

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

**FISCAL YEAR
OCTOBER 1, 2003 - SEPTEMBER 30, 2004
ISSUED BY: FINANCE DEPARTMENT
MARILYN SUTTON**

**CITY OF LIVINGSTON, TEXAS
COMPREHENSIVE ANNUAL FINANCIAL REPORT
SEPTEMBER 30, 2004**

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City of Livingston, Texas

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November 16, 2004

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, 2004 is submitted herewith. This report is published to provide the City Council, City Staff, our citizens, our bondholders and other interested parties with detailed information concerning the financial condition and activities of the City government. Responsibility for both the accuracy of the presented data and the completeness and fairness of the presentation, including all disclosures, rests with the City.

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

THE REPORT

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

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

CITY PROFILE

Location

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

Ben R. Ogletree, Jr., Mayor

Sam Gordon, City Manager

Marilyn Sutton, City Secretary

Council Members: Kenneth Parkhill, Gene Bush, Bill Watson, Scott Simpson, Clarke Evans

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, electricity, sewage disposal and general administration services.

Accounting Systems and Budgetary Control

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

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

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

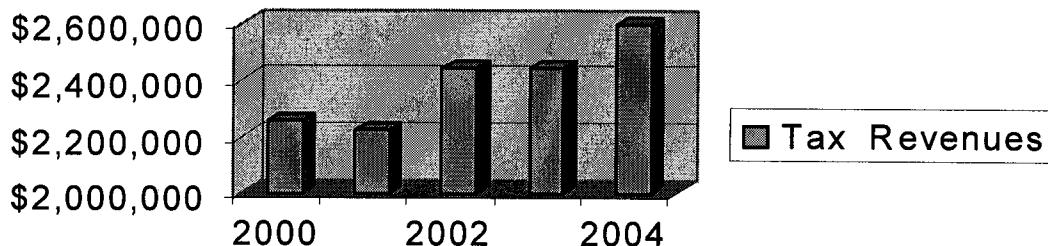
All internal control evaluations occur within the above framework. We believe that the City's internal accounting controls adequately safeguard assets and provide reasonable assurance of proper recording of financial transactions.

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

ECONOMIC OUTLOOK AND FINANCIAL CONDITION

In fiscal year 2003-2004, Livingston and Polk County continued to see positive economic conditions. Sales tax receipts, a major indicator of the economic condition of the area, increased slightly from \$2,200,000 in 2002-2003 to \$2,325,000, an increase of \$125,000, or 5.7%, due, primarily to the opening of the new Lowe's Home Center store in May, 2004. A graph of tax receipt growth follows:

Sales and Other Tax Collections Last Five Years



Unemployment rates remained at moderate to low levels and property tax rolls continued to expand. The City appraised valuation increased by \$4,000,000 from \$208,000,000 to \$212,000,000 or approximately, 1.8%. Electric kWh sales increased from 77,604,894 kWh in 2002-2003 fiscal year to 78,477,670 kWh, an increase of 1.1%. Water usage also increased over last year by approximately 1.3%. Total water pumped during the fiscal year 2004 totaled 613,699,000 gallons, up from 605,589,000 gallons in fiscal year 2002-2003. The Texas Department of Criminal Justice Polunsky Unit, located on FM 350 South, continued as the City's leading water and wastewater user consuming 204,976,000 gallons of water, or 33.4% of the City's total annual water consumption, and generating \$380,000 in annual water revenue and \$258,000 in annual sewer revenue.

The Livingston area continues to experience indications of continued growth. Commercial real estate activity is very high with major chains seeking locations on the highly visible Church St. (U.S. Hwy. 190) corridor. The acquisition of several tracts of land along this corridor is in the final stages and major announcements are expected in 2005.

Future Economic Outlook

As mentioned above, the Lowe's Home Improvement Center has had a major impact on the revenue available to the City via the sales and use tax generated by this store. From the date the store opened through the end of fiscal year 2003-2004, taxes show an increase of 18% over the same period in the prior fiscal year. It appears the store has been well received by the community and especially, the do-it-yourself crowd, to whom the store caters.

Other recent announcements further demonstrate the climate of growth in the area. The First National Bank of Livingston has recently acquired acreage on the western edge of the City for construction of their corporate headquarters. Although the bank will continue to have a major presence in the downtown area, the bank's directors intend to move their senior management, financial services, full service lobby and drive through banking to this new location.

Memorial Medical Center-Livingston continues to build new facilities and expand their services. Construction in progress at the medical campus subdivision located on the U.S. 59 bypass at the present time includes a new pediatric clinic and a mental health and mental retardation clinic. The Board of Directors of the hospital have recently announced plans to construct a new five-story tower to provide additional hospital beds, emergency room services, medical offices, and a cancer treatment facility. Construction is expected to begin in 2005 on this new addition.

Across the freeway from the hospital, a private group of doctors is building a 10,500 square foot medical clinic and physicians' offices. In discussions with the developer of the tract, indications were he intends to construct two additional buildings in the very near future to accommodate several physicians who have indicated an interest in relocating to this area.

In the same vicinity of the hospital, part of a large tract of land has been subdivided into zero-lot line residential homes for persons 55 years of age and older. Called The Retreat, the development is located on 7.5 scenic acres overlooking the City owned Pedigo Park. Being adjacent to the hospital and having a complete complement of amenities, the development has been well received by the community and several homes are under construction.

Recently, Corplan, a private detention facility developer, announced it would build a 500 bed detention facility adjacent to the existing Texas Department of Corrections Polunsky Unit. The facility will create about 150 new jobs. The City has had preliminary discussions with the firm to negotiate a contract to furnish potable water and wastewater treatment for the facility. It is expected that an agreement will be reached in early 2005.

The City continues to be one of the major supporters of the Polk County Industrial Development Corporation. Kelly Ritch, Executive Director of the PCIDC, reports that the Livingston-Polk County area continues to draw a great deal of interest from major companies looking to relocate or expand into new area.

The general philosophy of the City is that increased revenue from existing taxes and other revenue sources must provide the base for the expansion of public expenditures. Certain infrastructure capital assets that will need to be added or replaced in the near future to accommodate economic growth will be financed through the issuance of long-term bonds that will be repaid approximately over the estimated useful lives of the capital projects and through Federal grants.

While the economic environment and public expenditure policies are subject to change and reevaluation, it is anticipated that the City will experience manageable growth that will not be disruptive to the current financial position of the City.

Major Initiatives

The City continues to make improvements to the Livingston Municipal Airport. Currently the City, with the assistance of the Aviation Division of the Texas Department of Transportation is accepting proposals from engineering firms for designing the next phase of the capital improvement plan as adopted by the Livingston City Council in December 2003. Through assistance with funding from the Federal Aviation Administration for the project, the next phase is estimated to cost approximately \$1,000,000. Major improvements are planned for access to the airport, addressing safety concerns along with rehabilitation of the existing airplane parking areas.

Because of the continued growth in the building industry in the community and the increasing complexity of codes, regulations, and laws, the City Council hired a Community Development Coordinator in September, 2004. The primary responsibility of this employee will be to oversee all aspects of community development including subdivision platting review, building plan review, coordination of all required inspections, code enforcement duties, and any other duty associated with development within the community. It is the intent of the administration to offer to builders, developers, tradesmen, and others needing any kind of building permit, a one-stop shopping service. It is hoped that the reorganization of the permit department will be much more efficient and user friendly for the public.

Livingston was recently named a Texas Main Street city for 2005-2007. A manager has been hired, the Advisory Board members have been named and training for the board members will begin in early 2005. With the professional assistance from the Texas Historical Commission, cooperation from downtown property owners, and encouragement from the general population, it is the desire of the Main Street Board to restore downtown Livingston to its earlier condition, thereby encouraging new business to locate in the downtown area. They will also encourage existing business to renovate or expand and to promote the downtown area as a destination site for visitors to the community.

