reported as net position. Over time, increases or decreases in net position may serve as a useful indicator of whether the financial position of the City of Livingston is improving or deteriorating. The statement of net position 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 position 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 position and the statement of activities are prepared utilizing the accrual basis of accounting.

In the Statement of Net Position 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 Position and the Statement of Activities) and governmental funds are detailed in a reconciliation following the fund financial statements.

City of Livingston, Texas
Management's Discussion and Analysis (continued)
September 30, 2013

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 position 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 42-44 of this report.

THE CITY AS A WHOLE - Government-Wide Financial Analysis

The City's combined net position was \$29,834,000 as of September 30, 2013. Analyzing the net position of governmental and business-type activities separately, the business type activities net position is \$24,844,000. This analysis focuses on the net position (Table 1) and changes in net position (Table 2) and significant expenses of the City's governmental and business-type activities.

By far the largest portion of the City's net position (77.35%) 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, 2013

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

Table 1
Net Position

	Governmental Activities		Business-Type Activities		Total Primary Government	
	2013	2012	2013	2012	2013	2012
Current and other assets	\$ 4,971,266	\$ 6,706,286	\$ 7,757,821	\$ 4,748,903	\$ 12,729,087	\$ 11,455,189
Capital assets	<u>10,986,459</u>	<u>10,057,572</u>	<u>41,901,672</u>	<u>20,085,479</u>	<u>52,888,131</u>	<u>30,143,051</u>
Total assets	<u>15,957,725</u>	<u>16,763,858</u>	<u>49,659,493</u>	<u>24,834,382</u>	<u>65,617,218</u>	<u>41,598,240</u>
Long-term debt outstanding	10,360,000	11,320,000	23,140,000	2,640,000	33,500,000	13,960,000
Other liabilities	<u>607,987</u>	<u>282,723</u>	<u>1,675,318</u>	<u>1,724,169</u>	<u>2,283,305</u>	<u>2,006,892</u>
Total liabilities	<u>10,967,987</u>	<u>11,602,723</u>	<u>24,815,318</u>	<u>4,364,169</u>	<u>35,783,305</u>	<u>15,966,892</u>
Net position:						
Invested in capital assets, net						
of related debt	4,315,590	4,791,257	18,761,672	17,445,479	23,077,262	22,236,736
Restricted	11,906	11,028	103,626	103,495	115,532	114,523
Unrestricted	<u>662,242</u>	<u>358,850</u>	<u>5,978,877</u>	<u>2,921,239</u>	<u>6,641,119</u>	<u>3,280,089</u>
Total net position	<u>\$ 4,989,738</u>	<u>\$ 5,161,135</u>	<u>\$ 24,844,175</u>	<u>\$ 20,470,213</u>	<u>\$ 29,833,913</u>	<u>\$ 25,631,348</u>

An additional portion of the City's net position (.4%) represents resources that are subject to external restriction on how they may be used. The remaining balance of unrestricted net position \$6,641,119 may be used to meet the government's ongoing obligations to citizens and creditors.

As of September 30, 2013, the City is able to report positive balances in all three categories of net position, 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 \$806,133. This decrease was primarily related to the transfers to the Electric Water and Sewer Fund for water system improvements. Long-term debt of governmental activities also decreased by \$960,000 as a result of the payment on outstanding bonds. The long-term debt of the business type activities decreased by \$75,000 as the City began amortizing their contract rights with the Trinity River Authority that were used to expand the City's water system.

Analysis of the City's Operations Overall the City had an increase in net position of \$4,202,565.

City of Livingston, Texas
Management's Discussion and Analysis (continued)
September 30, 2013

Governmental Activities

Governmental activities decreased net position by \$171,397. Net position invested in capital assets, net of related debt decreased by \$475,667 or 9.9% due to the repayment of outstanding bonds and investment in equipment, buildings, and infrastructure net of depreciation. Unrestricted net position increased by \$303,392 as a result of increased sales tax receipts and the associated decrease in net position invested in capital assets.

Total revenues for governmental activities increased from the previous year by \$433,805. The primary increase was in sales tax, of \$455,402 due to improving economic activity in the City along with increased hotel/motel taxes of \$47,628.

Business-Type Activities

Net position from business-type activities increased by \$4,373,962 or 21.4% from \$20,470,213 in 2012 to \$24,844,175 in 2013. The increase was primarily due to transfers received for water system improvements of approximately \$1,226,000 and improved operating results associated with increased electrical system revenues and recoveries.

The following table provides a summary of the City's operations for year ended September 30, 2013 with comparative totals for year ended September 30, 2012.

City of Livingston, Texas
 Management's Discussion and Analysis (continued)
 September 30, 2013

Table 2
City of Livingston's Changes in Net Position

	Governmental Activities		Business-Type Activities		Total Primary Government	
	2013	2012	2013	2012	2013	2012
Revenues:						
Program Revenues:						
Charges for Services	\$ 1,622,858	\$ 1,688,589	\$ 16,851,001	\$ 14,253,547	\$ 18,473,859	\$ 15,942,136
Capital Grants & Contributions	-	3,491	-	-	-	3,491
Operating Grants & Contributions	128,227	130,478	-	-	128,227	130,478
General Revenues:						
Property tax	-	-	-	-	-	-
Sales tax	3,730,723	3,275,321	-	-	3,730,723	3,275,321
Franchise tax	151,625	146,319	-	-	151,625	146,319
Hotel/Motel tax	270,564	222,936	-	-	270,564	222,936
Investment earnings	7,743	10,801	12,204	11,496	19,947	22,297
Total Revenues	<u>5,911,740</u>	<u>5,477,935</u>	<u>16,863,205</u>	<u>14,265,043</u>	<u>22,774,945</u>	<u>19,742,978</u>
Expenses:						
Administration	609,174	578,438	-	-	609,174	578,438
Sanitation	653,663	631,433	-	-	653,663	631,433
Fire	404,025	396,728	-	-	404,025	396,728
Police	1,852,215	1,846,576	-	-	1,852,215	1,846,576
Paving & Street Parks &	969,670	962,427	-	-	969,670	962,427
Recreation	991,098	973,354	-	-	991,098	973,354
Library	354,693	332,359	-	-	354,693	332,359
Garage	203,343	190,832	-	-	203,343	190,832
Interest on long-term debt	366,800	246,345	-	-	366,800	246,345
Electric, Water, and Sewer	-	-	<u>12,167,699</u>	<u>12,521,334</u>	<u>12,167,699</u>	<u>12,521,334</u>
Total Expenses	<u>6,404,681</u>	<u>6,158,492</u>	<u>12,167,699</u>	<u>12,521,334</u>	<u>18,572,380</u>	<u>18,679,826</u>
Excess (deficiency) before transfers	(492,941)	(680,557)	4,695,506	1,743,709	4,202,565	1,063,152
Transfers	<u>321,544</u>	<u>914,081</u>	<u>(321,544)</u>	<u>(914,081)</u>	-	-
Increase (decrease) in net position	(171,397)	233,524	4,373,962	829,628	4,202,565	1,063,152
Net position - October 1	<u>5,161,135</u>	<u>4,927,611</u>	<u>20,470,213</u>	<u>19,640,585</u>	<u>25,631,348</u>	<u>24,568,196</u>
Net position - September 30	<u>\$ 4,989,738</u>	<u>\$ 5,161,135</u>	<u>\$ 24,844,175</u>	<u>\$ 20,470,213</u>	<u>\$ 29,833,913</u>	<u>\$ 25,631,348</u>

Financial Analysis of the Government's Funds

Governmental Funds

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

At the end of the current fiscal year, the City of Livingston's governmental funds reported combined ending fund balances of \$4,232,722. Approximately 20.3% of the total amount (\$857,542) constitutes unassigned fund balance. The remainder of the fund balance is restricted to indicate that because of restrictions of external parties (creditors and contributors) it is not available for new spending because it has been restricted to pay for debt service (\$11,906), library (\$214) and capital improvements (\$3,363,060).

The unassigned fund balance of the general fund increased by \$667,403 from the prior year. The increase was the result of increased sales tax revenue and hotel/motel taxes. The restricted fund balance of the general fund decreased by \$14,010 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 income of approximately \$351 on a GAAP basis. Due to an increase in transfers from the proprietary fund of approximately \$355,000, the actual fund balance increased by \$653,393. The debt service fund balance increased by \$878 which was more than the budgeted break even because of higher than budgeted interest earned on debt service funds. The capital projects fund balance decreased by \$2,690,625 as a result of expenditures for capital improvements. The decrease was less than budgeted due to delays in improvement projects.

Proprietary Fund

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

Unrestricted net position of the proprietary fund was \$5,978,877. Total net position increased in 2013 by \$4,373,962. As previously described, the increase in the net position was primarily the result of an increase in revenues and recoveries for electricity and transfers from the capital projects fund for water system improvements.

General Fund Budgetary Highlights

The City made revisions to the original appropriations approved by the City Council. Overall these changes resulted in increased budgeted revenues of \$397,552 or 7.3%. The increase in budgeted revenues was primarily for an increase in sales tax collections. The increase in sales tax revenue was the result of improved economic activity. Budgeted expenditures were decreased by \$216,695 or 3.6%. The decreases in budgeted expenditures were primarily for decreased police personnel costs, along with decreases in street improvement projects.

City of Livingston, Texas
 Management's Discussion and Analysis (continued)
 September 30, 2013

CAPITAL ASSET AND DEBT ADMINISTRATION

Capital Assets

At the end of the fiscal year 2013, the City had \$32,313,131 (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 7.2% (9.2% increase for governmental activities and a 6.2% increase in business-type activities) (See Table 3).

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

	Governmental Activities		Business-Type Activities		Totals 2013	Totals 2012
	2013	2012	2013	2012		
Land	\$ 476,004	\$ 476,004	\$ 694,222	\$ 679,488	\$ 1,170,226	\$ 1,155,492
Water Rights	-	-	23,140,000	2,640,000	23,140,000	2,640,000
Buildings and improvements	3,452,722	2,126,772	289,947	299,495	3,742,669	2,426,267
Equipment and fixtures	1,164,764	1,144,620	408,857	472,673	1,573,621	1,617,293
Paving, sidewalks and streets	4,855,248	5,230,091	-	-	4,855,248	5,230,091
Parks development	900,130	929,794	-	-	900,130	929,794
Airport						
improvements	137,591	150,291	-	-	137,591	150,291
Utility systems	-	-	17,368,646	15,993,823	17,368,646	15,993,823
Total	<u>\$ 10,986,459</u>	<u>\$ 10,057,572</u>	<u>\$ 41,901,672</u>	<u>\$ 20,085,479</u>	<u>\$ 52,888,131</u>	<u>\$ 30,143,051</u>

This year's major additions included:

Police Vehicles	\$ 67,936
Truck for street dept.	35,953
Various street improvements	72,880
Library Improvements	1,453,911
Water and sewer truck	28,282
Utility System Improvements	1,718,463
Water System Contract Rights	<u>20,575,000</u>
Total	<u>\$ 23,952,425</u>

The City's fiscal year 2014 capital budget calls for it to spend another \$3,301,000 for capital projects, principally for completion of library improvements (\$500,000), street improvements (\$534,000), police patrol car (\$42,000), elevated water storage tank project (\$762,000), electrical system improvements (\$275,000), water system upgrades and equipment (\$560,000), and sewer system equipment (\$450,000). Additional information on the City of Livingston's capital assets can be found in footnote 6 on pages 40-42 of this report.

City of Livingston, Texas
 Management's Discussion and Analysis (continued)
 September 30, 2013

Debt

At year-end, the City had \$10,360,000 in bonds outstanding as compared to \$11,320,000 at the end of the prior fiscal year, an decrease of 8.5% - as shown in Table 4.

Table 4
Outstanding Debt, at Year-end

	Governmental Activities		Business-Type Activities		Totals	
	2013	2012	2013	2012	2013	2012
General obligation bonds (backed by the City)	\$ 4,305,000	\$ 5,115,000	\$ -	\$ -	\$ 4,305,000	\$ 5,115,000
Certificates of obligation (backed by the City)	<u>6,055,000</u>	<u>6,205,000</u>	<u>-</u>	<u>-</u>	<u>6,055,000</u>	<u>6,205,000</u>
Totals	<u>\$ 10,360,000</u>	<u>\$ 11,320,000</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 10,360,000</u>	<u>\$ 11,320,000</u>

The City issued debt in June 2012 in order to retire \$2,930,000 in old debt and in July 2012 issued \$6,000,000 in certificates of obligation to be used primarily for library renovation and water and sewer 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 45-47 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 2014 budget. As always, the main responsibility is to manage public funds wisely while planning for long-term growth in the community. City officials have been conservative in projecting revenues and expenditures for the 2013-2014 budget due to the uncertainty of economic trends in the national and local economies.

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, 2013, sales tax revenue increased by 13.9%. In the first four months of the 2013-2014 fiscal year, the City has experienced a 1.0% increase in sales tax revenue. This is a trend which is expected to continue through the remainder of the fiscal year, with a 1.5% increase in sales tax revenue included in the 2013-2014 fiscal year budget. Currently, sales tax revenue accounts for approximately 17.7% of the City's total annual operating revenue.

City of Livingston, Texas
Management's Discussion and Analysis (continued)
September 30, 2013

As for the City's business-type activities, fees for electric, water and sewer services account for about 77.3% of the city's total annual operating revenue. Since the City continues to receive inquiries expressing varying degrees of interest from major national retailers regarding locations that are within the community, the City is hopeful that new commercial construction will increase in 2014 bringing with it new sales tax revenue, development fees, and utility service fees.

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. As the City moves forward into 2014, the City Council and management staff will continually reevaluate and revise, if necessary, the initiatives based on the financial condition of the community.

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

CITY OF LIVINGSTON, TEXAS
GOVERNMENT-WIDE STATEMENT OF NET POSITION
SEPTEMBER 30, 2013

PRIMARY GOVERNMENT			
	Governmental Activities	Business-type Activities	Total
ASSETS			
Cash	\$ 4,805,039	\$ 4,381,626	\$ 9,186,665
Certificates of deposit	-	1,500,000	1,500,000
Receivables:			
Returned checks receivable	3,204	27,010	30,214
Paving accounts receivable	32,466	-	32,466
Utility accounts receivable	-	1,745,559	1,745,559
Deferred issuance cost (net)	130,557	-	130,557
Restricted assets - cash	-	103,626	103,626
Capital assets (net of accumulated depreciation):			
Land	476,004	694,222	1,170,226
Buildings and improvements	3,452,722	289,947	3,742,669
Equipment and fixtures	1,164,764	408,857	1,573,621
Paving, sidewalks and streets	4,855,248	-	4,855,248
Parks development	900,130	-	900,130
Airport improvements	137,591	-	137,591
Electrical system	-	3,650,965	3,650,965
Water system	-	7,661,786	7,661,786
Sewer system	-	6,055,895	6,055,895
Water service contract rights	-	<u>23,140,000</u>	<u>23,140,000</u>
Total Assets	<u>\$ 15,957,725</u>	<u>\$ 49,659,493</u>	<u>\$ 65,617,218</u>

See accompanying notes to financial statements

CITY OF LIVINGSTON, TEXAS
GOVERNMENT-WIDE STATEMENT OF NET POSITION
SEPTEMBER 30, 2013

PRIMARY GOVERNMENT			
	Governmental Activities	Business-type Activities	Total
<u>LIABILITIES</u>			
Accounts payable	\$ 607,987	\$ 1,187,320	\$ 1,795,307
Meter deposits	-	487,998	487,998
Noncurrent Liabilities:			
Due within one year	990,000	630,000	1,620,000
Due in more than one year	<u>9,370,000</u>	<u>22,510,000</u>	<u>31,880,000</u>
Total Liabilities	<u>10,967,987</u>	<u>24,815,318</u>	<u>35,783,305</u>
<u>NET POSITION</u>			
Invested in capital assets, net of related debt	4,315,590	18,761,672	23,077,262
Restricted for:			
System improvements	-	61,301	61,301
Debt service	11,906	42,325	54,231
Unrestricted	<u>662,242</u>	<u>5,978,877</u>	<u>6,641,119</u>
Total Net Position	<u>\$ 4,989,738</u>	<u>\$ 24,844,175</u>	<u>\$ 29,833,913</u>

See accompanying notes to financial statements

CITY OF LIVINGSTON, TEXAS
GOVERNMENT-WIDE STATEMENT OF ACTIVITIES
FOR THE YEAR ENDED SEPTEMBER 30, 2013

<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	\$ 609,174	\$ 98,300	\$ -	\$ -
Sanitation	653,663	1,027,614	-	-
Fire	404,025	-	-	50,563
Police	1,852,215	273,321	-	64,102
Paving and street	969,670	2,103	-	-
Parks and recreation	991,098	203,685	-	-
Library	354,693	17,835	-	13,562
Garage	203,343	-	-	-
Interest on long-term debt	366,800	-	-	-
Total governmental activities	<u>6,404,681</u>	<u>1,622,858</u>	<u>-</u>	<u>128,227</u>
Business-type activities:				
Electric, water and sewer	<u>12,167,699</u>	<u>16,851,001</u>	<u>-</u>	<u>-</u>
Total business-type activities	<u>12,167,699</u>	<u>16,851,001</u>	<u>-</u>	<u>-</u>
Total primary government	<u>\$ 18,572,380</u>	<u>\$ 18,473,859</u>	<u>\$ -</u>	<u>\$ 128,227</u>
General revenues:				
Taxes				
Sales taxes				
Franchise taxes				
Hotel/Motel taxes				
Unrestricted investment earnings				
Capital Contributions and Transfers				
Total general revenues and transfers				
Change in net position				
Net position-beginning				
Net position-ending				

See accompanying notes to financial statements

Net (Expense) Revenue and Changes in Net Position

Governmental Activities	Business-Type Activities	Total
\$ (510,874)	\$ -	\$ (510,874)
373,951	-	373,951
(353,462)	-	(353,462)
(1,514,792)	-	(1,514,792)
(967,567)	-	(967,567)
(787,413)	-	(787,413)
(323,296)	-	(323,296)
(203,343)	-	(203,343)
(366,800)	-	(366,800)
<u>(4,653,596)</u>	<u>-</u>	<u>(4,653,596)</u>
	<u>4,683,302</u>	<u>4,683,302</u>
	<u>4,683,302</u>	<u>4,683,302</u>
	<u>(4,653,596)</u>	<u>4,683,302</u>
		<u>29,706</u>
3,730,723	-	3,730,723
151,625	-	151,625
270,564	-	270,564
7,743	12,204	19,947
<u>321,544</u>	<u>(321,544)</u>	<u>-</u>
<u>4,482,199</u>	<u>(309,340)</u>	<u>4,172,859</u>
<u>(171,397)</u>	<u>4,373,962</u>	<u>4,202,565</u>
<u>5,161,135</u>	<u>20,470,213</u>	<u>25,631,348</u>
<u>\$ 4,989,738</u>	<u>\$ 24,844,175</u>	<u>\$ 29,833,913</u>

See accompanying notes to financial statements

CITY OF LIVINGSTON, TEXAS
GOVERNMENTAL FUNDS
BALANCE SHEET
SEPTEMBER 30, 2013

	General	Debt Service
ASSETS		
Cash	\$ 1,104,000	\$ 11,906
Receivables:		
Returned checks receivable	3,204	-
Paving accounts receivable	<u>32,466</u>	<u>-</u>
Total Assets	<u>\$ 1,139,670</u>	<u>\$ 11,906</u>
LIABILITIES		
Accounts payable	\$ 281,914	\$ -
Total Liabilities	<u>281,914</u>	<u>-</u>
FUND BALANCES		
Restricted for:		
Capital Projects	-	-
Library Memorials	214	-
Debt Service	-	11,906
Unassigned	<u>857,542</u>	<u>-</u>
Total Fund Balances	<u>857,756</u>	<u>11,906</u>
Total Liabilities and Fund Balances	<u>\$ 1,139,670</u>	<u>\$ 11,906</u>

Amounts reported for governmental activities in the statement of net position
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 position of governmental activities

Capital Projects	Total Governmental Funds
\$ 3,689,133	\$ 4,805,039
-	3,204
-	<u>32,466</u>
<u>\$ 3,689,133</u>	<u>\$ 4,840,709</u>
\$ 326,073	\$ 607,987
<u>326,073</u>	<u>607,987</u>
3,363,060	3,363,060
-	214
-	11,906
-	<u>857,542</u>
<u>3,363,060</u>	4,232,722
<u>\$ 3,689,133</u>	
	10,986,459
	130,557
	<u>(10,360,000)</u>
	<u>\$ 4,989,738</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, 2013

	General	Debt Service
REVENUES		
Taxes:		
Sales taxes	\$ 3,730,723	\$ -
Franchise taxes	151,625	-
Hotel/Motel taxes	270,564	-
Licenses and permits	54,839	-
Charges for service	1,275,560	-
Fines and forfeitures	256,378	-
Miscellaneous	170,909	1,081
Total Revenues	<u>5,910,598</u>	<u>1,081</u>
EXPENDITURES		
Current:		
Administrative	551,427	-
Sanitation	653,542	-
Fire	391,426	-
Police	1,822,790	-
Paving and street	599,777	-
Parks and recreation	952,468	-
Library	324,384	-
Garage	182,681	-
Debt service:		
Principal retirement	-	960,000
Interest	-	366,800
Capital outlay:		
Library improvements	-	-
Total Expenditures	<u>5,478,495</u>	<u>1,326,800</u>
Excess (deficiency) of revenues over expenditures	<u>432,103</u>	<u>(1,325,719)</u>
OTHER FINANCING SOURCES (USES)		
Transfers in	1,547,887	1,326,597
Transfers out	<u>(1,326,597)</u>	-
Total other financing sources (uses)	<u>221,290</u>	<u>1,326,597</u>
Net change in fund balances	653,393	878
Fund Balances - beginning	<u>204,363</u>	<u>11,028</u>
Fund Balances - ending	<u>\$ 857,756</u>	<u>\$ 11,906</u>

See accompanying notes to financial statements

Capital Projects	Total Governmental Funds
\$ -	\$ 3,730,723
-	151,625
-	270,564
-	54,839
-	1,275,560
-	256,378
8,953	180,943
<u>8,953</u>	<u>5,920,632</u>
-	551,427
-	653,542
-	391,426
-	1,822,790
-	599,777
-	952,468
-	324,384
-	182,681
-	960,000
-	366,800
<u>1,473,235</u>	<u>1,473,235</u>
<u>1,473,235</u>	<u>8,278,530</u>
<u>(1,464,282)</u>	<u>(2,357,898)</u>
-	2,874,484
<u>(1,226,343)</u>	<u>(2,552,940)</u>
<u>(1,226,343)</u>	<u>321,544</u>
(2,690,625)	(2,036,354)
<u>6,053,685</u>	<u>6,269,076</u>
\$ <u>3,363,060</u>	\$ <u>4,232,722</u>

See accompanying notes to financial statements

CITY OF LIVINGSTON, TEXAS
RECONCILIATION OF THE STATEMENT OF REVENUES,
EXPENDITURES, AND CHANGES IN FUND BALANCES OF GOVERNMENTAL FUNDS
TO THE STATEMENT OF ACTIVITIES
FOR THE YEAR ENDED SEPTEMBER 30, 2013

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

Net changes in fund balances - total governmental funds	\$ (2,036,354)
Governmental funds report capital outlays as expenditures. However, in the statement of activities the cost of those assets is allocated over their estimated useful lives and reported as depreciation expense. This is the amount by which capital outlays exceeded depreciation in the current period.	928,885
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 position. Also, governmental funds report the effect of issuance costs and similar items when debt is first issued, whereas, these amounts are deferred and amortized in the treatment of long-term debt and related items.	<u>936,072</u>
Changes in net position of governmental activities	<u>\$ (171,397)</u>

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CITY OF LIVINGSTON, TEXAS
GENERAL FUND
STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE
BUDGET (GAAP BASIS) AND ACTUAL
YEAR ENDED SEPTEMBER 30, 2013

	Budgeted Amounts GAAP Basis		
	Original	Revisions	Final
<u>REVENUES</u>			
Taxes:			
Sales taxes	\$ 3,289,500	\$ 385,500	\$ 3,675,000
Franchise taxes	165,000	(15,000)	150,000
Hotel/Motel taxes	225,000	10,000	235,000
Licenses and permits	69,500	(14,000)	55,500
Charges for service	1,213,610	6,298	1,219,908
Fines and forfeitures	265,500	6,750	272,250
Miscellaneous	208,950	18,004	226,954
Total Revenues	<u>5,437,060</u>	<u>397,552</u>	<u>5,834,612</u>
<u>EXPENDITURES</u>			
Current:			
Administrative	569,315	(12,540)	556,775
Sanitation	635,000	7,500	642,500
Fire	440,275	(18,850)	421,425
Police	1,873,125	(37,500)	1,835,625
Paving and street	912,195	(121,370)	790,825
Parks and recreation	960,935	3,515	964,450
Library	337,350	(14,950)	322,400
Garage	207,000	(22,500)	184,500
Total Expenditures	<u>5,935,195</u>	<u>(216,695)</u>	<u>5,718,500</u>
Excess of revenues over expenditures	<u>(498,135)</u>	<u>614,247</u>	<u>116,112</u>
<u>OTHER FINANCING SOURCES (USES)</u>			
Transfers in	1,120,790	71,787	1,192,577
Transfers out	(1,308,338)	-	(1,308,338)
Total other financing sources and (uses)	<u>(187,548)</u>	<u>71,787</u>	<u>(115,761)</u>
Excess (deficiency) of revenues and other financing sources over expenditures and other uses	<u>\$ (685,683)</u>	<u>\$ 686,034</u>	<u>\$ 351</u>
Fund balance at beginning of year			
Fund balance at end of year			

See accompanying notes to financial statements

<u>Actual</u>	Variance with Final Budget Positive (Negative)
\$ 3,730,723	\$ 55,723
151,625	1,625
270,564	35,564
54,839	(661)
1,275,560	55,652
256,378	(15,872)
170,909	(56,045)
<u>5,910,598</u>	<u>75,986</u>
551,427	5,348
653,542	(11,042)
391,426	29,999
1,822,790	12,835
599,777	191,048
952,468	11,982
324,384	(1,984)
182,681	1,819
<u>5,478,495</u>	<u>240,005</u>
<u>432,103</u>	<u>315,991</u>
1,547,887	355,310
<u>(1,326,597)</u>	<u>(18,259)</u>
<u>221,290</u>	<u>337,051</u>
653,393	<u>\$ 653,042</u>
<u>204,363</u>	
<u>\$ 857,756</u>	

See accompanying notes to financial statements

CITY OF LIVINGSTON, TEXAS
STATEMENT OF NET POSITION PROPRIETARY FUNDS
SEPTEMBER 30, 2013

Business-Type Activities - Enterprise Fund

	Electric
	Water and
	Sewer
ASSETS	
Current assets:	
Cash	\$ 4,381,626
Certificates of deposit	1,500,000
Restricted assets	
Cash in bank, water and sewer system improvements	61,301
Cash in bank, reserve fund	42,325
Receivables:	
Returned checks receivable	27,010
Utility accounts receivable	<u>1,745,559</u>
Total Current Assets	<u>7,757,821</u>
Noncurrent assets:	
Capital assets:	
Land	694,222
Building and improvements	469,045
Equipment and fixtures	2,165,365
Electrical system	5,167,944
Water system	9,817,810
Sewer system	8,621,308
Water service contract rights	<u>23,140,000</u>
	50,075,694
Less accumulated depreciation	<u>(8,174,022)</u>
Net capital assets	<u>41,901,672</u>
Total Assets	<u>\$ 49,659,493</u>

See accompanying notes to financial statements

CITY OF LIVINGSTON, TEXAS
STATEMENT OF NET POSITION PROPRIETARY FUNDS
SEPTEMBER 30, 2013

Business-Type Activities - Enterprise Fund		
	Electric	Water and
	Sewer	
LIABILITIES		
Current liabilities:		
Accounts payable	\$ 1,187,320	
Meter deposits	487,998	
Contracts payable - Trinity River Authority	630,000	
Total current liabilities	<u>2,305,318</u>	
Noncurrent liabilities:		
Contracts payable - Trinity River Authority	<u>22,510,000</u>	
Total noncurrent liabilities	<u>22,510,000</u>	
Total liabilities	<u>24,815,318</u>	
NET POSITION		
Invested in capital assets (net of related debt)	18,761,672	
Restricted for water and sewer system improvements	61,301	
Restricted for Trinity River Authority contracts payable	42,325	
Unrestricted	<u>5,978,877</u>	
Total Net Position	<u>\$ 24,844,175</u>	

See accompanying notes to financial statements

CITY OF LIVINGSTON, TEXAS
STATEMENT OF REVENUES, EXPENSES AND CHANGES IN FUND NET POSITION
PROPRIETARY FUND
FOR THE YEAR ENDED SEPTEMBER 30, 2013

	Business-Type Activities - Enterprise Fund	
		Electric Water and Sewer
<u>Operating revenues</u>		
Charges for sales and services:		
Electricity sales	\$ 9,489,956	
Water sales	2,122,954	
Sewer service charges	1,398,711	
Penalties, utilities	142,348	
Water tapping fees	13,818	
Sewer tapping fees	4,150	
Recoveries, electrical	2,762,811	
Recoveries, water	771,723	
Revenue, night lights	84,806	
Service fees	59,724	
Total Operating Revenues	<u>16,851,001</u>	
<u>Operating expenses</u>		
Light and Power Department	9,079,083	
Water Department	2,048,518	
Sewer Department	578,050	
Depreciation	462,048	
Total Operating Expenses	<u>12,167,699</u>	
Operating Income	4,683,302	
Non-operating revenues:		
Interest income	<u>12,204</u>	
Income Before Transfers	4,695,506	
Transfers In	1,226,343	
Transfers Out	<u>(1,547,887)</u>	
Change in net position	4,373,962	
Total net position - beginning	<u>20,470,213</u>	
Total net position - ending	<u>\$ 24,844,175</u>	

See accompanying notes to financial statements

CITY OF LIVINGSTON, TEXAS
STATEMENT OF CASH FLOWS
PROPRIETARY FUND
FOR THE YEAR ENDED SEPTEMBER 30, 2013

Business-Type Activities - Enterprise Fund	
	Electric Water and Sewer
Cash flows from operating activities:	
Cash received from customers	\$ 16,718,415
Cash payments to suppliers for goods and services	(10,527,981)
Cash payments to employees for services	<u>(1,228,130)</u>
Net cash provided by operating activities	<u>4,962,304</u>
Cash flows from noncapital financing activities:	
Transfers from other funds	1,226,343
Transfers to other funds	<u>(1,547,887)</u>
Net cash used by noncapital financing activities	<u>(321,544)</u>
Cash flows from capital and related financing activities:	
Acquisition of capital assets	<u>(1,778,241)</u>
Net cash used for capital and related financing activities	<u>(1,778,241)</u>
Cash flows from investing activities:	
Interest on cash and investments	<u>12,204</u>
Net cash provided by investing activities	<u>12,204</u>
NET CHANGE IN CASH AND CASH EQUIVALENTS	2,874,723
CASH AND CASH EQUIVALENTS AT BEGINNING OF YEAR	<u>1,610,529</u>
CASH AND CASH EQUIVALENTS AT END OF YEAR	<u>\$ 4,485,252</u>

(Continued)

CITY OF LIVINGSTON, TEXAS
STATEMENT OF CASH FLOWS
PROPRIETARY FUND
FOR THE YEAR ENDED SEPTEMBER 30, 2013

Business-Type Activities - Enterprise Fund	
	Electric Water and Sewer
Reconciliation of income from operations to net cash provided by operating activities:	
Income from operations	\$ 4,683,302
Adjustments to reconcile operating net income to net cash provided by operating activities:	
Depreciation	462,048
Change in operating assets and liabilities:	
Returned checks receivable	(1,609)
Utility accounts receivable	(132,586)
Accounts payable	(94,081)
Meter deposits	<u>45,230</u>
Total adjustments	<u>279,002</u>
Net cash provided by operating activities	<u>\$ 4,962,304</u>
Reconciliation of total cash and cash investments:	
Unrestricted	\$ 4,381,626
Restricted	
Cash in bank, water and sewer system improvements	61,301
Cash in bank, reserve fund	<u>42,325</u>
Total cash and cash equivalents	<u>\$ 4,485,252</u>

(Concluded)

NOTES TO THE BASIC FINANCIAL STATEMENTS

CITY OF LIVINGSTON, TEXAS
NOTES TO BASIC FINANCIAL STATEMENTS
SEPTEMBER 30, 2013

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, 2013.