The City strives to provide an effective, cost-efficient range of services which the citizens have come to expect. To do so, requires the administrative staff to be especially resourceful in developing new revenue sources to fund the expanded range of services. The City Council and management staff are committed to

the general philosophy of "pay as you go." In general, the City provides its services (general government, public safety, streets, recreation and parks and utilities) at a cost per capita that is comparable to or below other communities with similar demographic and economic characteristics.

Cash Management and Investments

The intention of the cash management system is to limit the amount of funds placed in accounts where low or no interest is paid. Idle cash is invested in various instruments with various maturity dates, depending on the anticipated cash requirements during the period.

The overall strategy of holding deposits and making investments is to expose the City to a minimum amount of credit risk and market risk. All bank balances of deposits as of the balance sheet date are entirely insured and collateralized with securities held by the City's agent in the City's name. With respect to risk, investments may be classified as follows.

Category 1	Insured or registered, with securities held by the City or its agent in the City's name
Category 2	Uninsured and unregistered, with securities held by the counter party's trust department or agent in the City's name
Category 3	Uninsured and unregistered, with securities held by the counter party or by its trust department or agent, but not in the City's name

The City had no investments in 2003.

Risk Management

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, 2004, 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, 2003. 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 sixteen consecutive years (fiscal years ended 1988-2003). We believe our current report continues to conform to the Certificate of Achievement program requirements, and we are submitting it to GFOA.

Acknowledgement

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

Respectfully submitted,

A handwritten signature in black ink, appearing to read "Marilyn Sutton".

Marilyn Sutton
City Secretary and Chief Financial Officer

CITY OF LIVINGSTON, TEXAS

September 30, 2004

PRINCIPAL OFFICIALS

City Council

Mayor

Ben R. Ogletree, Jr.

Alderman

Gene Bush

Alderman

Clarke Evans

Alderman

Ray Hill

Mayor Pro-tem

Bill Watson

Administration

City Manager

Sam Gordon

City Secretary

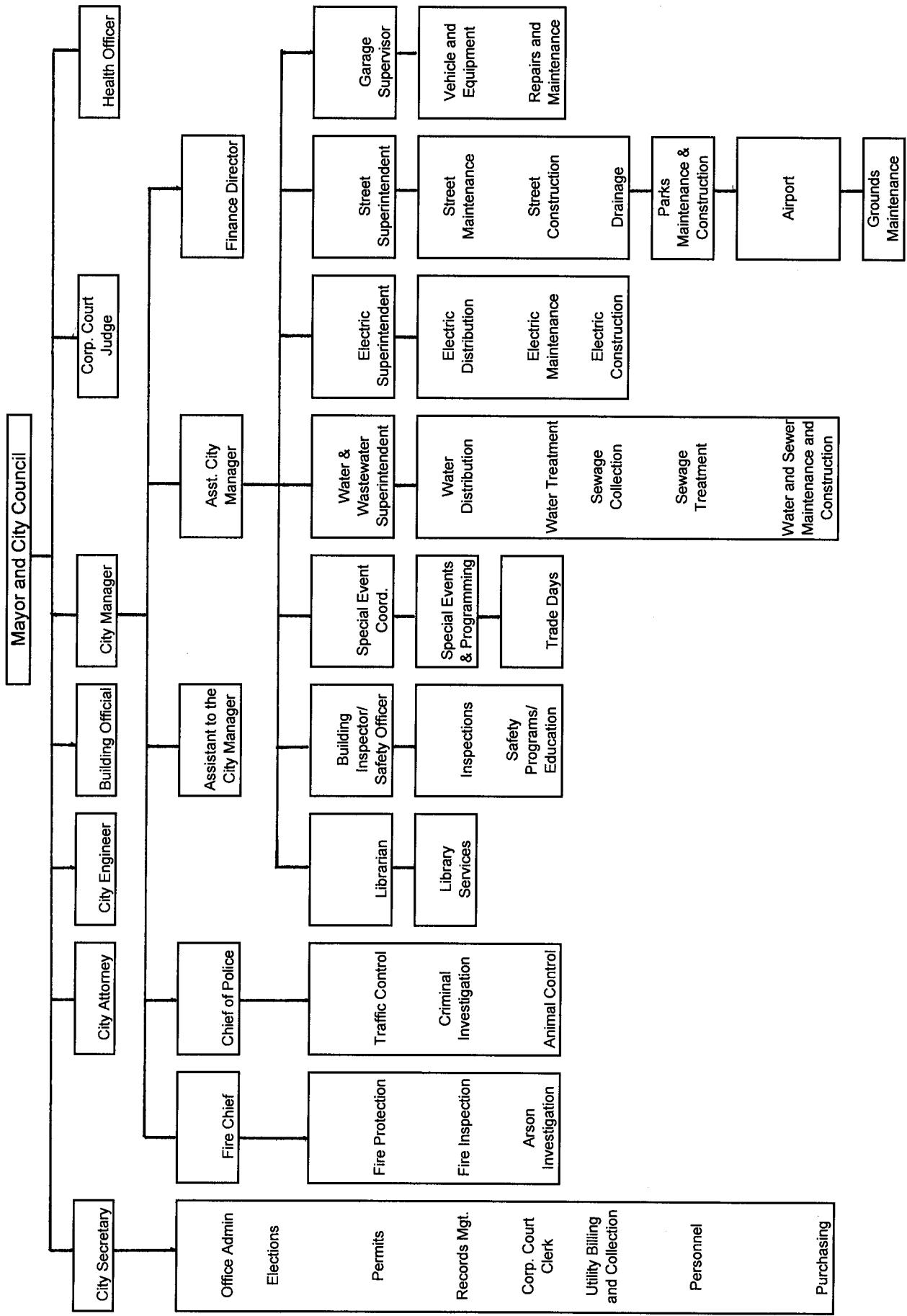
Marilyn Sutton

Form of Government

Council - Manager

General Law City

CITY OF LIVINGSTON, TEXAS ORGANIZATIONAL CHART



Certificate of Achievement for Excellence in Financial Reporting

Presented to

City of Livingston,
Texas

For its Comprehensive Annual
Financial Report
for the Fiscal Year Ended
September 30, 2003

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



Nancy L. Ziehr

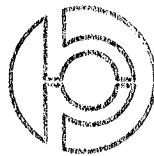
President

Jeffrey P. Emer

Executive Director

FINANCIAL SECTION

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Professional Corporation

INDEPENDENT AUDITOR'S REPORT

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

We have audited the accompanying financial statements of the governmental activities, business type activities, major fund, and remaining fund information, which collectively comprise the basic financial statements of the City of Livingston, Texas, as of and for the year ended September 30, 2004, as listed in the Table of Contents. These financial statements are the responsibility of the management of the City of Livingston, Texas. Our responsibility is to express an opinion on these financial statements based on our audit.

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

In our opinion, the basic financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, business type activities, major fund, and remaining fund information of the City of Livingston, Texas, at September 30, 2004, and the changes in financial position and cash flows, where applicable, of those activities and funds and the budgetary comparison for the general fund for the year then ended in conformity with generally accepted accounting principles in the United States.

The management's discussion and analysis and budgetary comparison information on pages 3-12 and 29-30, are not a required part of the basic financial statements but are supplementary information required by accounting principles generally accepted in the United States. We have applied certain limited procedures, which consisted principally of inquiries of management regarding the methods of measurement and presentation of the supplementary information. However, we did not audit the information and express no opinion on it.

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

Harper & Pearson Company P.C.

Houston, Texas
November 16, 2004

CITY OF LIVINGSTON, TEXAS

MANAGEMENT'S DISCUSSION AND ANALYSIS

SEPTEMBER 30, 2004

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, 2004. Please read it in conjunction with the accompanying transmittal letter and the accompanying basic financial statements.