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 position and the statement of changes in net position) 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 properly excluded from 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 restricted to signify the amounts that are 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 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 Position. 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 position and the operating statements present increases (revenues) and decreases (expenses) in total net position. 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. Prior to 2003, the depreciation related to these assets had historically not been reported in the financial statements. The City's infrastructure records allowed for a complete implementation of retroactive reporting of infrastructure 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, 2013 to reflect additional appropriations approved during the 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 Restrictions of Fund Equity

The City, by bond indenture, has funds that can be used only for various capital projects or are required to be set aside to meet bond obligations. In addition, certain funds are restricted by donors to be used for library memorials. These amounts are presented as restricted fund equity in the governmental funds. It is the City's policy to utilize restricted fund balances first when an expense is incurred for purposes for which both restricted and unrestricted fund balances are available.

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 Position

Net position represents the difference between assets and liabilities. Net position 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 position is 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, 2013.

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:

NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES: (CONTINUED)

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.

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

Transfers In and Out

The following is a summary of interfund transfers for the year ended September 30, 2013:

<u>Fund</u>	<u>Transfer In</u>	<u>Transfer Out</u>
General Fund	\$ 1,547,887	\$ 1,326,597
Debt Service Fund	1,326,597	-
Capital Projects Fund	-	1,226,343
Electric, Water and Sewer Fund	<u>1,226,343</u>	<u>1,547,887</u>
 Total	 <u>\$ 4,100,827</u>	 <u>\$ 4,100,827</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 water system improvements.

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, 2013, the City had the following investments:

<u>Investment Type</u>	<u>Fair Value</u>	<u>Weighted Average Maturity (Years)</u>
Non-Pooled Certificates of Deposit	\$ 1,500,000	0.171
Total Fair Value	<u>\$ 1,500,000</u>	
Portfolio weighted average maturity		0.171

NOTE 3 DEPOSITS AND INVESTMENTS: (CONTINUED)

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.

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, 2013 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, 2013.

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 2013, 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, 2013:

Governmental funds capital outlays	\$ 1,866,203
Governmental funds depreciation expense	<u>(937,318)</u>
Amount by which capital outlays exceeded depreciation	<u>\$ 928,885</u>
Repayment of principal of long-term debt	\$ 960,000
Amortization of bond issue costs	<u>(23,928)</u>
Total bonds issued, repayment of bonds and issue costs	<u>\$ 936,072</u>

NOTE 6 CAPITAL ASSETS:

Capital asset activity for the year ended September 30, 2013 was as follows:

	Balance October 1, 2012	Additions	Retirements/ Adjustments	Balance September 30, 2013
Governmental Activities:				
Capital assets not being depreciated				
Land	\$ 476,004	\$ -	\$ -	\$ 476,004
Capital assets being depreciated				
Building and Improvements	3,974,602	1,457,537	-	5,432,139
Equipment and Fixtures	5,005,430	245,239	-	5,250,669
Paving, Sidewalks and Streets	14,309,962	72,881	-	14,382,843
Parks Development	3,227,054	90,546	20,942	3,296,658
Airport Improvements	719,574	-	-	719,574
Total capital assets being depreciated	<u>27,236,622</u>	<u>1,866,203</u>	<u>20,942</u>	<u>29,081,883</u>
Less accumulated depreciation for:				
Buildings and Improvements	(1,847,830)	(131,587)	-	(1,979,417)
Equipment and Fixtures	(3,860,810)	(225,095)	-	(4,085,905)
Paving, Sidewalks and Streets	(9,079,870)	(447,725)	-	(9,527,595)
Parks Development	(2,297,260)	(120,210)	20,942	(2,396,528)
Airport Improvements	(569,282)	(12,701)	-	(581,983)
Total accumulated depreciation	<u>(17,655,052)</u>	<u>(937,318)</u>	<u>20,942</u>	<u>(18,571,428)</u>
Total capital assets being depreciated, net	<u>9,581,570</u>	<u>928,885</u>	<u>-</u>	<u>10,510,455</u>
Governmental activities capital assets, net	<u>\$ 10,057,574</u>	<u>\$ 928,885</u>	<u>\$ -</u>	<u>\$ 10,986,459</u>

NOTE 6 CAPITAL ASSETS: (CONTINUED)

	Balance October 1, 2012	Additions	Retirements/ Adjustments	Balance September 30, 2013
Business-type Activities:				
Capital assets not being depreciated				
Land	\$ 679,488	\$ 14,734	\$ -	\$ 694,222
Water Service Contract Rights	2,640,000	20,575,000	(75,000)	23,140,000
	<u>3,319,488</u>	<u>20,589,734</u>	<u>(75,000)</u>	<u>23,834,222</u>
Capital assets being depreciated				
Building and Improvements	469,045	-	-	469,045
Equipment and Fixtures	2,120,321	45,044	-	2,165,365
Electrical System	5,044,575	123,369	-	5,167,944
Water System	8,281,357	1,536,453	-	9,817,810
Sewer System	8,562,668	58,640	-	8,621,308
Total capital assets being depreciated	<u>24,477,966</u>	<u>1,763,506</u>	<u>-</u>	<u>26,241,472</u>
Less accumulated depreciation for:				
Building and Improvements	(169,550)	(9,548)	-	(179,098)
Equipment and Fixtures	(1,647,648)	(108,860)	-	(1,756,508)
Electrical System	(1,438,198)	(78,781)	-	(1,516,979)
Water System	(2,020,306)	(135,718)	-	(2,156,024)
Sewer System	<u>(2,436,272)</u>	<u>(129,141)</u>	<u>-</u>	<u>(2,565,413)</u>
Total accumulated depreciation	<u>(7,711,974)</u>	<u>(462,048)</u>	<u>-</u>	<u>(8,174,022)</u>
Total capital assets being depreciated, net	<u>16,765,992</u>	<u>1,301,458</u>	<u>-</u>	<u>18,067,450</u>
Business-type activities capital assets, net	<u>\$ 20,085,480</u>	<u>\$ 21,891,192</u>	<u>\$ (75,000)</u>	<u>\$ 41,901,672</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 2013, net interest costs were not capitalized because interest expenditures related to constructed assets net of related interest revenue were not material.

The City acquired \$20,575,000 in water system contract rights in exchange for \$20,575,000 in contracts payable to the Trinity River Authority in a noncash financing transaction. See Note 11 for further discussion of Trinity River Authority contract.

NOTE 6 CAPITAL ASSETS: (CONTINUED)

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

Governmental Activities	
Administrative	\$ 47,738
Sanitation	120
Fire	32,306
Police	115,720
Paving and street	518,828
Parks and recreation	149,934
Library	52,010
Garage	20,662
Governmental Activities	<u>\$ 937,318</u>
Business-type activities	
Electric, Water and Street	<u>\$ 462,048</u>

The City's active construction projects as of September 30, 2013 included \$2,300,000 for water system improvements and \$2,300,000 for library renovation and improvements.

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 state-wide 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.

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 30-year "closed" period for amortization.

NOTE 7 PENSION PLAN: (CONTINUED)

In 2011 the funds making up the plan were restructured. The effect of the restructuring was a reduction in contribution rates and an increase in funded ratios for the City as reflected in the required supplemental information.

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 7.0% 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, 2012 valuation is effective for rates beginning January 2013). For fiscal year 2013, the City's annual pension cost of \$574,275 was equal to the City's required and actual contributions.

Schedule of Actuarial Liabilities and Funding Progress

Actuarial Valuation Date	12/31/2012
Actuarial Value of Assets	\$16,689,230
Actuarial Accrued Liability	\$19,396,840
Percentage Funded	86.0%
Unfunded (Over-funded) Actuarial Accrued Liability (UAAL)	\$2,707,610
Annual Covered Payroll	\$3,277,946
UAAL as a percentage of covered payroll	82.60%

NOTE 7 PENSION PLAN: (CONTINUED)

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.

Net Pension Obligation (NPO) at the Beginning of the Period	\$	-
Annual Pension Cost:		
Annual Required Contribution (ARC)	\$	574,275
Interest on NPO		-
Adjustment to the ARC		574,275
Contributions Made		(574,275)
Increase in NPO		-
 NPO at the end of the period	\$	-

Six Year Trend Information

<u>Fiscal Year Funding</u>	<u>Annual Pension Cost (APC)</u>	<u>Percentage of APC Contributed</u>	<u>Net Pension Obligation</u>
9/30/2008	382,053	100%	-
9/30/2009	464,952	100%	-
9/30/2010	481,383	100%	-
9/30/2011	516,030	100%	-
9/30/2012	552,987	100%	-
9/30/2013	574,275	100%	-

Additional supplementary three-year trend information may be found on page 53.

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 2012 was .6% of covered payroll. The rate is equal to the cost of providing one-year term life insurance. The funding policy is to assure that adequate resources are available to meet death benefit payments for the upcoming year; the intent is not to pre-fund retiree term life insurance during employees' entire careers. The City's contribution to the supplemental death benefit plan for the years ended September 30, 2013, 2012, and 2011 were \$21,202, \$19,140, and \$15,551, respectively, which equaled the required contributions each year. The valuation date for the plan is December 31, 2012 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, 2013:

Governmental-Type
Activities

\$3,100,000 General Obligation Refunding Bonds, 2012 Series due in annual installments of \$435,000 to \$570,000 through 2018, interest at 1.50% to be paid from taxes and subordinated pledge of the net revenues of Proprietary Fund	\$ 2,645,000
\$6,000,000 Certificates of Obligation, Series 2012, library and water system improvements, due in annual installments of \$50,000 to \$395,000 through 2037, interest at 2.00% to 4.00% to be paid from taxes and subordinated pledge of the net revenues of Proprietary Fund	5,950,000
\$1,500,000 Certificates of Obligation, Series 2007, library construction and utility system improvements, due in annual installments of \$100,000 to \$105,000 through 2014, interest at 3.75% to 4.0% to be paid from taxes and subordinated pledge of the net revenues of Proprietary Fund	105,000
\$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	1,660,000
Total Bonds Payable	\$ 10,360,000

NOTE 9 LONG-TERM DEBT: (CONTINUED)**Changes in Outstanding Debt-**

	Balance October 1, 2012	Issues or Additions	Payments or Expenditures	Balance September 30, 2013	Due Within One Year
Governmental Type Activities					
General Obligation Bonds	\$ 5,115,000	\$ -	\$ 810,000	\$ 4,305,000	\$835,000
Certificates of Obligation	6,205,000	-	150,000	6,055,000	155,000
Total government	<u>\$ 11,320,000</u>	<u>\$ -</u>	<u>\$ 960,000</u>	<u>\$ 10,360,000</u>	<u>\$ 990,000</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 2012 and 2007 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 are expected to be repaid through sales tax and other general revenue receipts.

In 2007 the City issued general obligation refunding bonds to refund in advance 1997 certificates of obligation which 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 related to this refunding.

In 2012 the City issued general obligation refunding bonds to refund in advance the 2002 and a portion of the 2007 certificates of obligation which resulted in a reduction in total debt service requirements of \$146,336. The refunded bonds were retired at the time of the refunding, and there is no outstanding in-substance defeased debt related to this refunding. The economic gain on the refunded bonds was \$74,226.

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.

In September, 2010 and July, 2013 the TRA issued \$2,715,000 and \$20,575,000 in bonds, respectively, 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, 2013, the City paid approximately \$168,000 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>
2014	1,579,709
2015	1,581,763
2016	1,579,563
2017	1,581,363
2018	1,582,313
2019-2034	<u>31,267,722</u>
Total	<u>\$ 39,172,433</u>

Changes in Long-term Contracts Payable-

<u>Business Type Activities</u>	<u>Balance October 1, 2012</u>	<u>Issues or Additions</u>	<u>Payments or Expenditures</u>	<u>Balance September 30, 2013</u>	<u>Due Within One Year</u>
Contracts payable	\$ 2,640,000	\$ 20,575,000	\$ 75,000	\$ 23,140,000	\$ 630,000
Total business	<u>\$ 2,640,000</u>	<u>\$ 20,575,000</u>	<u>\$ 75,000</u>	<u>\$ 23,140,000</u>	<u>\$ 630,000</u>

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.

The Agency was able to rebate to participating cities a portion of their power purchases in 2013. Reflected in the revenues for the Electric, Water and Sewer Fund is an approximate \$847,000 rebate of power costs. In addition, included in Electric recoveries is a receipt of the City's pro rata share of the settlement of a class action lawsuit of \$408,000, a refund of excess debt service coverage of \$1,182,000 and \$298,000 in other recoveries.

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, 2013 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 \$128,000 in federal and local grants in 2013 principally related to fire and police department operations. 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's contract with Santek Waste Services was extended for a five-year period to operate its sanitation department and expires in 2018. 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.