FINANCIAL HIGHLIGHTS

- The City's net assets of governmental activities increased by \$357,000 or 10.6 percent as a result of this year's operations. Net assets of the City's business type activities increased by \$702,000 as a result of this year's operations primarily due to reduced transfers to the general fund and reduced debt service requirements by the Trinity River Authority (TRA).
- The City's total net assets increased by \$1,059,000 or 6.3 percent during the current fiscal year. The increase is primarily the result of operations and the aforementioned reduction in TRA debt service.
- Total cost of all the City's programs remained virtually unchanged with an increase of \$37,000 or less than 1 percent. No new programs were added during the current fiscal year.
- As of September 30, 2004, the City of Livingston's governmental funds reported combined ending fund balances of \$1,987,000, a decrease of \$2,044,000 in comparison with the prior fiscal year. The decrease is due primarily to capital additions and infrastructure improvements.
- At the end of the current fiscal year, the unreserved fund balance for the general fund was \$636,000 or approximately 15.6 percent of total general fund expenditures.
- The City's total bonded debt decreased by \$530,000 during the current fiscal year.

OVERVIEW OF THE FINANCIAL STATEMENTS

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

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

City of Livingston, Texas
Management's Discussion and Analysis (continued)
September 30, 2004

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

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

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

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

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

- **Proprietary funds** - The City charges customers for the services it provides. These services are generally reported in the proprietary fund. Proprietary funds are reported in the same way that all activities are reported in the statement of net assets and the statement of activities. In fact, the City's proprietary fund is identical to the business-type activities that are reported in the government-wide statements but provide more detail and additional information, such as cash flows.

City of Livingston, Texas
 Management's Discussion and Analysis (continued)
 September 30, 2004

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

Other Information

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

THE CITY AS A WHOLE - Government-Wide Financial Analysis

The City's combined net assets were \$17,919,000 as of September 30, 2004. Analyzing the net assets and net expenses of governmental and business-type activities separately, the business type activities net assets are \$14,206,000. This analysis focuses on the net assets (Table 1) and changes in net assets (Table 2) and significant expenses of the City's governmental and business-type activities.

By far the largest portion of the City's net assets (84.6 percent) reflects its investment in capital assets (e.g., land, buildings, machinery, and equipment), less any related debt used to acquire those assets that are still outstanding. The City uses these capital assets to provide services to citizens; consequently, these assets are not available for future spending. Although the City's investment in its capital assets is reported net of related debt, it should be noted that the resources needed to repay this debt must be provided from other sources, since the capital assets themselves cannot be used to liquidate these liabilities.

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

Table 1
Net Assets

	Governmental Activities		Business-Type Activities		Total Primary Government	
	2004	2003	2004	2003	2004	2003
Current and other assets						
assets	\$ 2,637,997	\$ 4,502,347	\$ 3,829,690	\$ 3,146,061	\$ 6,467,687	\$ 7,648,408
Capital assets	<u>10,658,120</u>	<u>8,775,275</u>	<u>11,846,648</u>	<u>11,885,862</u>	<u>22,504,768</u>	<u>20,661,137</u>
Total assets	<u>13,296,117</u>	<u>13,277,622</u>	<u>15,676,338</u>	<u>15,031,923</u>	<u>28,972,455</u>	<u>28,309,545</u>
Long-term debt outstanding						
Other liabilities	<u>9,000,000</u>	<u>9,530,000</u>	<u>460,000</u>	<u>520,000</u>	<u>9,460,000</u>	<u>10,050,000</u>
Total liabilities	<u>583,018</u>	<u>392,046</u>	<u>1,010,277</u>	<u>1,008,120</u>	<u>1,593,295</u>	<u>1,400,166</u>
Total liabilities	<u>9,583,018</u>	<u>9,922,046</u>	<u>1,470,277</u>	<u>1,528,120</u>	<u>11,053,295</u>	<u>11,450,166</u>
Net assets:						
Invested in capital assets, net of related debt	3,321,143	2,545,275	11,846,648	11,885,862	15,167,791	14,431,137
Restricted	71,335	68,957	189,018	225,533	260,353	294,490
Unrestricted	<u>320,621</u>	<u>741,344</u>	<u>2,170,395</u>	<u>1,392,408</u>	<u>2,491,016</u>	<u>2,133,752</u>
Total net assets	<u>\$ 3,713,099</u>	<u>\$ 3,355,576</u>	<u>\$ 14,206,061</u>	<u>\$ 13,503,803</u>	<u>\$ 17,919,160</u>	<u>\$ 16,859,379</u>

City of Livingston, Texas
Management's Discussion and Analysis (continued)
September 30, 2004

An additional portion of the City's net assets (6%) represents resources that are subject to external restriction on how they may be used. The remaining balance of unrestricted net assets \$2,491,016 may be used to meet the government's ongoing obligations to citizens and creditors.

As of September 30, 2004, the City is able to report positive balances in all three categories of net assets, both for the government as a whole, as well as for its separate governmental and business-type activities. The same situation held true for the prior year.

The governmental activities current assets decreased by \$1,864,350. This decrease related to the investment of 2003 bond proceeds in various infrastructure projects, primarily streets. Capital assets of governmental activities increased accordingly.

Analysis of the City's Operations-Overall the City had an increase in net assets of \$1,059,781.

Governmental Activities

Governmental activities increased the net assets by \$357,523 or 34.0% of the growth in net assets. Net assets invested in capital assets, net of related debt increased by \$775,868 or 10% due to completion of capital projects, primarily streets. Unrestricted net assets decreased by \$420,723 as a result of operations and investment in capital assets.

Total revenues for governmental activities increased from the previous year by \$751,573. General revenues had a net increase of 6.5%. Program revenues increased by 6%, primarily due to increased sanitation revenues. The City also received a grant of \$404,018 for street improvements which represented 58% of revenue increases.

Business-Type Activities

Net Assets from business-type activities increased by \$702,258 or 5% from \$13,503,803 to \$14,206,061, accounting for the other 66% of the total growth in net assets. This increase was primarily due to an excess of operating revenues over operating expenses.

The following table provides a summary of the City's operations for year ended September 30, 2004 with comparative totals for year ended September 30, 2003.

City of Livingston, Texas
 Management's Discussion and Analysis (continued)
 September 30, 2004

Table 2
City of Livingston's Changes in Net Assets

	Governmental Activities		Business-Type Activities		Total Primary Government	
	2004	2003	2004	2003	2004	2003
Revenues:						
Program Revenues:						
Charges for Services	\$ 1,412,259	\$ 1,330,460	\$ 10,312,959	\$ 9,981,003	\$ 11,725,218	\$ 11,311,463
Capital Grants & Contributions	404,018	-	-	-	404,018	-
Operating Grants & Contributions	168,623	67,133	-	-	168,623	67,133
General Revenues:						
Property tax	-	64	-	-	-	64
Sales tax	2,324,945	2,199,629	-	-	2,324,945	2,199,629
Franchise tax	134,374	124,949	-	-	134,374	124,949
Hotel/Motel tax	136,563	116,991	-	-	136,563	116,991
Investment earnings	43,145	64,680	14,790	21,190	57,935	85,870
Miscellaneous	<u>55,615</u>	<u>24,063</u>	-	-	<u>55,615</u>	<u>24,063</u>
Total Revenues	<u>4,679,542</u>	<u>3,927,969</u>	<u>10,327,749</u>	<u>10,002,193</u>	<u>15,007,291</u>	<u>13,930,162</u>
Expenses:						
Administration	305,279	297,458	-	-	305,279	297,458
Sanitation	508,167	489,301	-	-	508,167	489,301
Fire	290,679	311,421	-	-	290,679	311,421
Police	1,132,421	1,126,591	-	-	1,132,421	1,126,591
Paving & Street	785,259	634,610	-	-	785,259	634,610
Parking & Recreation	778,992	825,657	-	-	778,992	825,657
Library	230,800	230,328	-	-	230,800	230,328
Garage	136,813	137,050	-	-	136,813	137,050
Interest on long-term debt	400,800	379,555	-	-	400,800	379,555
Electric, Water, and Sewer	-	-	<u>9,378,300</u>	<u>9,947,254</u>	<u>9,378,300</u>	<u>9,947,254</u>
Total Expenses	<u>4,569,210</u>	<u>4,431,971</u>	<u>9,378,300</u>	<u>9,947,254</u>	<u>13,947,510</u>	<u>14,379,225</u>
Change in net assets before transfers	110,332	(504,002)	949,449	54,939	1,059,781	(449,063)
Transfers	<u>247,191</u>	<u>455,955</u>	<u>(247,191)</u>	<u>(455,955)</u>	-	-
Increase in net assets	357,523	(48,047)	702,258	(401,016)	1,059,781	(449,063)
Net assets - October 1	<u>3,355,576</u>	<u>3,403,623</u>	<u>13,503,803</u>	<u>13,904,819</u>	<u>16,859,379</u>	<u>17,308,442</u>
Net assets - September 30	<u>\$ 3,713,099</u>	<u>\$ 3,355,576</u>	<u>\$ 14,206,061</u>	<u>\$ 13,503,803</u>	<u>\$ 17,919,160</u>	<u>\$ 16,859,379</u>