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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
12/31/2010	\$ 14,325,162	\$17,337,829	\$ 3,012,667	82.62%	\$ 3,110,254	96.86%
12/31/2011	15,424,587	18,297,115	2,872,528	84.30%	3,190,057	90.05%
12/31/2012	16,689,230	19,396,840	2,707,610	86.04%	3,277,946	82.60%

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

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

OTHER SUPPLEMENTARY INFORMATION

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

CITY OF LIVINGSTON, TEXAS
BUDGETARY COMPARISON SCHEDULE
DEBT SERVICE FUND
FOR THE YEAR ENDED SEPTEMBER 30, 2013

	Budgeted Amounts GAAP Basis		
	Original	Revisions	Final
REVENUES			
Miscellaneous	\$ -	\$ -	\$ -
Total Revenues	<u>-</u>	<u>-</u>	<u>-</u>
EXPENDITURES			
Debt service:			
Principal retirement	960,000	-	960,000
Interest	348,338	-	348,338
Total Expenditures	<u>1,308,338</u>	<u>-</u>	<u>1,308,338</u>
Excess (deficiency) of revenues over expenditures	(1,308,338)	-	(1,308,338)
OTHER FINANCING SOURCES (USES)			
Transfers in	1,308,338	-	1,308,338
Total other financing sources	<u>1,308,338</u>	<u>-</u>	<u>1,308,338</u>
Excess (deficiency) 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)
\$ 1,081	\$ 1,081
<u>1,081</u>	<u>1,081</u>
960,000	
366,800	18,462
<u>1,326,800</u>	<u>18,462</u>
(1,325,719)	(17,381)
1,326,597	18,259
<u>1,326,597</u>	<u>18,259</u>
878	\$ 878
11,028	
\$ 11,906	

CITY OF LIVINGSTON, TEXAS
BUDGETARY COMPARISON SCHEDULE
CAPITAL PROJECTS FUND
FOR THE YEAR ENDED SEPTEMBER 30, 2013

	Budgeted Amounts GAAP Basis		
	Original	Revisions	Final
REVENUES			
Miscellaneous	\$ -	\$ -	\$ -
EXPENDITURES			
Capital outlay:			
Library Improvements	(2,025,000)	(136,705)	(2,161,705)
Total Expenditures	<u>(2,025,000)</u>	<u>(136,705)</u>	<u>(2,161,705)</u>
Excess of expenditures over revenues	\$ (2,025,000)	\$ (136,705)	\$ (2,161,705)
OTHER FINANCING SOURCES			
Transfers out	(2,455,000)	588,032	(1,866,968)
Total other financing sources	<u>(2,455,000)</u>	<u>588,032</u>	<u>(1,866,968)</u>
Excess of revenues and other financing sources over expenditures and other uses	\$ (4,480,000)	\$ 451,327	\$ (4,028,673)
Fund balance at beginning of year			
Fund balance at end of year			

<u>Actual</u>	Variance with Final Budget Positive (Negative)
\$ 8,953	\$ 8,953
<u>(1,473,235)</u>	<u>688,470</u>
<u>(1,473,235)</u>	<u>688,470</u>
<u>(1,464,282)</u>	<u>688,470</u>
<u>(1,226,343)</u>	<u>640,625</u>
<u>(1,226,343)</u>	<u>640,625</u>
<u>(2,690,625)</u>	<u>\$ 1,329,095</u>
<u>6,053,685</u>	
<u>\$ 3,363,060</u>	

INDIVIDUAL FUND FINANCIAL STATEMENTS AND SCHEDULES

GENERAL FUND

CITY OF LIVINGSTON, TEXAS
GENERAL FUND - COMPARATIVE BALANCE SHEET
SEPTEMBER 30, 2013 AND 2012

ASSETS

	2013	2012
Cash	\$ 1,104,000	\$ 451,142
Receivables:		
Returned checks receivable	3,204	3,045
Paving accounts receivable	<u>32,466</u>	<u>32,899</u>
Total Assets	<u>\$ 1,139,670</u>	<u>\$ 487,086</u>

LIABILITIES AND FUND BALANCES

LIABILITIES

Accounts payable	\$ 281,914	\$ 282,723
Total Liabilities	<u>281,914</u>	<u>282,723</u>

FUND BALANCES

Restricted for library memorials	214	14,224
Unassigned	<u>857,542</u>	<u>190,139</u>
Total Fund Balances	<u>857,756</u>	<u>204,363</u>
Total Liabilities and Fund Balances	<u>\$ 1,139,670</u>	<u>\$ 487,086</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, 2013
WITH COMPARATIVE ACTUAL TOTALS FOR 2012

	Budgeted Amounts GAAP Basis			
	Original	Revisions	Final	Actual
REVENUES				
Taxes:				
Sales taxes	\$ 3,289,500	\$ 385,500	\$ 3,675,000	\$ 3,730,723
Franchise taxes	165,000	(15,000)	150,000	151,625
Hotel/Motel taxes	225,000	10,000	235,000	270,564
Licenses and permits	69,500	(14,000)	55,500	54,839
Charges for service	1,213,610	6,298	1,219,908	1,275,560
Fines and forfeitures	265,500	6,750	272,250	256,378
Miscellaneous	208,950	18,004	226,954	170,909
Total Revenues	<u>5,437,060</u>	<u>397,552</u>	<u>5,834,612</u>	<u>5,910,598</u>
EXPENDITURES				
Administrative	569,315	(12,540)	556,775	551,427
Sanitation	635,000	7,500	642,500	653,542
Fire	440,275	(18,850)	421,425	391,426
Police	1,873,125	(37,500)	1,835,625	1,822,790
Paving and street	912,195	(121,370)	790,825	599,777
Parks and recreation	960,935	3,515	964,450	952,468
Library	337,350	(14,950)	322,400	324,384
Garage	207,000	(22,500)	184,500	182,681
Total Expenditures	<u>5,935,195</u>	<u>(216,695)</u>	<u>5,718,500</u>	<u>5,478,495</u>
Excess of revenues over expenditures	<u>(498,135)</u>	<u>614,247</u>	<u>116,112</u>	<u>432,103</u>
OTHER FINANCING SOURCES (USES)				
Transfers in	1,120,790	71,787	1,192,577	1,547,887
Transfers out	(1,308,338)	-	(1,308,338)	(1,326,597)
Total other financing sources (uses)	<u>(187,548)</u>	<u>71,787</u>	<u>(115,761)</u>	<u>221,290</u>
Excess (deficiency) of revenues and other financing sources over expenditures and other uses	<u>\$ (685,683)</u>	<u>\$ 686,034</u>	<u>\$ 351</u>	<u>653,393</u>
Fund balances at beginning of year				204,363
Fund balances at end of year				<u>\$ 857,756</u>

Variance With Final Budget Positive (Negative)	2012 Actual
\$ 55,723	\$ 3,275,321
1,625	146,319
35,564	222,936
(661)	155,254
55,652	1,174,660
(15,872)	261,493
(56,045)	248,412
<u>75,986</u>	<u>5,484,395</u>
 5,348	 641,322
(11,042)	631,313
29,999	400,846
12,835	1,803,998
191,048	833,726
11,982	921,669
(1,984)	349,016
1,819	210,071
<u>240,005</u>	<u>5,791,961</u>
 315,991	 (307,566)
 355,310	 1,124,098
(18,259)	(1,036,831)
<u>337,051</u>	<u>87,267</u>
 \$ 653,042	 (220,299)
	 424,662
	 \$ 204,363

CITY OF LIVINGSTON, TEXAS
GENERAL FUND
SCHEDULE OF EXPENDITURES-BUDGET (GAAP BASIS) AND ACTUAL
FOR THE YEAR ENDED SEPTEMBER 30, 2013
WITH COMPARATIVE ACTUAL TOTALS FOR 2012

	Budgeted Amounts GAAP Basis			Actual
	Original	Revisions	Final	
ADMINISTRATIVE DEPARTMENT				
Salaries	\$ 171,500	\$ -	\$ 171,500	170,200
Social Security	13,500	-	13,500	13,433
Retirement	79,050	(50)	79,000	79,425
Employee insurance	67,100	400	67,500	67,268
Insurance and bonds	8,465	760	9,225	9,578
Legal and professional	23,000	(8,000)	15,000	14,690
Auditing and accounting	10,000	1,000	11,000	10,927
Supplies	30,000	(5,000)	25,000	21,947
Repairs-building and grounds	15,000	-	15,000	11,707
Equipment repairs and maintenance	4,000	-	4,000	3,038
Gas and oil	3,500	-	3,500	2,960
Utility/telephone	11,500	-	11,500	11,758
Dues and subscriptions	15,500	1,250	16,750	17,160
Building demolitions	7,500	-	7,500	7,200
Transportation and contingency	75,000	(2,500)	72,500	78,532
Postage and miscellaneous	29,700	(400)	29,300	26,618
Capital expenditures	564,315 5,000	(12,540) -	551,775 5,000	546,441 4,986
Total Administrative	<u>569,315</u>	<u>(12,540)</u>	<u>556,775</u>	<u>551,427</u>
SANITATION DEPARTMENT				
Supplies	60,000	2,500	62,500	63,023
Refuse disposal/landfills	575,000	5,000	580,000	590,519
Total Sanitation	<u>635,000</u>	<u>7,500</u>	<u>642,500</u>	<u>653,542</u>

Variance With Final Budget Positive (Negative)	2012 Actual
\$ 1,300	165,304
67	13,070
(425)	74,337
232	60,996
(353)	8,241
310	119,425
73	7,967
3,053	28,572
3,293	8,081
962	2,774
540	3,518
(258)	10,042
(410)	15,573
300	7,200
(6,032)	62,394
<u>2,682</u>	<u>25,344</u>
5,334	612,838
<u>14</u>	<u>28,484</u>
<u>5,348</u>	<u>641,322</u>
(523)	60,805
<u>(10,519)</u>	<u>570,508</u>
<u>(11,042)</u>	<u>631,313</u>

CITY OF LIVINGSTON, TEXAS
GENERAL FUND
SCHEDULE OF EXPENDITURES-BUDGET (GAAP BASIS) AND ACTUAL
FOR THE YEAR ENDED SEPTEMBER 30, 2013
WITH COMPARATIVE ACTUAL TOTALS FOR 2012

	Budgeted Amounts GAAP Basis			
	Original	Revisions	Final	Actual
FIRE DEPARTMENT				
Salaries	146,500	(10,000)	136,500	134,216
Salaries, administration	28,000	1,825	29,825	29,807
Social Security	9,600	-	9,600	9,623
Retirement	16,150	350	16,500	16,444
Employee insurance	22,450	-	22,450	23,391
Insurance and bonds	29,600	-	29,600	24,094
Recruitment costs	1,500	-	1,500	-
Supplies	29,000	2,000	31,000	37,607
Repairs-building and grounds	3,500	-	3,500	288
Equipment repairs and maintenance	35,000	3,000	38,000	36,588
Gas and oil	30,000	(12,000)	18,000	10,608
Utility/telephone	10,500	(1,450)	9,050	9,360
Dues and subscriptions	2,425	725	3,150	4,517
Transportation and contingency	15,000	(3,000)	12,000	8,863
Maintenance contribution	23,400	(400)	23,000	22,533
Postage and miscellaneous	3,650	100	3,750	3,779
	<hr/>	<hr/>	<hr/>	<hr/>
Capital expenditures	406,275	(18,850)	387,425	371,718
	<hr/>	<hr/>	<hr/>	<hr/>
Total Fire	<hr/>	<hr/>	<hr/>	<hr/>
	<hr/>	<hr/>	<hr/>	<hr/>
POLICE DEPARTMENT				
Salaries	1,055,000	(25,000)	1,030,000	1,027,656
Salaries, administration	28,000	1,825	29,825	29,808
Social Security	85,000	(1,500)	83,500	82,314
Retirement	177,000	(2,000)	175,000	172,112
Employee insurance	174,200	(4,200)	170,000	167,661
Uniforms	3,150	(150)	3,000	2,755
Insurance and bonds	53,050	-	53,050	56,298
Supplies	21,500	-	21,500	19,668
Repairs-building and grounds	15,000	-	15,000	14,772
Equipment repairs and maintenance	35,000	-	35,000	29,715
Gas and oil	75,000	(8,000)	67,000	63,385
Utility/telephone	13,000	1,000	14,000	14,716
Dues and subscriptions	225	25	250	282
Transportaion and contingency	30,000	-	30,000	31,462
Postage and miscellaneous	24,500	500	25,000	23,851
	<hr/>	<hr/>	<hr/>	<hr/>
Capital expenditures	1,789,625	(37,500)	1,752,125	1,736,455
	<hr/>	<hr/>	<hr/>	<hr/>
Total Police	<hr/>	<hr/>	<hr/>	<hr/>
	<hr/>	<hr/>	<hr/>	<hr/>

Variance With Final Budget Positive (Negative)	2012 Actual
2,284	133,645
18	28,099
(23)	9,121
56	15,377
(941)	21,378
5,506	27,599
1,500	-
(6,607)	29,808
3,212	474
1,412	30,666
7,392	24,661
(310)	8,178
(1,367)	1,527
3,137	11,476
467	22,581
(29)	3,321
<hr/>	
15,707	367,911
<hr/>	
14,292	32,935
<hr/>	
29,999	400,846
<hr/>	
2,344	1,012,207
17	28,099
1,186	81,011
2,888	168,712
2,339	163,653
245	2,569
(3,248)	52,218
1,832	21,140
228	22,655
5,285	45,372
3,615	69,633
(716)	11,302
(32)	25
(1,462)	29,057
1,149	26,955
<hr/>	
15,670	1,734,608
<hr/>	
(2,835)	69,390
<hr/>	
12,835	1,803,998

CITY OF LIVINGSTON, TEXAS
GENERAL FUND
SCHEDULE OF EXPENDITURES-BUDGET (GAAP BASIS) AND ACTUAL
FOR THE YEAR ENDED SEPTEMBER 30, 2013
WITH COMPARATIVE ACTUAL TOTALS FOR 2012

	Budgeted Amounts GAAP Basis			
	Original	Revisions	Final	Actual
PAVING AND STREET DEPARTMENT				
Salaries	220,000	(3,500)	216,500	197,232
Salaries, administration	28,000	1,825	29,825	28,608
Social Security	19,000	-	19,000	17,296
Retirement	37,225	(5,225)	32,000	32,390
Employee insurance	47,450	(5,950)	41,500	41,571
Uniforms	4,050	(1,050)	3,000	3,842
Insurance and bonds	25,500	-	25,500	26,993
Supplies	22,500	4,000	26,500	24,749
Repairs-building and grounds	1,000	500	1,500	432
Equipment repairs and maintenance	23,000	12,000	35,000	27,517
Gas and oil	50,000	(3,000)	47,000	37,372
Transit system	4,620	3,780	8,400	8,400
Transportation and contingency	4,850	250	5,100	4,439
	<u>487,195</u>	<u>3,630</u>	<u>490,825</u>	<u>450,841</u>
Capital expenditures	<u>425,000</u>	<u>(125,000)</u>	<u>300,000</u>	<u>148,936</u>
Total Paving and Street	<u>912,195</u>	<u>(121,370)</u>	<u>790,825</u>	<u>599,777</u>
PARKS AND RECREATION DEPARTMENT				
Salaries	323,000	-	323,000	328,893
Salaries, administration	56,000	3,650	59,650	59,615
Social Security	29,025	150	29,175	29,667
Retirement	46,000	(500)	45,500	46,053
Employee insurance	59,900	-	59,900	59,874
Uniforms	5,775	(675)	5,100	5,540
Insurance and bonds	18,735	440	19,175	18,471
Advertising, hotel tax	80,000	1,000	81,000	79,928
Supplies	54,500	10,000	64,500	62,838
Repairs-building and grounds	31,500	(500)	31,000	34,839
Equipment repairs and maintenance	15,500	5,000	20,500	19,779
Gas and oil	74,800	(2,800)	72,000	72,767
Utility/telephone	18,500	(1,000)	17,500	16,582
Dues and subscriptions	300	(100)	200	45
Transportation and contingency	3,800	(1,200)	2,600	2,762
Programming costs	4,000	(2,000)	2,000	1,849
Postage and miscellaneous	3,100	50	3,150	5,703
	<u>824,435</u>	<u>11,515</u>	<u>835,950</u>	<u>845,205</u>
Capital expenditures	<u>136,500</u>	<u>(8,000)</u>	<u>128,500</u>	<u>107,263</u>
Total Parks and Recreation	<u>960,935</u>	<u>3,515</u>	<u>964,450</u>	<u>952,468</u>

Variance With Final Budget Positive (Negative)	2012 Actual
19,268	199,520
1,217	28,099
1,704	17,415
(390)	33,302
(71)	39,299
(842)	3,230
(1,493)	23,512
1,751	24,534
1,068	1,479
7,483	27,832
9,628	45,371
<hr/> 661	<hr/> 4,306
<hr/> 39,984	<hr/> 447,899
<hr/> 151,064	<hr/> 385,827
<hr/> 191,048	<hr/> 833,726
 (5,893)	 305,252
35	56,199
(492)	27,615
(553)	43,052
26	57,003
(440)	4,538
704	18,278
1,072	83,714
1,662	54,498
(3,839)	46,722
721	19,019
(767)	70,603
918	16,426
155	100
(162)	3,716
151	253
<hr/> (2,553)	<hr/> 3,116
<hr/> (9,255)	<hr/> 810,104
<hr/> 21,237	<hr/> 111,565
<hr/> 11,982	<hr/> 921,669

CITY OF LIVINGSTON, TEXAS
GENERAL FUND
SCHEDULE OF EXPENDITURES-BUDGET (GAAP BASIS) AND ACTUAL
FOR THE YEAR ENDED SEPTEMBER 30, 2013
WITH COMPARATIVE ACTUAL TOTALS FOR 2012

	Budgeted Amounts GAAP Basis			
	Original	Revisions	Final	Actual
LIBRARY DEPARTMENT				
Salaries	152,500	300	152,800	152,817
Salaries, administration	28,000	1,825	29,825	29,808
Social Security	13,800	200	14,000	13,944
Retirement	26,150	950	27,100	27,111
Employee insurance	37,500	-	37,500	37,393
Insurance and bonds	6,220	55	6,275	5,816
Supplies	11,500	-	11,500	11,991
Repairs-building and grounds	7,000	(2,000)	5,000	5,413
Equipment repairs and maintenance	4,000	(1,500)	2,500	2,699
Utility/telephone	10,500	(1,400)	9,100	8,946
Dues and subscriptions	3,800	(100)	3,700	3,216
Transportation and contingency	1,650	(50)	1,600	1,576
Postage and printing	2,730	(1,230)	1,500	1,956
	305,350	(2,950)	302,400	302,686
Memorial capital	17,000	3,000	20,000	21,698
Capital expenditures	15,000	(15,000)	-	-
Total Library	337,350	(14,950)	322,400	324,384
GARAGE DEPARTMENT				
Salaries	86,000	-	86,000	87,025
Salaries, administration	28,000	1,825	29,825	29,808
Social Security	8,725	125	8,850	8,911
Retirement	14,675	75	14,750	14,777
Employee insurance	15,000	-	15,000	14,959
Uniforms	1,600	(250)	1,350	1,436
Insurance and bonds	7,450	550	8,000	7,571
Supplies	6,000	-	6,000	5,909
Repairs-building and grounds	2,500	(500)	2,000	425
Equipment repairs and maintenance	4,000	-	4,000	4,926
Gas and oil	6,200	(4,550)	1,650	1,653
Utility/telephone	4,850	225	5,075	5,281
	185,000	(2,500)	182,500	182,681
Capital expenditures	22,000	(20,000)	2,000	-
Total Garage	207,000	(22,500)	184,500	182,681
TOTAL GENERAL EXPENDITURES	\$ 5,935,195	\$ (216,695)	\$ 5,718,500	\$ 5,478,495

Variance With Final Budget Positive (Negative)	2012 Actual
(17)	148,592
17	28,099
56	13,499
(11)	25,032
107	35,628
459	6,064
(491)	12,912
(413)	5,849
(199)	4,819
154	8,486
484	3,469
24	1,376
(456)	2,214
(286)	296,039
(1,698)	21,299
	31,678
(1,984)	349,016
(1,025)	81,649
17	28,099
(61)	8,378
(27)	13,472
41	11,880
(86)	1,230
429	7,204
91	4,721
1,575	1,566
(926)	4,584
(3)	4,406
(206)	5,089
(181)	172,278
2,000	37,793
1,819	210,071
<u>\$ 240,005</u>	<u>\$ 5,791,961</u>

DEBT SERVICE FUND

CITY OF LIVINGSTON, TEXAS
DEBT SERVICE FUND - COMPARATIVE BALANCE SHEET
SEPTEMBER 30, 2013 AND 2012

ASSETS

	<u>2013</u>	<u>2012</u>
Cash	\$ 11,906	\$ 11,028
Total Assets	<u>\$ 11,906</u>	<u>\$ 11,028</u>

FUND BALANCES

Restricted for debt service	\$ 11,906	\$ 11,028
Total Fund Balance	<u>\$ 11,906</u>	<u>\$ 11,028</u>

CITY OF LIVINGSTON, TEXAS
DEBT SERVICE FUND
BUDGETARY COMPARISON SCHEDULE
FOR THE YEAR ENDED SEPTEMBER 30, 2013
WITH COMPARATIVE ACTUAL TOTALS FOR 2012

	Budgeted Amounts GAAP Basis		
	Original	Revisions	Final
REVENUES			
Miscellaneous	\$ -	\$ -	\$ -
Total Revenues	<u>-</u>	<u>-</u>	<u>-</u>
EXPENDITURES			
Debt service:			
Principal retirement	960,000	-	960,000
Interest	348,338	-	348,338
Total Expenditures	<u>1,308,338</u>	<u>-</u>	<u>1,308,338</u>
Excess (deficiency) of revenues over expenditures	<u>(1,308,338)</u>	<u>-</u>	<u>(1,308,338)</u>
OTHER FINANCING SOURCES (USES)			
Bonds Issued from refunding debt	-	-	-
Redemption of refunded bonds	-	-	-
Transfers to other funds	-	-	-
Transfers in	1,308,338	-	1,308,338
Total other financing sources	<u>1,308,338</u>	<u>-</u>	<u>1,308,338</u>
Excess (deficiency) 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			

<u>Actual</u>	<u>Variance with Final Budget Positive (Negative)</u>	<u>2012</u>
\$ 1,081	\$ 1,081	\$ 8,371
<u>1,081</u>	<u>1,081</u>	<u>8,371</u>
960,000	-	850,000
366,800	<u>18,462</u>	<u>246,345</u>
<u>1,326,800</u>	<u>18,462</u>	<u>1,096,345</u>
(1,325,719)	(17,381)	(1,087,974)
-	-	3,100,000
-	-	(2,930,000)
-	-	(170,000)
<u>1,326,597</u>	<u>(18,259)</u>	<u>1,036,831</u>
<u>1,326,597</u>	<u>18,259</u>	<u>1,036,831</u>
878	\$ 878	(51,143)
<u>11,028</u>		<u>62,171</u>
<u>\$ 11,906</u>		<u>\$ 11,028</u>

CAPITAL PROJECTS FUND

CITY OF LIVINGSTON, TEXAS
CAPITAL PROJECTS FUND - COMPARATIVE BALANCE SHEET
SEPTEMBER 30, 2013 AND 2012

ASSETS

	2013	2012
Cash	\$ 3,689,133	\$ 6,053,685
Total Assets	<u>\$ 3,689,133</u>	<u>\$ 6,053,685</u>

LIABILITIES AND FUND BALANCES

Liabilities:

Construction contracts payable	\$ 326,073	\$ -
Total liabilities	<u>326,073</u>	<u>-</u>

Fund Balances:

Restricted for:		
Capital projects	\$ 3,363,060	\$ 6,053,685
Total Fund Balances	<u>\$ 3,689,133</u>	<u>\$ 6,053,685</u>

**CITY OF LIVINGSTON, TEXAS
CAPITAL PROJECTS FUND
BUDGETARY COMPARISON SCHEDULE
FOR THE YEAR ENDED SEPTEMBER 30, 2013
WITH COMPARATIVE ACTUAL TOTALS FOR 2012**

	Budgeted Amounts GAAP Basis		
	Original	Revisions	Final
<u>REVENUES</u>			
Miscellaneous	\$ -	\$ -	\$ -
<u>EXPENDITURES</u>			
Capital outlay:			
Library Improvements	(2,025,000)	(136,705)	(2,161,705)
Total Expenditures	<u>(2,025,000)</u>	<u>(136,705)</u>	<u>(2,161,705)</u>
Excess of expenditures over revenues	<u>(2,025,000)</u>	<u>(136,705)</u>	<u>(2,161,705)</u>
<u>OTHER FINANCING SOURCES</u>			
Bonds issued			
Transfers out	(2,455,000)	588,032	(1,866,968)
Total other financing sources	<u>(2,455,000)</u>	<u>588,032</u>	<u>(1,866,968)</u>
Excess of revenues and other financing sources over expenditures and other uses	<u>\$ (4,480,000)</u>	<u>\$ 451,327</u>	<u>\$ (4,028,673)</u>
Fund balances at beginning of year			
Fund balances at end of year			

<u>Actual</u>	<u>Variance With Final Budget Positive (Negative)</u>	<u>2012</u>
\$ 8,953	\$ 8,953	\$ -
(1,473,235)	688,470	-
(1,473,235)	688,470	-
(1,464,282)	688,470	-
(1,226,343)	640,625	6,000,000
(1,226,343)	640,625	(40,017)
		5,959,983
(2,690,625)	1,329,095	5,959,983
6,053,685	-	93,702
<u>\$ 3,363,060</u>	<u>\$ 1,329,095</u>	<u>\$ 6,053,685</u>

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PROPRIETARY FUND

CITY OF LIVINGSTON, TEXAS
COMPARATIVE STATEMENT OF NET POSITION
ELECTRIC, WATER AND SEWER FUND
SEPTEMBER 30, 2013 AND 2012

ASSETS	2013	2012
Current assets:		
Cash	\$ 4,381,626	\$ 1,507,034
Certificates of deposit	1,500,000	1,500,000
Restricted assets		
Cash in bank, water and sewer system improvements	61,301	61,086
Cash in bank, reserve fund	42,325	42,409
Receivables:		
Returned checks receivable	27,010	25,401
Utility accounts receivable	<u>1,745,559</u>	<u>1,612,973</u>
Total Current Assets	<u>7,757,821</u>	<u>4,748,903</u>
Noncurrent assets:		
Capital assets:		
Land	694,222	679,488
Building and improvements	469,045	469,045
Equipment and fixtures	2,165,365	2,120,321
Electrical system	5,167,944	5,044,575
Water system	9,817,810	8,281,356
Sewer system	8,621,308	8,562,668
Water service contract rights	<u>23,140,000</u>	<u>2,640,000</u>
Less accumulated depreciation	<u>50,075,694</u> <u>(8,174,022)</u>	<u>27,797,453</u> <u>(7,711,974)</u>
Net capital assets	<u>41,901,672</u>	<u>20,085,479</u>
Total Assets	<u>\$ 49,659,493</u>	<u>\$ 24,834,382</u>

	2013	2012
LIABILITIES		
Current liabilities:		
Accounts payable	\$ 1,187,320	\$ 1,281,401
Meter deposits	487,998	442,768
Contracts payable-Trinity River Authority	630,000	75,000
Total current liabilities	<u>2,305,318</u>	<u>1,799,169</u>
Noncurrent liabilities:		
Contracts payable-Trinity River Authority	22,510,000	2,565,000
Total noncurrent liabilities	<u>22,510,000</u>	<u>2,565,000</u>
Total liabilities	<u>24,815,318</u>	<u>4,364,169</u>
NET POSITION		
Invested in capital assets (net of related debt)	18,761,672	17,445,479
Restricted for water and sewer system improvements	61,301	61,086
Restricted for Trinity River Authority contracts payable	42,325	42,409
Unrestricted	<u>5,978,877</u>	<u>2,921,239</u>
Total net position	<u>\$ 24,844,175</u>	<u>\$ 20,470,213</u>

CITY OF LIVINGSTON, TEXAS
COMPARATIVE STATEMENT OF REVENUES, EXPENSES AND CHANGES
IN NET POSITION
ELECTRIC, WATER, AND SEWER FUND
FOR THE YEARS ENDED SEPTEMBER 30, 2013 AND 2012

Business-Type Activities - Enterprise Fund

	2013	2012
Operating revenues:		
Charges for sales and services:		
Electricity sales	\$ 9,489,956	\$ 9,183,253
Water sales	2,122,954	2,013,968
Sewer service charges	1,398,711	1,326,673
Penalties, utilities	142,348	137,709
Water tapping fees	13,818	5,600
Sewer tapping fees	4,150	2,400
Recoveries, electrical	2,762,811	678,684
Recoveries, water	771,723	87,543
Recoveries, sewer	-	693,997
Revenue, night lights	84,806	78,970
Service fees	59,724	44,750
Total Operating Revenues	<u>16,851,001</u>	<u>14,253,547</u>
Operating expenses:		
Light and Power Department	9,079,083	9,504,653
Water Department	2,048,518	2,002,993
Sewer Department	578,050	577,820
Depreciation	462,048	435,868
Total Operating Expenses	<u>12,167,699</u>	<u>12,521,334</u>
Operating Income	4,683,302	1,732,213
Non-operating revenues:		
Interest income	<u>12,204</u>	<u>11,496</u>
Income Before Transfers	4,695,506	1,743,709
Transfers In	1,226,343	-
Transfers Out	<u>(1,547,887)</u>	<u>(914,081)</u>
Change in net position	4,373,962	829,628
Total net position - beginning	<u>20,470,213</u>	<u>19,640,585</u>
Total net position - ending	<u>\$ 24,844,175</u>	<u>\$ 20,470,213</u>

CITY OF LIVINGSTON, TEXAS
COMPARATIVE STATEMENT OF CASH FLOWS
ELECTRIC, WATER, AND SEWER FUND
FOR THE YEARS ENDED SEPTEMBER 30, 2013 AND 2012

Business-Type Activities - Enterprise Fund

	2013	2012
Cash flows from operating activities:		
Cash received from customers	\$ 16,718,415	\$ 14,457,788
Cash payments to suppliers for goods and services	(10,527,981)	(11,065,997)
Cash payments to employees for services	<u>(1,228,130)</u>	<u>(1,189,678)</u>
Net cash provided by operating activities	<u>4,962,304</u>	<u>2,202,113</u>
Cash flows from noncapital financing activities:		
Transfers from other funds	1,226,343	-
Transfers to other funds	<u>(1,547,887)</u>	<u>(914,081)</u>
Net cash used for noncapital financing activities	<u>(321,544)</u>	<u>(914,081)</u>
Cash flows from capital and related financing activities:		
Acquisition of capital assets	<u>(1,778,241)</u>	<u>(1,846,383)</u>
Net cash used for capital and related financing activities	<u>(1,778,241)</u>	<u>(1,846,383)</u>
Cash flows from investing activities:		
Interest on cash and investments	<u>12,204</u>	<u>11,496</u>
Net cash provided by investing activities	<u>12,204</u>	<u>11,496</u>
NET CHANGE IN CASH AND CASH EQUIVALENTS	2,874,723	(546,855)
CASH AND CASH EQUIVALENTS AT BEGINNING OF YEAR	<u>1,610,529</u>	<u>2,157,384</u>
CASH AND CASH EQUIVALENTS AT END OF YEAR	<u>\$ 4,485,252</u>	<u>\$ 1,610,529</u>

(Continued)

CITY OF LIVINGSTON, TEXAS
COMPARATIVE STATEMENT OF CASH FLOWS
ELECTRIC, WATER, AND SEWER FUND
FOR THE YEARS ENDED SEPTEMBER 30, 2013 AND 2012

Business-Type Activities - Enterprise Fund

	2013	2012
Reconciliation of income from operations to net cash provided by operating activities:		
Income from operations	\$ 4,683,302	\$ 1,732,213
Adjustments to reconcile operating net income to net cash provided by operating activities:		
Depreciation	462,048	435,868
Change in operating assets and liabilities:		
Returned checks receivable	(1,609)	(2,189)
Utility accounts receivable	(132,586)	204,241
Accounts payable	(94,081)	(198,060)
Meter deposits	45,230	30,040
Total adjustments	279,002	469,900
Net cash provided by operating activities	<u>\$ 4,962,304</u>	<u>\$ 2,202,113</u>
Reconciliation of total cash and cash investments		
Unrestricted	\$ 4,381,626	\$ 1,507,034
Restricted		
Cash in bank, water and sewer system improvements	61,301	61,086
Cash in bank, reserve fund	42,325	42,409
Total cash and cash equivalents	<u>\$ 4,485,252</u>	<u>\$ 1,610,529</u>

(Concluded)