City of Livingston, Texas
Management's Discussion and Analysis (continued)
September 30, 2004

Financial Analysis of the Government's Funds

Governmental Funds

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

At the end of the current fiscal year, the City of Livingston's governmental funds reported combined ending fund balances of \$1,987,313. Approximately 32% of the total amount (\$635,728) constitutes unreserved fund balance. The remainder of the fund balance is reserved to indicate that it is not available for new spending because it has already been committed to pay for debt service (\$71,335), library improvements (\$13,243) and capital improvements (\$1,267,007).

In the general fund, the City budgeted for an increase in the fund balance on a GAAP basis of \$193,388. Due to revenues being less than budgeted and expenses being more than budgeted along with higher than budgeted transfers, the actual fund balance decreased by \$91,841. The debt service fund balance increased by \$2,378 because of lower than budgeted earnings on interest and sinking funds and lower than budgeted transfers. The street and capital projects fund balance decreased by \$1,954,388 as a result of completion of various street improvement projects.

Proprietary Fund

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

Unrestricted net assets of the proprietary fund was \$2,170,395. Total net assets increased in 2004 by \$702,258.

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 \$806,635 or 21%. The increase in budgeted revenues was primarily for the receipt of various grants not anticipated in the original budget. Budgeted expenditures were increased by \$361,815 or 10%. The increased expenditures were primarily for capital improvements to be paid by the grant funds received.

City of Livingston, Texas
 Management's Discussion and Analysis (continued)
 September 30, 2004

CAPITAL ASSET AND DEBT ADMINISTRATION

Capital Assets

At the end of the fiscal year 2004, the City had \$22,504,768 (net of accumulated depreciation) invested in a broad range of capital assets, including police and fire equipment, buildings, park facilities, roads, bridges, electrical, water and sewer lines. The total increase in the City's investment in capital assets for the current fiscal year was 9% (21% increase for governmental activities and a 1% decrease in business-type activities (See Table 3).

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

	Governmental Activities		Business-Type Activities		Totals	Totals
	2004	2003	2004	2003	2004	2003
Land	\$ 283,352	\$ 254,392	\$ 505,880	\$ 505,880	\$ 789,232	\$ 760,272
Buildings and improvements	2,010,399	2,089,178	257,520	264,710	2,267,919	2,353,888
Equipment and fixtures	655,400	709,166	260,947	303,933	916,347	1,013,099
Paving, sidewalks and streets	5,863,202	3,729,410	-	-	5,863,202	3,729,410
Parks development	1,729,597	1,866,301	-	-	1,729,597	1,866,301
Airport improvements	116,170	126,828	-	-	116,170	126,828
Utility systems	-	-	10,822,301	10,811,339	10,822,301	10,811,339
Total	\$ 10,658,120	\$ 8,775,275	\$ 11,846,648	\$ 11,885,862	\$ 22,504,768	\$ 20,661,137

This year's major additions included:

Police patrol car	\$ 22,281
Various street improvements	2,504,397
Barricade Trailer	20,888
Sewer Main Relocation	19,050
Land	28,960
Total	\$ 2,595,576

The City's fiscal year 2005 capital budget calls for it to spend another \$2,630,000 for capital projects, principally for street improvements and enhancements. The street improvements and enhancements are for a variety of projects. To support the 2004-2005 general obligation capital improvement program, bonds in the total amount of \$5,000,000 were required. The City sold these bonds in December of 2002.

Additional information on the City of Livingston's capital assets can be found in footnote 6 on pages 45-47 of this report.

City of Livingston, Texas
 Management's Discussion and Analysis (continued)
 September 30, 2004

Debt

At year-end, the City had \$9,000,000 in bonds outstanding as compared to \$9,530,000 at the end of the prior fiscal year, a decrease of 5.5% percent - as shown in Table 4.

Table 4
Outstanding Debt, at Year-end

	Governmental Activities		Business-Type Activities		Totals	
	2004	2003	2004	2003	2004	2003
General obligation bonds (backed by the City)	\$ 1,230,000	\$ 1,415,000	\$ -	\$ -	\$ 1,230,000	\$ 1,415,000
Certificates of obligation (backed by the City)	<u>7,770,000</u>	<u>8,115,000</u>	<u>-</u>	<u>-</u>	<u>7,770,000</u>	<u>8,115,000</u>
Totals	<u>\$ 9,000,000</u>	<u>\$ 9,530,000</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 9,000,000</u>	<u>\$ 9,530,000</u>

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

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

Additional information on the City of Livingston's long-term debt can be found in footnote 8 on pages 50-52 of this report.

ECONOMIC FACTORS AND NEXT YEAR'S BUDGETS AND RATES

The City's elected and appointed officials considered many factors when setting the fiscal year 2005 budget, tax rates, and fees that will be charged for the business-type activities. One of those factors is the economy. The population growth experienced by the City has stimulated local business and development activity, and the community has placed additional demands on the City to maintain or enhance services provided to our citizens. While the population growth within the corporate limits has been steady, with the 2000 census being 5,433 and the 2004 estimate being 6,172, the greatest population growth continues to be in the surrounding county. Livingston's greatest economic strength is the diversified employment base. The three largest job sectors are retail trade, timber, and education. It is anticipated that future growth for the region will focus on the health-care industry as well as retiree and senior-care related industry and small businesses. With the proposed expansion of the \$25,000,000 state-of-the-art hospital, which opened in 1999 on the U.S. 59 highway bypass, as well as the construction of numerous new medical office buildings, nursing homes, assisted living and independent living retirement facilities, and an active adult over 55 residential subdivision, Livingston will continue to experience a growing elderly population. The reasonable costs of living and homes priced below the national average continue to make Livingston an attractive area for new business locations and re-locations. The City continues to attract new companies due to the strategy of working diligently with

City of Livingston, Texas
Management's Discussion and Analysis (continued)
September 30, 2004

corporations on relocation incentives. National chains currently constructing new facilities in Livingston include Jack in the Box, Cici's Pizza, Hampton Inns, and Walgreen's.

These indicators are taken into account when adopting the General Fund budget for fiscal year 2005. The total 2004-2005 combined budget appropriation is \$7,242,438 for three operating funds. This represents a decrease of \$63,982 or 1.0 percent under the 2003-2004 re-estimated budget.

The General Fund's largest revenue source in fiscal year 2003-2004 is sales tax receipts. With the opening of Lowe's Home Improvement Center, Inc., in 2004 sales tax receipts are projected to increase \$160,000 or 7%, in the 2004-2005 fiscal year.

Budgeted expenditures in the General Fund are expected to decline \$56,125 or 1.0 percent from the 2003-2004 re-estimated budget. The City has added two new major programs or initiatives to the 2005 budget-the Community Development office to coordinate building plan review, permitting and inspections for new development within the City, and the Main Street program to renovate the historical downtown business district.