ENTERPRISE FUND

CITY OF LIVINGSTON, TEXAS

ENTERPRISE FUND

SCHEDULE OF EXPENSES BY DEPARTMENT - COMPARED TO BUDGET

FOR THE YEAR ENDED SEPTEMBER 30, 2013

WITH COMPARATIVE ACTUAL AMOUNTS FOR THE YEAR ENDED SEPTEMBER 30, 2012

	2013			
	Original Budget	Revisions	Final	Actual
LIGHT AND POWER DEPARTMENT				
Salaries	\$ 567,500	\$ (2,500)	\$ 565,000	\$ 563,217
Salaries, administration	28,000	1,825	29,825	29,807
Social Security	45,600	(1,000)	44,600	45,339
Retirement	95,600	1,400	97,000	95,777
Employee insurance	82,300	(4,200)	78,100	78,037
Uniform rental	7,500	(1,250)	6,250	4,968
Insurance and bonds	20,400	1,000	21,400	19,045
Legal and professional	2,000	-	2,000	1,810
Engineering	2,000	(1,000)	1,000	-
Supplies	35,000	-	35,000	37,344
Repairs-building and grounds and equipment	20,000	5,000	25,000	21,701
Gas and oil	37,500	(7,500)	30,000	20,919
Utility/telephone	8,000	(1,600)	6,400	6,078
Dues and subscriptions	7,000	-	7,000	7,292
Power purchase	8,648,000	(648,000)	8,000,000	8,100,827
Transportation and contingency	5,500	6,000	11,500	11,059
Utility billing	13,000	(1,500)	11,500	11,462
Postage and miscellaneous	13,500	1,500	15,000	13,473
Auditing and accounting	10,000	1,000	11,000	10,928
Total Light and Power	9,648,400	(650,825)	8,997,575	9,079,083
WATER DEPARTMENT				
Salaries	405,000	(30,000)	375,000	360,663
Salaries - administration	28,000	1,825	29,825	32,949
Social Security	33,125	(1,125)	32,000	30,285
Retirement	69,000	(9,000)	60,000	61,584
Employee insurance	70,875	(9,125)	61,750	63,607
Uniform rental	4,900	(1,400)	3,500	3,505
Insurance and bonds	18,875	2,125	21,000	18,865
Legal and professional	1,500	1,250	2,750	4,005
Supplies	60,850	(10,350)	50,500	52,138
Repairs-building and grounds	9,000	(1,500)	7,500	4,696
Repairs-equipment	35,000	-	35,000	32,729
Gas and oil	35,000	25,000	60,000	59,235
Engineering	12,500	(2,500)	10,000	4,061
Dues and subscriptions	12,000	-	12,000	10,047
Water-TRA	58,400	-	58,400	58,400
Operations and maintenance-TRA	1,049,893	(22,416)	1,027,477	1,027,477
Transportation and contingency	20,500	(2,225)	18,275	20,214
Utility billing	13,000	(1,500)	11,500	11,462
Postage and printing	14,500	-	14,500	13,206
TRA-debt service	169,260	(797)	168,463	168,463
Auditing and accounting	10,000	1,000	11,000	10,927
Total Water	2,131,178	(60,738)	2,070,440	2,048,518

Variance	2012	
	Actual	
\$ 1,783	\$ 544,801	
18	28,099	
(739)	43,809	
1,223	90,987	
63	76,473	
1,282	5,682	
2,355	19,601	
190	1,515	
1,000	460	
(2,344)	23,749	
3,299	24,626	
9,081	32,171	
322	7,389	
(292)	6,718	
(100,827)	8,557,699	
441	7,914	
38	10,433	
1,527	14,560	
72	7,967	
<u>(81,508)</u>	<u>9,504,653</u>	

14,337	370,123
(3,124)	28,099
1,715	30,759
(1,584)	61,991
(1,857)	61,168
(5)	3,791
2,135	19,474
(1,255)	3,934
(1,638)	46,442
2,804	7,113
2,271	30,238
765	34,209
5,939	13,406
1,953	11,954
-	58,400
-	998,228
(1,939)	17,957
38	10,432
1,294	14,698
-	172,610
73	7,967
<u>21,922</u>	<u>2,002,993</u>

**CITY OF LIVINGSTON, TEXAS
ENTERPRISE FUND**

**SCHEDULE OF EXPENSES BY DEPARTMENT - COMPARED TO BUDGET
FOR THE YEAR ENDED SEPTEMBER 30, 2013**

WITH COMPARATIVE ACTUAL AMOUNTS FOR THE YEAR ENDED SEPTEMBER 30, 2012

	2013			
	Original Budget	Revisions	Final	Actual
SEWER DEPARTMENT				
Salaries	195,500	9,500	205,000	212,886
Salaries, administration	28,000	1,825	29,825	28,608
Social Security	17,600	500	18,100	18,673
Retirement	33,300	(450)	32,850	33,589
Employee insurance	30,225	(1,725)	28,500	28,675
Uniform rental	2,000	-	2,000	2,161
Insurance and bonds	10,200	(2,800)	7,400	6,484
Lab fees-engineering	15,000	-	15,000	15,610
Supplies	28,000	-	28,000	28,778
Chemicals	30,000	(5,000)	25,000	22,076
Legal/professional	5,000	(3,000)	2,000	0
Repairs-equipment	45,000	15,000	60,000	70,206
Repairs-building and grounds	3,500	(2,000)	1,500	630
Gas and oil	25,000	(12,000)	13,000	10,600
Dues and subscriptions	12,000	(3,900)	8,100	8,040
Transportation and contingency	64,900	1,475	66,375	62,748
Utilities and telephone	32,000	(4,000)	28,000	28,286
Total Sewer	<u>577,225</u>	<u>(6,575)</u>	<u>570,650</u>	<u>578,050</u>
TOTAL ENTERPRISE FUND DEPARTMENT EXPENDITURES	<u>\$ 12,356,803</u>	<u>\$ (718,138)</u>	<u>\$ 11,638,665</u>	<u>\$ 11,705,651</u>

<u>Variance</u>	<u>2012</u>
	<u>Actual</u>
(7,886)	190,457
1,217	28,099
(573)	17,002
(739)	31,985
(175)	29,056
(161)	2,117
916	5,566
(610)	11,370
(778)	27,498
2,924	22,748
2,000	1,293
(10,206)	82,178
870	1,479
2,400	23,199
60	12,088
3,627	66,065
(286)	25,620
<u>(7,400)</u>	<u>577,820</u>
<u>\$ (66,986)</u>	<u>\$ 12,085,466</u>

STATISTICAL SECTION

FINANCIAL TRENDS

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

TABLE A-1

CITY OF LIVINGSTON, TEXAS
NET POSITION BY COMPONENT
Last Ten Fiscal Years
(accrual basis of accounting)

	Fiscal Year		
	2004	2005	2006
Governmental activities			
Invested in capital assets, net of related debt	\$ 3,321,143	\$ 3,129,245	\$ 3,545,562
Restricted	71,335	74,795	64,428
Unrestricted	<u>320,621</u>	<u>358,030</u>	<u>301,060</u>
Total governmental activities net position	<u><u>\$ 3,713,099</u></u>	<u><u>\$ 3,562,070</u></u>	<u><u>\$ 3,911,050</u></u>
Business-type activities			
Invested in capital assets, net of related debt	\$11,846,648	\$ 12,040,291	\$ 12,212,140
Restricted	189,018	137,798	138,706
Unrestricted	<u>2,170,395</u>	<u>2,709,960</u>	<u>2,545,862</u>
Total business-type activities net position	<u><u>\$14,206,061</u></u>	<u><u>\$ 14,888,049</u></u>	<u><u>\$ 14,896,708</u></u>
Primary government			
Invested in capital assets, net of related debt	\$15,167,791	\$ 15,169,536	\$ 15,757,702
Restricted	260,353	212,593	203,134
Unrestricted	<u>2,491,016</u>	<u>3,067,990</u>	<u>2,846,922</u>
Total primary government net position	<u><u>\$17,919,160</u></u>	<u><u>\$ 18,450,119</u></u>	<u><u>\$ 18,807,758</u></u>

TABLE A-1

Fiscal Year						
2007	2008	2009	2010	2011	2012	2013
\$ 3,549,442 32,042 746,824	\$ 3,625,188 56,185 847,279	\$ 3,805,846 58,323 1,403,689	\$ 3,816,433 60,119 1,018,128	\$ 4,351,471 62,171 513,969	\$ 4,791,257 11,028 358,850	\$ 4,315,590 11,906 662,242
<u>\$ 4,328,308</u>	<u>\$ 4,528,652</u>	<u>\$ 5,267,858</u>	<u>\$ 4,894,680</u>	<u>\$ 4,927,611</u>	<u>\$ 5,161,135</u>	<u>\$ 4,989,738</u>
\$ 12,661,355 176,772 1,914,913	\$ 13,795,660 122,980 1,858,986	\$ 14,299,578 120,096 2,010,951	\$ 15,112,038 125,923 2,680,995	\$ 16,034,964 463,375 3,142,246	\$ 17,445,479 103,495 2,921,239	\$ 18,761,672 103,626 5,978,877
<u>\$ 14,753,040</u>	<u>\$ 15,777,626</u>	<u>\$ 16,430,625</u>	<u>\$ 17,918,956</u>	<u>\$ 19,640,585</u>	<u>\$ 20,470,213</u>	<u>\$ 24,844,175</u>
\$ 16,210,797 208,814 2,661,737	\$ 17,420,848 179,165 2,706,265	\$ 18,105,424 178,419 3,414,640	\$ 18,928,471 186,042 3,699,123	\$ 20,386,435 525,546 3,656,215	\$ 22,236,736 114,523 3,280,089	\$ 23,077,262 115,532 6,641,119
<u>\$ 19,081,348</u>	<u>\$ 20,306,278</u>	<u>\$ 21,698,483</u>	<u>\$ 22,813,636</u>	<u>\$ 24,568,196</u>	<u>\$ 25,631,348</u>	<u>\$ 29,833,913</u>

TABLE A-2

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

	Fiscal Year					
	2004	2005	2006	2007	2008	2009
Expenses						
Governmental activities:						
Administrative	\$ 305,279	\$ 429,415	\$ 494,543	\$ 550,712	\$ 543,102	\$ 625,366
Sanitation	508,167	525,284	552,169	595,541	614,965	607,137
Fire	290,679	307,944	328,722	372,421	403,472	413,973
Police	1,132,421	1,201,267	1,260,724	1,345,599	1,454,820	1,530,106
Paving and street	785,259	921,559	971,433	1,023,956	1,003,610	935,608
Parks and recreation	778,992	792,944	806,073	842,246	927,799	847,600
Library	230,800	237,031	246,801	274,830	283,433	284,255
Garage	136,813	139,382	158,581	163,178	177,194	186,795
Interest on long-term debt	400,800	381,833	362,868	362,425	350,383	316,960
Total governmental activities expense	<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>	<u>5,747,800</u>
Business-type activities:						
Electric, water and sewer	9,378,300	9,747,275	10,407,751	10,553,606	10,490,362	12,007,478
Total business-type activities expenses	<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>	<u>12,007,478</u>
Total primary government expenses	<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>	<u>17,755,278</u>
Program Revenues						
Governmental activities:						
Charges for services						
Administration	68,619	78,386	167,499	171,091	158,653	368,308
Sanitation	708,348	716,199	735,376	835,662	837,658	846,740
Police	189,847	238,120	236,332	224,131	222,411	222,025
Paving and street	1,916	25,756	83,227	8,931	1,921	892
Parks and recreation	427,800	401,882	269,001	290,508	291,150	298,860
Library	15,729	17,339	16,518	18,085	23,652	19,386
Operating grants and contributions	168,623	115,024	392,402	B.	130,974	653,212 C.
Capital grants and contributions	404,018	A.	64,077	12,891	-	471,764 C.
Total governmental activities program revenues	<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>	<u>2,881,207</u>
Business-type activities:						
Charges for services						
Electric, water and sewer	10,312,959	10,655,080	10,708,095	10,867,675	11,929,258	12,369,934
Total business-type activities program revenues	<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>	<u>12,369,934</u>
Total primary government program revenues	<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>	<u>15,251,141</u>
Net (Expense) Revenues						
Governmental activities	(2,584,310)	(3,279,876)	(3,268,668)	(3,754,836)	(4,092,359)	(2,866,593)
Business-type activities	934,659	907,805	300,344	314,069	1,438,896	362,456
Total primary government program net expense	<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>	<u>(2,504,137)</u>
General Revenues and Other Changes in Net Position						
Governmental activities:						
Taxes						
Sales taxes	2,324,945	2,544,289	2,885,734	3,144,640	3,232,037	3,392,552
Franchise taxes	134,374	136,979	148,230	162,312	166,598	172,631
Hotel/Motel taxes	136,563	131,303	168,967	236,920	261,357	291,096
Investment earnings	43,145	31,869	14,373	60,343	54,954	12,753
Miscellaneous	55,615	25,266	34,381	34,344	90,514	-
Transfers	247,191	259,141	365,963	533,535	487,243	(263,233)
Total governmental activities	<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>	<u>3,605,799</u>
Business-type activities:						
Investment earnings	14,790	33,324	74,278	75,798	72,933	27,310
Transfers	(247,191)	(259,141)	(365,963)	(533,535)	(487,243)	263,233
Total business-type activities	<u>(232,401)</u>	<u>(225,817)</u>	<u>(291,685)</u>	<u>(457,737)</u>	<u>(414,310)</u>	<u>290,543</u>
Total primary government	<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>	<u>3,896,342</u>
Changes in Net Position						
Governmental activities	357,523	(151,029)	348,980	417,258	200,344	739,206
Business-type activities	702,258	681,988	8,659	(143,668)	1,024,586	652,999
Total primary government	<u>\$ 1,059,781</u>	<u>\$ 530,959</u>	<u>\$ 357,639</u>	<u>\$ 273,590</u>	<u>\$ 1,224,930</u>	<u>\$ 1,392,205</u>

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.

TABLE A-2

	2010	2011	2012	2013
\$	550,726	\$ 560,705	\$ 578,438	\$ 609,174
597,196	611,463	631,433	653,663	
406,508	440,931	396,728	404,025	
1,618,530	1,701,952	1,846,576	1,852,215	
950,467	968,401	962,427	969,670	
893,254	917,386	973,354	991,098	
312,390	310,674	332,359	354,693	
180,496	183,928	190,832	203,343	
292,638	267,220	246,345	366,800	
<u>5,802,205</u>	<u>5,962,660</u>	<u>6,158,492</u>	<u>6,404,681</u>	
<u>12,362,086</u>	<u>12,851,514</u>	<u>12,521,334</u>	<u>12,167,699</u>	
<u>12,362,086</u>	<u>12,851,514</u>	<u>12,521,334</u>	<u>12,167,699</u>	
<u>18,164,291</u>	<u>18,814,174</u>	<u>18,679,826</u>	<u>18,572,380</u>	
247,380	98,784	193,065	98,300	
846,516	933,025	947,880	1,027,614	
228,426	251,926	280,759	273,321	
10,197	20,749	51,802	2,103	
226,859	234,341	199,677	203,685	
18,171	17,309	15,406	17,835	
94,055	110,094	130,478	128,227	
247,392	D. 171,317	3,491	-	
<u>1,918,996</u>	<u>1,837,545</u>	<u>1,822,558</u>	<u>1,751,085</u>	
<u>13,968,911</u>	<u>15,144,524</u>	<u>14,253,547</u>	<u>16,851,001</u>	
<u>13,968,911</u>	<u>15,144,524</u>	<u>14,253,547</u>	<u>16,851,001</u>	
<u>15,887,907</u>	<u>16,982,069</u>	<u>16,076,105</u>	<u>18,602,086</u>	
(3,883,209)	(4,125,115)	(4,335,934)	(4,653,596)	
1,606,825	2,293,010	1,732,213	4,683,302	
(2,276,384)	(1,832,105)	(2,603,721)	29,706	
3,012,227	3,185,997	3,275,321	3,730,723	
143,586	162,759	146,319	151,625	
210,076	219,019	222,936	270,564	
7,153	4,803	10,801	7,743	
-	-	-	-	
136,989	585,468	914,081	321,544	
<u>3,510,031</u>	<u>4,158,046</u>	<u>4,569,458</u>	<u>4,482,199</u>	
18,495	14,087	11,496	12,204	
(136,989)	(585,468)	(914,081)	(321,544)	
(118,494)	(571,381)	(902,585)	(309,340)	
<u>3,391,537</u>	<u>3,586,665</u>	<u>3,666,873</u>	<u>4,172,859</u>	
(373,178)	32,931	233,524	(171,397)	
1,488,331	1,721,629	829,628	4,373,962	
<u>\$ 1,115,153</u>	<u>\$ 1,754,560</u>	<u>\$ 1,063,152</u>	<u>\$ 4,202,565</u>	

TABLE A-3

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

	Fiscal Year			
	2004	2005	2006	2007
General Fund				
Restricted	\$ 13,243	\$ 5,096	\$ 2,598	\$ 2,598
Unassigned	<u>635,728</u>	<u>420,260</u>	<u>253,737</u>	<u>583,212</u>
Total General Fund	<u>\$ 648,971</u>	<u>\$ 425,356</u>	<u>\$ 256,335</u>	<u>\$ 585,810</u>
All Other Governmental Funds				
Restricted				
Debt Service Fund	\$ 71,335	\$ 74,795	\$ 64,425	\$ 32,042
Capital Projects Fund	<u>1,267,007</u>	<u>342,948</u>	-	<u>1,430,000</u> A.
Total all other governmental funds	<u>\$ 1,338,342</u>	<u>\$ 417,743</u>	<u>\$ 64,425</u>	<u>\$ 1,462,042</u>

- A. Bond proceeds for library renovations and utility system improvements.
- B. Bond proceeds for library improvements and water and sewer system improvements.