If these estimates are realized, the City's budgetary General Fund balance is expected to remain unchanged from the re-estimated 2003-2004 budget.

As for the City's business type activities, the City expects the 2005 results will improve in the electric, water and sewer funds. Projections indicate that the electric, water and sewer fund balance will increase by \$346,000. No utility fee rate increases for electric, water or sewer services have been included in the 2004-2005 budget due to increased usage by new businesses which will generate an increase in utility revenues.

CONTACTING THE CITY'S FINANCIAL MANAGEMENT

This financial report is designed to provide our 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 City Secretary's Office, at City of Livingston, 200 West Church Street, Livingston, Texas 77351-3281.

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BASIC FINANCIAL STATEMENTS
GOVERNMENT-WIDE FINANCIAL STATEMENTS

CITY OF LIVINGSTON, TEXAS
GOVERNMENT-WIDE STATEMENT OF NET ASSETS
SEPTEMBER 30, 2004

	PRIMARY GOVERNMENT		
	Governmental Activities	Business-type Activities	Total
ASSETS			
Cash	\$ 912,232	\$ 1,125,107	\$ 2,037,339
Certificates of deposit	1,650,000	1,003,090	2,653,090
Receivables:			
Returned checks receivable	2,064	10,512	12,576
Paving accounts receivable	6,035	-	6,035
Utility accounts receivable	-	1,041,963	1,041,963
Deferred issuance cost (net)	67,666	-	67,666
Restricted assets - cash	-	189,018	189,018
Capital assets (net of accumulated depreciation):			
Land	283,352	505,880	789,232
Buildings and improvements	2,010,399	257,520	2,267,919
Equipment and fixtures	655,400	260,947	916,347
Paving, sidewalks and streets	5,863,202	-	5,863,202
Parks development	1,729,597	-	1,729,597
Airport improvements	116,170	-	116,170
Electrical system	-	2,210,019	2,210,019
Water system	-	3,546,670	3,546,670
Sewer system	-	5,065,612	5,065,612
Water service contract rights	-	460,000	460,000
Total Assets	<u>\$ 13,296,117</u>	<u>\$ 15,676,338</u>	<u>\$ 28,972,455</u>

CITY OF LIVINGSTON, TEXAS
GOVERNMENT-WIDE STATEMENT OF NET ASSETS
SEPTEMBER 30, 2004

	PRIMARY GOVERNMENT		
	Governmental Activities	Business-type Activities	Total
LIABILITIES			
Accounts payable	\$ 583,018	\$ 716,039	\$ 1,299,057
Meter deposits	-	294,238	294,238
Noncurrent Liabilities:			
Due within one year	540,000	60,000	600,000
Due in more than one year	<u>8,460,000</u>	<u>400,000</u>	<u>8,860,000</u>
Total Liabilities	<u>9,583,018</u>	<u>1,470,277</u>	<u>11,053,295</u>
NET ASSETS			
Invested in capital assets, net of related debt	3,321,143	11,846,648	15,167,791
Restricted for:			
System improvements	-	119,537	119,537
Debt service	71,335	69,481	140,816
Unrestricted	<u>320,621</u>	<u>2,170,395</u>	<u>2,491,016</u>
Total Net Assets	<u>\$ 3,713,099</u>	<u>\$ 14,206,061</u>	<u>\$ 17,919,160</u>

CITY OF LIVINGSTON, TEXAS
GOVERNMENT-WIDE STATEMENT OF ACTIVITIES
FOR THE YEAR ENDED SEPTEMBER 30, 2004

FUNCTIONS/PROGRAMS	Program Revenues				Net (Expense) Revenue and Changes in Net Assets		
	Expenses	Charges for Services	Grants and Contributions	Operating Grants and Contributions	Governmental Activities	Business-Type Activities	Total
Governmental activities:							
Administrative	\$ 305,279	\$ 68,619	\$ -	\$ -	\$ (236,660)	\$ -	\$ (236,660)
Sanitation	508,167	708,348	-	-	200,181	-	200,181
Fire	290,679	-	-	96,832	(193,847)	-	(193,847)
Police	1,132,421	189,847	-	48,067	(894,507)	-	(894,507)
Paving and street	785,259	1,916	404,018	-	(379,325)	-	(379,325)
Parks and recreation	778,992	427,800	-	-	(351,192)	-	(351,192)
Library	230,800	15,729	-	23,724	(191,347)	-	(191,347)
Garage	136,813	-	-	-	(136,813)	-	(136,813)
Interest on long-term debt	400,800	-	-	-	(400,800)	-	(400,800)
Total governmental activities	<u>4,569,210</u>	<u>1,412,259</u>	<u>404,018</u>	<u>168,623</u>	<u>(2,584,310)</u>	<u>934,659</u>	<u>(2,584,310)</u>
Business-type activities:							
Electric, water and sewer	9,378,300	10,312,959	-	-	-	934,659	934,659
Total business-type activities	<u>9,378,300</u>	<u>10,312,959</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>934,659</u>	<u>934,659</u>
Total primary government	<u>\$ 13,947,510</u>	<u>\$ 11,725,218</u>	<u>\$ 404,018</u>	<u>\$ 168,623</u>	<u>(2,584,310)</u>	<u>934,659</u>	<u>(1,649,651)</u>
General revenues:							
Taxes							
Sales taxes					2,324,945	-	2,324,945
Franchise taxes					134,374	-	134,374
Hotel/Motel taxes					136,563	-	136,563
Unrestricted investment earnings					43,145	14,790	57,935
Miscellaneous					55,615	-	55,615
Transfers					247,191	(247,191)	-
Total general revenues and transfers					<u>2,941,833</u>	<u>(232,401)</u>	<u>2,709,432</u>
Change in net assets					357,523	702,258	1,059,781
Net assets-beginning					3,355,576	13,503,803	16,859,379
Net assets-ending					<u>\$ 3,713,099</u>	<u>\$ 14,206,061</u>	<u>\$ 17,919,160</u>

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BASIC FINANCIAL STATEMENTS

FUND FINANCIAL STATEMENTS

CITY OF LIVINGSTON, TEXAS
GOVERNMENTAL FUNDS
BALANCE SHEET
SEPTEMBER 30, 2004

	<u>General</u>	<u>Debt Service</u>	<u>Streets and Capital Projects</u>	<u>Total Governmental Funds</u>
ASSETS AND OTHER DEBITS				
Cash	\$ 827,874	\$ 71,335	\$ 13,023	\$ 912,232
Certificates of deposit			1,650,000	1,650,000
Receivables:				
Returned checks receivable	2,064	-	-	2,064
Paving accounts receivable	<u>6,035</u>	<u>-</u>	<u>-</u>	<u>6,035</u>
Total Assets and Other Debits	<u>\$ 835,973</u>	<u>\$ 71,335</u>	<u>\$ 1,663,023</u>	<u>\$ 2,570,331</u>
LIABILITIES				
Accounts payable	187,002	-	-	187,002
Construction contracts payable	<u>-</u>	<u>-</u>	<u>396,016</u>	<u>396,016</u>
Total Liabilities	<u>187,002</u>	<u>-</u>	<u>396,016</u>	<u>583,018</u>
FUND BALANCES				
Reserved for:				
Library Memorials	13,243	-	-	13,243
Debt Service	<u>-</u>	<u>71,335</u>	<u>-</u>	<u>71,335</u>
Capital Projects	<u>-</u>	<u>-</u>	<u>1,267,007</u>	<u>1,267,007</u>
Unreserved	<u>635,728</u>	<u>-</u>	<u>-</u>	<u>635,728</u>
Total Fund Balances	<u>648,971</u>	<u>71,335</u>	<u>1,267,007</u>	<u>1,987,313</u>
Total Liabilities and Fund Balances	<u>\$ 835,973</u>	<u>\$ 71,335</u>	<u>\$ 1,663,023</u>	
Amounts reported for governmental activities in the statement of net assets are different because:				
Capital assets used in governmental activities are not financial resources and, therefore, are not reported in the funds.				10,658,120
Other long-term assets are not available to pay for current- period expenditures and, therefore, are deferred in the funds.				67,666
Long-term liabilities, including bonds payable, are not due and payable in the current period and, therefore, are not reported in the funds.				(9,000,000)
Net assets of governmental activities				<u>\$ 3,713,099</u>

CITY OF LIVINGSTON, TEXAS
GOVERNMENTAL FUNDS
STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES
FOR THE YEAR ENDED SEPTEMBER 30, 2004

	<u>General</u>	<u>Debt Service</u>	<u>Streets and Capital Projects</u>	<u>Total Governmental Funds</u>
REVENUES				
Taxes:				
Sales taxes	\$ 2,324,945	\$ -	\$ -	\$ 2,324,945
Franchise taxes	136,563	-	-	136,563
Hotel/Motel taxes	134,374	-	-	134,374
Licenses and permits	68,620	-	-	68,620
Charges for service	1,054,801	-	-	1,054,801
Fines and forfeitures	174,479	-	-	174,479
Miscellaneous	764,631	25,601	-	790,232
Total Revenues	<u>4,658,413</u>	<u>25,601</u>		<u>4,684,014</u>
EXPENDITURES				
Current:				
Administrative	251,405	-	-	251,405
Sanitation	508,272	-	-	508,272
Fire	273,847	-	-	273,847
Police	1,084,599	-	-	1,084,599
Paving and street	963,848	-	-	963,848
Parks and recreation	647,341	-	-	647,341
Library	230,581	-	-	230,581
Garage	129,975	-	-	129,975
Debt service:				
Principal retirement	-	530,000	-	530,000
Interest	-	400,800	-	400,800
Capital outlay:				
Streets	-	-	1,954,388	1,954,388
Total Expenditures	<u>4,089,868</u>	<u>930,800</u>		<u>1,954,388</u>
Excess (deficiency) of revenues over expenditures	<u>568,545</u>	<u>(905,199)</u>		<u>(1,954,388)</u>
OTHER FINANCING SOURCES (USES)				
Transfers in	247,191	907,577	-	1,154,768
Transfers out	(907,577)	-	-	(907,577)
Total other financing sources (uses)	<u>(660,386)</u>	<u>907,577</u>		<u>247,191</u>
Net change in fund balances	(91,841)	2,378	(1,954,388)	(2,043,851)
Fund Balances - beginning	<u>740,812</u>	<u>68,957</u>		<u>3,221,395</u>
Fund Balances - ending	<u>\$ 648,971</u>	<u>\$ 71,335</u>		<u>\$ 1,267,007</u>
				<u>\$ 1,987,313</u>

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, 2004

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

Net changes in fund balances - total governmental funds \$ (2,043,851)

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.

1,859,904

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

541,470

Changes in net assets of governmental activities \$ 357,523

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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, 2004**

	Budgeted Amounts GAAP Basis			Actual	Variance with Final Budget Positive (Negative)
	Original	Revisions	Final		
REVENUES					
Taxes:					
Sales taxes	\$ 2,175,000	\$ 65,000	\$ 2,240,000	\$ 2,324,945	\$ 84,945
Franchise taxes	125,000	15,000	140,000	136,563	(3,437)
Hotel/Motel taxes	120,000	10,000	130,000	134,374	4,374
Licenses and permits	60,000	21,000	81,000	68,620	(12,380)
Charges for service	1,006,100	58,750	1,064,850	1,054,801	(10,049)
Fines and forfeitures	196,000	(2,000)	194,000	174,479	(19,521)
Miscellaneous	206,600	638,885	845,485	764,631	(80,854)
Total Revenues	<u>3,888,700</u>	<u>806,635</u>	<u>4,695,335</u>	<u>4,658,413</u>	<u>(36,922)</u>
EXPENDITURES					
Current:					
Administrative	235,615	8,735	244,350	251,405	(7,055)
Sanitation	496,200	(200)	496,000	508,272	(12,272)
Fire	302,450	10,650	313,100	273,847	39,253
Police	1,092,000	(3,200)	1,088,800	1,084,599	4,201
Paving and street	557,345	450,175	1,007,520	963,848	43,672
Parks and recreation	614,415	(5,265)	609,150	647,341	(38,191)
Library	240,500	(13,300)	227,200	230,581	(3,381)
Garage	132,275	(2,775)	129,500	129,975	(475)
Total Expenditures	<u>3,670,800</u>	<u>444,820</u>	<u>4,115,620</u>	<u>4,089,868</u>	<u>25,752</u>
Excess (deficiency) of revenues over expenditures	<u>217,900</u>	<u>361,815</u>	<u>579,715</u>	<u>568,545</u>	<u>(11,170)</u>
OTHER FINANCING SOURCES (USES)					
Transfers in	300,000	-	300,000	247,191	(52,809)
Transfers out	(686,327)	-	(686,327)	(907,577)	(221,250)
Total other financing sources and (uses)	<u>(386,327)</u>	<u>-</u>	<u>(386,327)</u>	<u>(660,386)</u>	<u>(274,059)</u>
Excess (deficiency) of revenues and other financing sources over expenditures and other uses	<u>\$ (168,427)</u>	<u>\$ 361,815</u>	<u>\$ 193,388</u>	<u>(91,841)</u>	<u>\$ (285,229)</u>
Fund balances at beginning of year				<u>740,812</u>	
Fund balance at end of year				<u>\$ 648,971</u>	

CITY OF LIVINGSTON, TEXAS
STATEMENT OF NET ASSETS PROPRIETARY FUNDS
SEPTEMBER 30, 2004

Business-Type Activities - Enterprise Fund

	Electric
	Water and
	Sewer
ASSETS	
Current assets:	
Cash	\$ 1,125,107
Certificates of deposit	1,003,090
Restricted assets	
Cash in bank, water and sewer system improvements	119,537
Cash in bank, reserve fund	69,481
Receivables:	
Returned checks receivable	10,512
Utility accounts receivable	<u>1,041,963</u>
Total Current Assets	<u>3,369,690</u>
Capital assets:	
Land	505,880
Building and improvements	359,522
Equipment and fixtures	1,327,071
Electrical system	3,146,830
Water system	4,844,909
Sewer system	<u>6,637,746</u>
	16,821,958
Less accumulated depreciation	<u>(4,975,310)</u>
Net capital assets	<u>11,846,648</u>
Other assets:	
Water service contract rights	<u>460,000</u>
Total Other Assets	<u>460,000</u>
Total Assets	<u>\$ 15,676,338</u>

See accompanying notes to financial statements

CITY OF LIVINGSTON, TEXAS
STATEMENT OF NET ASSETS PROPRIETARY FUNDS
SEPTEMBER 30, 2004

Business-Type Activities - Enterprise Fund

**Electric
Water and
Sewer**

LIABILITIES

Current liabilities:

Accounts payable	\$ 716,039
Meter deposits	294,238
Contracts payable - Trinity River Authority	60,000
Total current liabilities	<u>1,070,277</u>

Noncurrent liabilities:

Contracts payable - Trinity River Authority	400,000
Total noncurrent liabilities	<u>400,000</u>
Total liabilities	<u>1,470,277</u>

NET ASSETS

Invested in capital assets (net of related debt)	11,846,648
Restricted for water and sewer system improvements	119,537
Restricted for Trinity River Authority contracts payable	69,481
Unrestricted	<u>2,170,395</u>
Total net assets	<u>\$ 14,206,061</u>

CITY OF LIVINGSTON, TEXAS
STATEMENT OF REVENUES, EXPENSES AND CHANGES IN FUND NET ASSETS
PROPRIETARY FUND
FOR THE YEAR ENDED SEPTEMBER 30, 2004