TABLE A-3

Fiscal Year					
2008	2009	2010	2011	2012	2013
\$ 78,525 <u>768,754</u>	\$ 64,705 <u>1,096,703</u>	\$ 49,852 <u>863,051</u>	\$ 29,094 <u>395,568</u>	\$ 14,224 <u>190,139</u>	\$ 214 <u>857,542</u>
<u>\$ 847,279</u>	<u>\$ 1,161,408</u>	<u>\$ 912,903</u>	<u>\$ 424,662</u>	<u>\$ 204,363</u>	<u>\$ 857,756</u>
\$ 56,185 <u>1,136,493</u>	\$ 58,323 <u>650,228</u>	\$ 60,119 <u>218,502</u>	\$ 62,171 <u>93,702</u>	\$ 11,028 <u>6,053,685</u> B.	\$ 11,906 <u>3,363,060</u>
<u>\$ 1,192,678</u>	<u>\$ 708,551</u>	<u>\$ 278,621</u>	<u>\$ 155,873</u>	<u>\$ 6,064,713</u>	<u>\$ 3,374,966</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			
	2004	2005	2006	2007
Revenues				
Taxes	\$ 2,595,882	\$ 2,812,571	\$ 3,202,931	\$ 3,543,872
Licenses and permits	68,620	78,387	167,500	171,091
Charges for service	1,054,801	962,644	1,027,350	1,044,379
Fines and forfeitures	174,479	220,754	208,945	220,568
Miscellaneous	790,232	A 444,987	558,205	435,547
Total Revenues	<u>4,684,014</u>	<u>4,519,343</u>	<u>5,164,931</u>	<u>5,415,457</u>
Expenditures				
Administrative	244,181	362,385	430,460	589,450
Sanitation	508,272	525,099	551,984	595,356
Fire	254,431	272,362	292,497	333,880
Police	1,034,373	1,100,899	1,156,337	1,239,397
Paving and street	371,020	332,286	421,287	446,480
Parks and recreation	609,285	610,971	621,815	654,682
Library	211,390	217,896	225,276	257,071
Garage	128,544	131,848	150,570	154,049
Capital outlay	2,682,760	1,447,119	1,280,136	633,113
Debt service				
Interest	400,800	381,833	362,868	363,425
Principal	<u>530,000</u>	<u>540,000</u>	<u>560,000</u>	<u>570,000</u>
Total Expenditures	<u>6,975,056</u>	<u>5,922,698</u>	<u>6,053,230</u>	<u>5,836,903</u>
Excess of revenues over (under) expenditures	(2,291,042)	(1,403,355)	(888,299)	(421,446)
Other Financing Sources (Uses)				
Proceeds from borrowing	-	-	-	1,500,000 B
Proceeds from refunding	-	-	-	3,055,000 C
Redemption of refunded bonds	-	-	-	(2,940,000) C
Transfers in	1,154,768	1,196,580	1,274,601	1,040,595
Transfers out	<u>(907,577)</u>	<u>(937,439)</u>	<u>(908,638)</u>	<u>(507,060)</u>
Total other financing sources	<u>247,191</u>	<u>259,141</u>	<u>365,963</u>	<u>2,148,535</u>
Net change in fund balances	<u>\$ (2,043,851)</u>	<u>\$ (1,144,214)</u>	<u>\$ (522,336)</u>	<u>\$ 1,727,089</u>
Debt service as a percentage of noncapital expenditures	21.7%	20.6%	19.3%	17.9%

- A. Grant received in 2004 for street improvements.
- B. Bond proceeds in 2007 to be used for library and utility system improvements.
- C. Refunding of bonds in 2007 due to favorable interest rates.
- D. Bond proceeds in 2012 to be used for library and utility system improvements.
- E. Refunding of bonds in 2012 due to favorable interest rates.

TABLE A-4

Fiscal Year					
2008	2009	2010	2011	2012	2013
\$ 3,659,992	\$ 3,856,279	\$ 3,365,889	\$ 3,567,775	\$ 3,644,576	\$ 4,152,912
158,653	330,493	221,005	69,898	155,254	54,839
1,063,339	1,069,232	1,064,615	1,185,540	1,174,660	1,275,560
206,059	210,193	217,430	235,733	261,493	256,378
<u>383,885</u>	<u>1,271,421</u>	<u>439,046</u>	<u>369,023</u>	<u>256,783</u>	<u>180,943</u>
<u>5,471,928</u>	<u>6,737,618</u>	<u>5,307,985</u>	<u>5,427,969</u>	<u>5,492,766</u>	<u>5,920,632</u>
464,778	544,952	502,238	516,991	612,838	546,441
614,780	606,952	597,076	611,343	631,313	653,542
366,276	378,591	373,785	409,387	367,911	371,718
1,356,402	1,436,239	1,524,372	1,600,314	1,734,608	1,736,455
344,420	388,011	428,013	453,560	447,899	450,841
744,706	667,173	715,406	752,668	810,104	845,205
261,206	250,779	277,401	275,958	296,039	302,686
261,800	175,996	169,988	173,673	172,278	182,681
512,315	1,158,730	497,732	773,312	718,971	1,862,161
350,383	316,960	292,398	267,220	246,345	366,800
<u>690,000</u>	<u>720,000</u>	<u>745,000</u>	<u>790,000</u>	<u>850,000</u>	<u>960,000</u>
<u>5,967,066</u>	<u>6,644,383</u>	<u>6,123,409</u>	<u>6,624,426</u>	<u>6,888,306</u>	<u>8,278,530</u>
(495,138)	93,235	(815,424)	(1,196,457)	(1,395,540)	(2,357,898)
-	-	-	-	6,000,000 D	-
-	-	-	-	3,100,000 E	-
-	-	-	-	(2,930,000) E	-
1,560,371	1,236,959	1,606,128	1,767,478	2,160,929	2,874,484
(1,073,128)	(1,500,192)	(1,469,139)	(1,182,010)	(1,246,848)	(2,552,940)
<u>487,243</u>	<u>(263,233)</u>	<u>136,989</u>	<u>585,468</u>	<u>7,084,081</u>	<u>321,544</u>
<u>\$ (7,895)</u>	<u>\$ (169,998)</u>	<u>\$ (678,435)</u>	<u>\$ (610,989)</u>	<u>\$ 5,688,541</u>	<u>\$ (2,036,354)</u>
19.1%	18.9%	18.4%	18.1%	17.8%	20.7%

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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.

TABLE B-1

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	
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
2010	405,892,051	405,892,051	56,409,734
2011	407,922,524	407,922,524	55,584,758
2012	405,808,268	405,808,268	55,497,664

(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		
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%
56,409,734	462,301,785	462,301,785	100%	0%
55,584,758	463,507,282	463,507,282	100%	0%
55,497,664	461,305,932	461,305,932	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
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
2010	.00	1.4135	0.6277	2.0412
2011	.00	1.3950	0.6277	2.0227
2012	.00	1.3950	0.6277	2.0227

County Fiscal Year	City General Fund	School District	County	Total
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
2010	-	17,207,227	15,867,389	33,074,616
2011	-	17,613,894	16,354,545	33,968,439
2012	-	18,774,358	17,876,863	36,651,221

Tax Rate Limitations:

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

Tax Payment Data:

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

Tax Collection Data:

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

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

TABLE B-3

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

TEN LARGEST ELECTRIC CUSTOMERS
FISCAL 2013 KILOWATT HOURS

(*) Name	Kilowatt Hours	Rank	Percent of Total
Livingston Independent School Dist.	7,470,574	1	8.82%
Polk County	3,510,377	2	4.14%
Brookshire Brothers	2,273,767	3	2.68%
Lowes	2,034,999	4	2.40%
HEB Grocery	1,970,027	5	2.33%
The Bradford	1,168,132	6	1.38%
Factory Stores of America	1,122,660	7	1.33%
McDonalds	942,736	8	1.11%
Pine Ridge Healthcare Center	878,413	9	1.04%
First State Bank	695,151	10	0.82%
First National Bank			0.00%
	22,066,836		26.05%

TEN LARGEST ELECTRIC CUSTOMERS
FISCAL 2004 KILOWATT HOURS

Kilowatt Hours	Rank	Percent of Total
8,207,802	1	10.46%
2,139,214	3	2.73%
2,459,953	2	3.13%
1,126,459	6	1.44%
1,705,961	4	2.17%
		0.00%
1,339,877	5	1.71%
680,513	8	0.87%
883,385	7	1.13%
674,679	9	0.86%
666,190	10	0.85%
19,884,033		25.34%

TEN LARGEST WATER CUSTOMERS
FISCAL 2013 GALLONS USED

(*) Name	Gallons Used	Rank	Percent of Total
Texas Department of Criminal Just.	237,818,000	1	42.46%
IAH Detention Facility	24,791,000	2	4.43%
Memorial Medical Center	14,894,000	3	2.66%
Livingston Independent School Dist.	11,319,000	4	2.02%
Polk County	7,681,000	5	1.37%
Pine Hill Apartments	6,491,000	6	1.16%
Camp Cho Yeh	6,016,000	7	1.07%
The Bradford	4,388,000	8	0.78%
Lowes	2,901,000	9	0.52%
Walmart	2,761,000	10	0.49%
Econolodge			0.00%
Pine Ridge Healthcare Center			0.00%
Mill Ridge Golf Club			0.00%
	319,060,000		56.96%

TEN LARGEST WATER CUSTOMERS
FISCAL 2004 GALLONS USED

Gallons Used	Rank	Percent of Total
208,465,000	1	44.19%
		0.00%
10,269,000	3	2.18%
12,777,000	2	2.71%
		0.00%
6,951,000	4	1.47%
5,779,000	5	1.23%
		0.00%
2,484,000	10	0.53%
2,707,000	9	0.57%
3,412,000	7	0.72%
5,183,000	6	1.10%
3,237,000	8	0.69%
261,264,000		55.38%

(*) 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 of electricity and water and sewer services. The City is prohibited by law from disclosing the principal revenue payers of sales tax revenue. Consequently, the City has not provided that information.

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
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	-	-
2010-11	N/A	N/A	N/A	-	-
2011-12	N/A	N/A	N/A	-	-
2012-13	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	(2,101)	-	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
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			
	2003	2004	2005	2006
Agriculture, forestry, & fishing	\$ 55,655	\$ 17,846	\$ -	\$ -
Mining	2,928,533	5,613,633	7,700,436	60,829
Construction	459,045	424,557	787,927	11,059,135
Manufacturing	3,348,853	3,585,308	3,323,607	5,178,592
Transportation, communication, utility	3,694,829	3,502,046	3,498,339	74,518
Wholesale Trade	2,341,586	2,315,597	2,906,373	8,451,726
Retail Trade	107,480,485	122,067,358	131,436,864	119,034,315
Finance, insurance, real estate	282,049	107,361	69,374	1,177,586
Services	6,247,964	6,119,047	5,621,477	32,216,522
Other	-	440,818	3,097,013	-
Total	<u>\$126,838,999</u>	<u>\$144,193,571</u>	<u>\$158,441,410</u>	<u>\$177,253,223</u>

Source: State Comptroller's Office

TABLE B-5

Fiscal Year					
2007	2008	2009	2010	2011	2012
\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
756,938	285,694	139,367			
11,376,991	8,329,709	2,566,018	5,362,638	5,188,507	5,879,331
6,562,549	7,440,687	4,670,834	4,047,613	3,615,697	4,907,254
63,730	152,921	293,334	285,717	324,431	226,591
8,816,753	8,944,623	7,407,560	6,784,579	9,500,142	9,603,888
128,368,896	137,752,269	136,583,087	132,247,339	133,603,936	138,173,284
1,690,872	1,741,041	1,666,834	1,120,298	1,149,143	1,865,566
29,680,044	34,724,520	34,823,277	34,106,509	34,841,742	36,840,033
<u>\$ 187,316,773</u>	<u>\$ 199,371,464</u>	<u>\$ 188,150,311</u>	<u>\$ 183,954,693</u>	<u>\$ 188,223,598</u>	<u>\$ 197,495,947</u>

TABLE B-6

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

	Fiscal Year			
	2004	2005	2006	2007
Electrical revenues	\$ 7,584,035	\$ 7,873,279	\$ 8,039,723	\$ 8,016,265
Water revenues	1,637,733	1,650,187	1,550,614	1,629,707
Sewer revenues	<u>1,091,190</u>	<u>1,131,614</u>	<u>1,117,758</u>	<u>1,153,855</u>
Total	<u>\$ 10,312,958</u>	<u>\$ 10,655,080</u>	<u>\$ 10,708,095</u>	<u>\$ 10,799,827</u>

Sources: Various City Departments

TABLE B-6

Fiscal Year					
2008	2009	2010	2011	2012	2013
\$ 8,918,291	\$ 9,387,165	\$ 10,362,512	\$ 11,196,010	\$ 10,123,366	\$ 12,539,645
1,765,155	1,749,976	2,326,923	2,279,605	2,107,111	2,908,495
<u>1,245,812</u>	<u>1,232,793</u>	<u>1,279,476</u>	<u>1,668,909</u>	<u>2,023,070</u>	<u>1,402,861</u>
<u>\$ 11,929,258</u>	<u>\$ 12,369,934</u>	<u>\$ 13,968,911</u>	<u>\$ 15,144,524</u>	<u>\$ 14,253,547</u>	<u>\$ 16,851,001</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-1

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
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 (1)	3,645,000 (1)	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 (3)	9,575,000
2010-11	3,605,000	2,395,000	2,715,000	8,715,000
2011-12	6,205,000 (5)	5,115,000 (5)	2,640,000	13,960,000
2012-13	6,055,000	4,305,000	23,140,000 (6)	33,500,000

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

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

(2) U.S. Census 2000.

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

(4) U.S. Census 2010.

(5) The City issued \$6,000,000 in new bonds and \$3,100,000 in refunding bonds in 2012.

(6) The Trinity River Authority issued \$20,575,000 in water system improvement bonds to be repaid by the City proprietary fund.