Business-Type Activities - Enterprise Fund

	Electric Water and Sewer
<u>Operating revenues</u>	
Charges for sales and services:	
Electricity sales	\$ 6,566,505
Water sales	1,511,548
Sewer service charges	1,080,740
Penalties, utilities	118,369
Water tapping fees	10,850
Sewer tapping fees	10,450
Recoveries, electrical	789,196
Recoveries, water	115,335
Revenue, night lights	65,579
Service fees	44,386
Total Operating Revenues	<u>10,312,958</u>
<u>Operating expenses</u>	
Light and Power Department	7,220,031
Water Department	1,440,698
Sewer Department	366,328
Uncollectible accounts	71,784
Depreciation	279,458
Total Operating Expenses	<u>9,378,299</u>
Operating Income	934,659
Non-operating revenues:	
Interest income	<u>14,790</u>
Income Before Transfers	949,449
Transfers Out	<u>(247,191)</u>
Change in net assets	702,258
Total net assets - beginning	<u>13,503,803</u>
Total net assets - ending	<u>\$ 14,206,061</u>

See accompanying notes to financial statements

**CITY OF LIVINGSTON, TEXAS
STATEMENT OF CASH FLOWS
PROPRIETARY FUND
FOR THE YEAR ENDED SEPTEMBER 30, 2004**

Business-Type Activities - Enterprise Fund

	Electric Water and Sewer
Cash flows from operating activities:	
Cash received from customers	\$ 10,320,836
Cash payments to suppliers for goods and services	(7,852,146)
Cash payments to employees for services	<u>(1,174,435)</u>
Net cash provided by operating activities	<u>1,294,255</u>
Cash flows from noncapital financing activities:	
Transfers to other funds	<u>(247,191)</u>
Net cash used for noncapital financing activities	<u>(247,191)</u>
Cash flows from capital and related financing activities:	
Acquisition of capital assets	<u>(240,244)</u>
Net cash used for capital and related financing activities	<u>(240,244)</u>
Cash flows from investing activities:	
Interest on cash and investments	<u>14,790</u>
Net cash provided by investing activities	<u>14,790</u>
NET CHANGE IN CASH AND CASH EQUIVALENTS	821,610
CASH AND CASH EQUIVALENTS AT BEGINNING OF YEAR	<u>492,515</u>
CASH AND CASH EQUIVALENTS AT END OF YEAR	<u>\$ 1,314,125</u>

(Continued)

CITY OF LIVINGSTON, TEXAS
STATEMENT OF CASH FLOWS
PROPRIETARY FUND
FOR THE YEAR ENDED SEPTEMBER 30, 2004

Business-Type Activities - Enterprise Fund

	Electric Water and Sewer
Reconciliation of income from operations to net cash provided by operating activities:	
Income from operations	\$ 934,659
Adjustments to reconcile operating net income to net cash provided by operating activities:	
Depreciation	279,458
Change in operating assets and liabilities:	
Returned checks receivable	(1,681)
Utility accounts receivable	79,662
Accounts payable	10,127
Meter deposits	<u>(7,970)</u>
Total adjustments	<u>359,596</u>
Net cash provided by operating activities	<u>\$ 1,294,255</u>
Reconciliation of total cash and cash investments:	
Unrestricted	\$ 1,125,107
Restricted	
Cash in bank, water and sewer system improvements	119,537
Cash in bank, reserve fund	<u>69,481</u>
Total cash and cash equivalents	<u>\$ 1,314,125</u>

(Concluded)

NOTES TO THE BASIC FINANCIAL STATEMENTS

CITY OF LIVINGSTON, TEXAS
NOTES TO BASIC FINANCIAL STATEMENTS
SEPTEMBER 30, 2004

The accounting and reporting policies of the City relating to the funds included in the accompanying basic financial statements conform to accounting principles generally accepted in the United States of America applicable to state and local governments. Generally accepted accounting principles for local governments include those principles prescribed by the Governmental Accounting Standards Board (GASB), the American Institute of Certified Public Accountants in the publication entitled Audits of State and Local Governmental Units and by the Financial Accounting Standards Board (when applicable). The City has elected to apply Financial Accounting Standards Board pronouncements and Accounting Principles Board opinions issued on or before November 30, 1989, unless those pronouncements conflict with or contradict GASB pronouncements, in which case, GASB prevails.

The following notes are organized to provide explanations, including required disclosures, of the City's financial activities for the fiscal year ended September 30, 2004.

NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES:

Financial Reporting Entity

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

Basis of Presentation

The government-wide financial statements (the statement of net assets and the statement of changes in net assets) report information on all of the activities of the City. The effect of interfund activity, within the governmental and business-type activities columns has been removed from these statements. Government activities, which normally are supported by taxes and intergovernmental revenues, are reported separately from business-type activities, which rely to a significant extent on fees and charges for support.

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

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.

NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES: (CONTINUED)

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

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

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

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

Proprietary Fund

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

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

Proprietary funds distinguish operating revenues and expenses from non-operating items. Operating revenues and expenses generally result from providing services and producing and delivering goods in connection with a proprietary fund's principal ongoing operations. Operating expenses for the proprietary funds include the cost of personnel and contractual services, supplies and depreciation on capital assets. All revenues and expenses not meeting this definition are reported as non-operating revenues and expenses.

Measurement Focus/Basis of Accounting

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

NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES: (CONTINUED)

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

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

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

Capital Assets

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

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

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

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

NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES: (CONTINUED)

Budgetary Control

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

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

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

The budget was amended September 1, 2004 to reflect additional appropriations approved during the year by the City Council. Individual amendments were not material in relation to the original appropriations which were amended.

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

Investments

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

NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES: (CONTINUED)

Nature and Purposes of Reservations of Fund Equity

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

Pensions

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

Net Assets

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

Property Tax Revenues

Property taxes are levied on October 1 based on the assessed value of property as listed on the previous January 1. Assessed values are an approximation of market value. A revaluation of all real property must be made every year. The last revaluation date was January 1, 2004.

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 5).

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.

NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES: (CONTINUED)**Transfers In and Out**

The following is a summary of interfund transfers for the year ended September 30, 2004:

<u>Fund</u>	<u>Transfer In</u>	<u>Transfer Out</u>
General Fund	\$ 247,191	\$ 907,577
Debt Service Fund	907,577	-
Electric, Water and Sewer Fund	-	<u>247,191</u>
 Total	 <u>\$ 1,154,768</u>	 <u>\$ 1,154,768</u>

NOTE 2 STEWARDSHIP, COMPLIANCE, AND ACCOUNTABILITY:**Deposits with Financial Institutions**

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 CASH:

All bank balances and deposits as of the balance sheet date are entirely insured or collateralized with securities held by the City or by its agent in the City's name. Total deposits of the City at September 30, 2004 for all Funds were \$4,879,447.

The categories of cash balances are as follows:

- Category 1 Insured or collateralized with securities held by the entity or by its agent in the entity's name.
- Category 2 Collateralized with securities held by the pledging financial institution's trust department or agent in the entity's name.
- Category 3 Uncollateralized, including any bank balance that is collateralized with securities held by the pledging financial institution, or by its department or agent but not in the entity's name.

NOTE 3 CASH: (CONTINUED)

Deposits, categorized by level of risk are:

	Carrying Amounts	Bank Balances	Category		
			1	2	3
Non-pooled Cash and Cash Equivalents					
Primary Government	\$ 827,874	\$ 988,170	\$ 988,170	\$ -	\$ -
Debt Service Fund	71,335	71,335	71,335	-	-
Capital Projects Fund	13,023	13,023	13,023	-	-
Enterprise Fund	<u>1,314,125</u>	<u>1,375,287</u>	<u>1,375,287</u>	<u>-</u>	<u>-</u>
	<u>2,226,357</u>	<u>2,447,815</u>	<u>2,447,815</u>	<u>-</u>	<u>-</u>
Non-pooled Certificates of Deposit					
Capital Projects Fund	1,650,000	3,300,000	3,300,000	-	-
Enterprise Fund	<u>1,003,090</u>	<u>1,003,090</u>	<u>1,003,090</u>	<u>-</u>	<u>-</u>
	<u>2,653,090</u>	<u>4,303,090</u>	<u>4,303,090</u>	<u>-</u>	<u>-</u>
Total Deposits	<u>\$ 4,879,447</u>	<u>\$ 6,750,905</u>	<u>\$ 6,750,905</u>	<u>\$ -</u>	<u>\$ -</u>

NOTE 4 INVESTMENTS:

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, 2004 the City had no investments other than certificates of deposit.