TABLE C-1

PERCENTAGE OF PERSONAL INCOME	GROSS BONDED DEBT PER CAPITA	NET BONDED DEBT PER CAPITA	POPULATION
6.92%	1,741	1,643	5,433 (2)
6.48%	1,631	1,543	5,433
5.61%	1,517	1,442	5,433
6.19%	1,697	1,641	5,433
5.11%	1,558	1,509	5,433
4.44%	1,413	1,376	5,433
5.14%	1,762	1,239	5,433
4.33%	1,634	1,113	5,335 (4)
6.98%	2,617	2,120	5,335
16.55%	6,279	1,940	5,335

TABLE C-2

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
2003-04	5,433	(2)	211,680,559	9,000,000	71,335
2004-05	5,433		229,488,246	8,460,000	74,795
2005-06	5,433		244,106,970	7,900,000	64,428
2006-07	5,433		251,088,683	8,945,000	32,042
2007-08	5,433		381,313,665	8,255,000	56,185
2008-09	5,433		416,592,823	7,535,000	58,323
2009-10	5,433		457,462,152	6,790,000	60,119
2010-11	5,335	(4)	462,301,785	6,000,000	62,171
2011-12	5,335		463,507,282	11,320,000	11,028
2012-13	5,335		461,305,932	10,360,000	11,906

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

(2) U.S. Census 2000

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

(4) U.S. Census 2010

TABLE C-2

Net Bonded Debt	Ratio of Net Bonded Debt to Assessed Value	Net Bonded Debt Per Capita
8,928,665	-	1,643
8,385,205	-	1,543
7,835,572	-	1,442
8,912,958	-	1,641
8,198,815	-	1,509
7,476,677	-	1,376
6,729,881	-	1,239
5,937,829	-	1,113
11,308,972	-	2,120
10,348,094	-	1,940

CITY OF LIVINGSTON, TEXAS
COMPUTATION OF DIRECT AND OVERLAPPING DEBT
September 30, 2013

Governmental Unit	Outstanding Debt	Percentage Applicable to This Governmental Unit *	City of Livingston's Share of Debt
City of Livingston	\$ 10,360,000	100%	\$ 10,360,000
(1) Livingston Independent School District	69,505,000	20%	13,901,000
(2) County of Polk	<u>29,131,860</u>	13%	<u>3,787,142</u>
Total direct and overlapping debt	<u>\$ 108,996,860</u>		<u>\$ 28,048,142</u>

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

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

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

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

TABLE C-4

CITY OF LIVINGSTON, TEXAS
COMPUTATION OF LEGAL DEBT MARGIN
September 30, 2013

Assessed value, year 2012	<u>\$ 461,305,932</u>
Debt Limit - Ten Percent of assessed value	46,130,593
Amount of Debt Applicable to Debt Limit:	
General Obligation bonds	4,305,000
Other debt (certificate of obligation and contracts payable)	<u>29,195,000</u>
Total debt	<u>33,500,000</u>
Less: Assets in debt service fund	11,906
Total amount of debt applicable to debt limit	<u>33,488,094</u>
Legal debt margin	<u>\$ 12,642,499</u>

Fiscal Year	Debt Limit	Total Net Debt Applicable to Limit	Legal Debt Margin	Legal Debt Margin as a Percentage of the Debt Limit
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%
2011	\$ 46,230,179	\$ 8,652,829	\$ 37,577,350	81.28%
2012	\$ 46,350,728	\$ 13,948,972	\$ 32,401,756	69.91%
2013	\$ 46,130,593	\$ 33,488,094	\$ 12,642,499	27.41%

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
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%
2010-11	5,335	201,161,510	37,706	10.50%
2011-12	5,335	200,019,820	37,492	7.70%
2012-13	5,335	202,463,250	37,950	7.20%

* Sources: Population provided by the 2000 and 2010 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>	<u>2013</u>			<u>2004</u>		
	<u>Employees</u>	<u>Rank</u>	<u>Percent of Total City Employment</u>	<u>Employees</u>	<u>Rank</u>	<u>Percent of Total City Employment</u>
Livingston ISD	625	1	8.01%	600	1	8.82%
Wal-Mart Super Center	432	2	5.54%	500	2	7.35%
Memorial Med. Center	360	3	4.61%	139	6	2.04%
County of Polk - Government	330	4	4.23%	300	3	4.41%
I A H Detention Facility	172	5	2.20%	-	-	0.00%
Sam Houston Electric Coop	157	6	2.01%	-	-	0.00%
The Bradford at Brookside	142	7	1.82%	-	-	0.00%
Lowe's Home Improvement	133	8	1.70%	-	-	0.00%
Pine Ridge Nursing Center	126	9	1.61%	175	4	2.57%
First National Bank	98	10	1.26%	75	8	1.10%
Brookshire Bros.	-		0.00%	148	5	2.18%
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%
	<u>2,575</u>		<u>33.00%</u>	<u>2,147</u>		<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		2004	2005	2006	2007	2008
Administrative		9	9	10	11	B
Fire	A	1	1	2	2	2
Police Officers		18	18	18	18	17
Other staff		4	5	5	5	6
Paving and street		7	6	7	7	5
Parks and recreation		7	9	9	10	8
Library		4	4	5	5	4
Garage		2	2	2	2	2
Electric, Water & Sewer		<u>18</u>	<u>18</u>	<u>19</u>	<u>16</u>	<u>18</u>
Total		<u>70</u>	<u>72</u>	<u>77</u>	<u>76</u>	<u>74</u>

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 and 1 employee assigned to Main Street for 2006

TABLE E-1

<u>2009</u>	<u>2010</u>	<u>2011</u>	<u>2012</u>	<u>2013</u>
10 B	10 B	12 B	12 B	12 B
2	2	2	2	2
18 6	18 6	18 8	18 8	18 8
5	6	5	6	4
11	11	8	8	7
5	5	5	5	5
2	2	2	2	2
<u>18</u>	<u>19</u>	<u>17</u>	<u>16</u>	<u>17</u>
<u>77</u>	<u>79</u>	<u>77</u>	<u>77</u>	<u>75</u>

TABLE E-2

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

FUNCTION/PROGRAM	Fiscal Year			
	2004	2005	2006	2007
Police				
Violations (Traffic & Criminal)	2,241	2,761	2,493	3,047
Fire				
Fire Calls	488	592	592	728
Library				
Volumes of Books	23,383	24,425	22,212	22,426
Electric				
Average daily kilowatt hours sold	219,935	224,874	226,791	227,240
Total customers	3,238	3,278	3,281	3,325
Water				
Average daily consumption	1,314,511	1,415,414	1,347,551	1,347,079
Total connections	3,143	3,186	3,213	3,224

Sources: Various City Departments

TABLE E-2

2008	2009	2010	2011	2012	2013
2,823	3,309	3,317	4,494	4,880	4,881
863	797	717	850	613	572
20,770	22,409	22,287	23,544	21,759	19,599
224,443 3,329	230,289 3,331	238,439 3,296	243,342 3,286	227,099 3,295	232,027 3,310
1,445,855 3,214	1,480,375 3,270	1,567,956 3,265	1,611,014 3,251	1,507,419 3,261	1,956,984 3,293

TABLE E-3

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

FUNCTION/PROGRAM	Fiscal Year			
	2004	2005	2006	2007
Police				
Patrol Units	9	9	9	9
Fire				
Stations and substation	2	2	2	3
Vehicles including fire trucks	8	9	9	9
Paving and Street				
Miles of Paved Streets	49.20	49.20	49.20	49.20
Miles of Paved Sidewalks	12.50	12.50	12.50	12.50
Street lights	697	703	711	711
Night lights	453	466	481	481
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

2008	2009	2010	2011	2012	2013
7	8	10	10	16	16
3 17	3 17	3 17	3 17	3 17	3 15
53.24 12.50 721 468	55.74 12.50 721 468	58.06 12.50 723 424	58.06 12.50 818 435	58.06 12.50 824 452	58.06 12.50 819 452
373.50	373.50	373.50	373.50	373.50	373.50
34.40 2,150,000	35.98 2,150,000	40.43 2,150,000	45.25 2,150,000	45.78 2,150,000	45.78 2,150,000
78.88	78.88	80.00	80.00	80.00	80.75

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MISCELLANEOUS STATISTICAL DATA - UNAUDITED

CITY OF LIVINGSTON, TEXAS

MISCELLANEOUS STATISTICAL DATA - UNAUDITED

DATE OF INCORPORATION:	October 3, 1902
GOVERNMENT:	General Law City Council - Manager Elected Officials: Mayor Five (5) Council members
POPULATION:	1990 U.S. Census - 5,019 2000 U.S. Census - 5,433 2010 U.S. Census - 5,335

INCORPORATED AREA IN ACRES LAST TEN YEARS

2004	5,441	2009	5,537
2005	5,456	2010	5,554
2006	5,456	2011	5,572
2007	5,465	2012	5,572
2008	5,465	2013	5,572

TRANSPORTATION FACILITIES

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

WATER AND SANITATION FACILITIES

<u>Water Mains</u>	<u>Water Storage</u>
12" 9.40 miles	Elevated - 800,000 gallons
8" 12.25 miles	Ground - 1,350,000 gallons
6" 20.63 miles	
20" 3.50 miles	
<u>Water Pumpage</u>	<u>Sewer Lines</u>
Present requirements 1,800,000 gallons per day	Sanitation - 80.75 miles of line Storm - Adequate for proper drainage

CITY OF LIVINGSTON, TEXAS

MISCELLANEOUS STATISTICAL DATA - UNAUDITEDPERSONNEL

<u>Department</u>	<u>Number of Employees</u>	<u>Employees Statistics</u>	
		<u>Years of Service</u>	<u>Number of Employees</u>
Administrative	10	31+	5
Electric	6	20-30	9
Water	8	15-19	5
Sewer	3	10-14	14
Police	25	6-9	17
Street	4	1-5	22
Parks and Recreational	5	Less than (one) year	3
Library	5		
Garage	2		
Community Devel.	2		
Fire	2		
Main Street	1		
Trade Days	2		
Total	<u>75</u>		

PERSONNEL POLICY PROVISIONS

Cost of Living Salary Adjustment	Paid insurance Benefits - all regular (40 Hours plus) 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 regular full-time employees)	
Paid vacation (80 hours after one year)	
(120 hours after 10 years)	Retirement Benefits ratio match 2:1
(160 hours after 20 years)	Social Security
Paid sick leave (80 hours) with 240 hours accrual	Volunteer Program (MVP)
Paid Holidays (Ten)	Sick Leave Pool
Bereavement Leave (24 hours)	Holiday Compensation
Earned personal leave days (Two)	Law Enforcement Certificate Pay
Award program-Annual banquet, safety, service, attendance, and volunteer awards.	Paid uniforms for all service personnel
Education tuition reimbursement	Healthy initiative program
Family Leave (FMLA)	Water/Wastewater Certificate pay
Workers Compensation Program	

CITY OF LIVINGSTON, TEXAS

MISCELLANEOUS STATISTICAL DATA - UNAUDITED

<u>POLICE PROTECTION</u>	
<u>Personnel</u>	
One (1) Chief	One (1) Municipal Court Judge
One (1) Lieutenant	One (1) Secretary/Comm. Spv
Four (4) Sergeants	One (1) Corporation Clerk
Two (2) Detectives	One (1) Records Clerk
Eight (8) Officers	One (1) Associate Municipal
Six (6) Reserve Officers	Court Judge
Four (4) Telecommunication Operators	
Two (2) Relief Telecommunication Operator	
One (1) Animal Control Officer	
Two (2) School Officers	
	<u>Traffic and Criminal Violations</u>
	\$205,783 fines collected
	4,881 violations
<u>FIRE PROTECTION</u>	
<u>Personnel</u>	<u>Housing</u>
One (1) Fire Chief	1992 Station 1 - 8 Truck bays, 2 offices
Thirty-five (35) volunteer firemen	1 classroom, and 1 workroom
Three (3) radio dispatchers - full time and standby	
One (1) secretary	1996 Station 2 - 5 Truck bays
<u>Equipment</u>	
Four (4) pumper (1-1000 GPM; 3-1250 GPM; 1-750 GPM)	2007 Station 3 - 2 Truck bays
One (1) aerial ladder truck (1750 GPM)	
Two (2) tankers (3000 gal. capacity)	
One (1) Haz-Mat truck	
Two (2) rescue boats and equipment	Fire Training Field - Used for live
One (1) Command Post-32' self-contained	fire training and other rescue classes
Radio communication system including 50 mobile units, dispatch module and 6 remotes	
"Jaws" of life (5 sets with 1 set of air bags)	
Water rescue equipment	
Trench rescue equipment	
Rope rescue equipment	
Three (3) Thermal imagers	
Two (2) utility vehicle	
Three (3) Grass/brush fire trucks	<u>Total Fire Calls</u>
One (1) Heavy Rescue	2012-2013 - 572 fire calls
1-6 Bottle cascade system-light tower	
1-8 Bottle cascade system	
300 gallons AFFF Foam	
200 gallons Forestry Foam	
One (1) John Deere Gator	
One (1) Skid Unit	
	50 gallons Micro Blaze
	40 self-contained air packs
	6 generators
	8 entry saws
	Hazardous material equipment
	3 Ventilation saws
	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	5,335

ENTERPRISES AS OF SEPTEMBER 30, 2012

(1) Centerpoint Energy	Gas Utility	Active Customers 1,089 Inactive Customers N/A
(1) Versalink Media	Television Cable	Customers - 434
(1) Livingston Telephone Co.	Telephone System	Access Lines - 3,769
(1) Telcom Supply	Television Cable	Customers - 987
City of Livingston	Electric & Water Systems	Electric Customers 3,310 Water Customers 3,293

(1) Information provided by individual corporate offices

CITY ELECTRIC DEPARTMENT STATISTICS (LAST TEN YEARS)

Fiscal Year	Number of Customers	KWH Consumed		Total
		Residential	Commercial	
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
2011	3,286	31,409,976	57,409,721	88,819,697
2012	3,295	28,116,445	54,774,790	82,891,235
2013	3,310	28,768,370	55,921,446	84,689,816

CITY OF LIVINGSTON, TEXAS

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

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
2010-11	\$ 3,185,997
2011-12	\$ 3,275,321
2012-13	\$ 3,730,723

WATER DEPARTMENT STATISTICS (LAST TEN YEARS)

Year	Gallons Consumed *	Gallons Pumped
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
2011	588,020,000	778,293,000
2012	550,208,000	704,187,000
2013	547,014,000	705,194,000

* 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 Administrative Personnel

Superintendent - One (1)
 Asst. Superintendent - One (1)
 Principals - Six (6)
 Asst. Principals - Ten (10)
 Counselors - Seven (7)
 Directors of Special Prog./Curriculum - Ten (10)
 Other - 56
Private

Public School Miscellaneous Data

Teachers - 277 Certified
 115 Aides Para Professional
 142 Auxiliary
 Average Daily Attendance - 3,855 Inclusive
 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 ACTIVITIESBarney 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; 2013 - 19,599

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, concession
 stand, restrooms, maintenance shop,
 and two (2) ponds.

ELECTION INFORMATION

* Number of registered voters in County	36,472
* Number voting in last general election (2012)	19,213
Number of registered voters in City	3,179
** Number voting in last Municipal election (2008)	910
Percentage of voters voting:	
Last general election (County) (2012)	51.4%
** 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.

TABLE F-7

CITY OF LIVINGSTON, TEXAS
CITY OFFICIALS
For the Year Ended September 30, 2013

<u>Name</u>	<u>Title</u>	<u>Amount of Surety Bond</u>
Clarke Evans	Mayor	\$ 25,000
Judy Cochran	Mayor Pro-tem	25,000
E. Ray Hill	Alderman	25,000
Billy S. Wiggins	Alderman	25,000
Raymond Luna	Alderman	25,000
Elgin Davis	Alderman	25,000
Marilyn Sutton	City Manager	25,000
Ellie Monteaux	City Secretary	25,000
Jim Wright	City Attorney	25,000

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