NOTE 5 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, 2004.

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

The City did not assess ad valorem taxes for 2004, but the Mayor and Council are evaluating the need to begin assessing taxes in the future.

NOTE 6 CAPITAL ASSETS:

Capital asset activity for the year ended September 30, 2004 was as follows:

	Balance October 1, 2003	Additions	Retirements/ Adjustments	Balance September 30, 2004
Governmental Activities:				
Capital assets not being depreciated				
Land	<u>\$ 254,392</u>	<u>\$ 28,960</u>	<u>\$ -</u>	<u>\$ 283,352</u>
Capital assets being depreciated				
Building and Improvements	2,968,017	15,818	-	2,983,835
Equipment and Fixtures	3,065,025	134,990	-	3,200,015
Paving, Sidewalks and Streets	8,515,005	2,504,397	-	11,019,402
Parks Development	3,098,736	-	-	3,098,736
Airport Improvements	<u>555,906</u>	<u>-</u>	<u>-</u>	<u>555,906</u>
Total capital assets being depreciated	<u>\$ 18,202,689</u>	<u>\$ 2,655,205</u>	<u>\$ -</u>	<u>\$ 20,857,894</u>
Less accumulated depreciation for:				
Buildings and Improvements	(878,839)	(94,597)	-	(973,436)
Equipment and Fixtures	(2,355,859)	(188,755)	-	(2,544,614)
Paving, Sidewalks and Streets	(4,785,595)	(370,605)	-	(5,156,200)
Parks Development	(1,232,435)	(136,705)	-	(1,369,140)
Airport Improvements	<u>(429,078)</u>	<u>(10,658)</u>	<u>-</u>	<u>(439,736)</u>
Total accumulated depreciation	<u>(9,681,806)</u>	<u>(801,320)</u>	<u>-</u>	<u>(10,483,126)</u>
Total capital assets being depreciated, net	<u>8,520,883</u>	<u>1,853,885</u>	<u>-</u>	<u>10,374,768</u>
Governmental activities capital assets, net	<u>\$ 8,775,275</u>	<u>\$ 1,882,845</u>	<u>\$ -</u>	<u>\$ 10,658,120</u>

NOTE 6 CAPITAL ASSETS: (CONTINUED)

	<u>2003</u>	<u>Additions</u>	<u>Adjustments</u>	<u>2004</u>
Business-type Activities:				
Capital assets not being depreciated				
Land	<u>\$ 505,880</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 505,880</u>
Capital assets being depreciated				
Building and Improvements	359,522	-	-	359,522
Equipment and Fixtures	1,314,740	12,331	-	1,327,071
Electrical System	3,057,802	89,028	-	3,146,830
Water System	4,778,634	66,275	-	4,844,909
Sewer System	6,565,136	72,610	-	6,637,746
Total capital assets being depreciated	<u>16,075,834</u>	<u>240,244</u>	<u>-</u>	<u>16,316,078</u>
Less accumulated depreciation for:				
Building and Improvements	(94,812)	(7,190)	-	(102,002)
Equipment and Fixtures	(1,010,807)	(55,317)	-	(1,066,124)
Electrical System	(889,508)	(47,303)	-	(936,811)
Water System	(1,225,441)	(72,798)	-	(1,298,239)
Sewer System	(1,475,284)	(96,850)	-	(1,572,134)
Total accumulated depreciation	<u>(4,695,852)</u>	<u>(279,458)</u>	<u>-</u>	<u>(4,975,310)</u>
Total capital assets being depreciated, net	<u>11,379,982</u>	<u>(39,214)</u>	<u>-</u>	<u>11,340,768</u>
Business-type activities capital assets, net	<u>\$ 11,885,862</u>	<u>\$ (39,214)</u>	<u>\$ -</u>	<u>\$ 11,846,648</u>

FASB-34 (Capitalization of Interest Costs) requires that interest expenditures incurred during construction of assets be capitalized. FASB-62 (Capitalization of Interest Cost in Situations Involving Certain Tax-Exempt Borrowings and Certain Gifts and Grants) concludes that constructed assets financed with the proceeds of tax-exempt debt (if those funds are externally restricted to finance the acquisitions of the asset or used to service the related debt) should include capitalized interest only to the extent that interest cost exceeds interest earned on related interest-bearing investments acquired with proceeds of the related tax-exempt borrowing. During 2004, net interest costs were not capitalized because interest expenditures related to constructed assets net of related interest revenue were not material.

NOTE 6 CAPITAL ASSETS: (CONTINUED)

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

Governmental activities	
Administrative	\$ 49,628
Sanitation	220
Fire	36,249
Police	98,048
Paving and street	414,239
Parks and recreation	175,258
Library	19,410
Garage	8,268
Governmental activities	<u>\$ 801,320</u>
Business-type activities	
Electric, Water and Sewer	<u>\$ 279,458</u>

The City has active construction projects as of September 30, 2004. Total accumulated commitments for ongoing capital projects are composed of the following:

Street improvements	<u>\$ 1,267,000</u>
---------------------	---------------------

NOTE 7 PENSION PLAN:Plan Description

The City provides pension benefits for all of its full-time employees through a nontraditional, joint contributory hybrid, defined benefit plan in the statewide Texas Municipal Retirement System (TMRS), one of 774 plans administered by TMRS, an agent multiple-employer public employee retirement system.

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

NOTE 7 PENSION PLAN: (CONTINUED)

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

Contributions

The contribution rate for the employees is 7%, and the City matching ratio is currently 2 to 1, both as adopted by the governing body of the City. Under the state law governing TMRS, the actuary annually determines the City 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 matching percent, which are the obligation of the City as of an employee's retirement date, not at the time the employee's contributions are made. The normal cost contribution rate is the actuarially determined percent of payroll necessary to satisfy the obligation of the City to each employee at the time his/her retirement becomes effective. The prior service contribution rate amortizes the unfunded actuarial liability over the remainder of the plan's 25-year amortization period. When the City periodically adopts updated service credits and increases in annuities in effect, the increased unfunded actuarial liability is to be amortized over a 25-year period. Currently, the unfunded actuarial liability is being amortized over the 25-year period, which began January 2003. The amortization period is open. The actuarial assumptions included (a) 7% investment rate of return (net of administrative expenses) and (b) no projected salary increases or cost of living adjustments. 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, 2003 valuation is effective for rates beginning January 2005). For fiscal year 2004, the City's annual pension cost of \$323,595 was equal to the City's required and actual contributions.

Schedule of Actuarial Liabilities and Funding Progress

Actuarial Valuation Date	12/31/03
Actuarial Value of Assets	\$7,403,316
Actuarial Accrued Liability	9,417,231
Percentage Funded	78.6%
Unfunded (Over-funded) Actuarial Accrued Liability (UAAL)	2,013,915
Annual Covered Payroll	2,055,715
UAAL as a percentage of covered payroll	98.0%

NOTE 7 PENSION PLAN: (CONTINUED)

Net Pension Obligation (NPO) at the Beginning of the Period		\$	—
Annual Pension Cost:			
Annual Required Contribution (ARC)	\$	323,595	
Interest on NPO		—	
Adjustment to the ARC		—	323,595
Contributions Made			(323,595)
Increase in NPO			—
NPO at the end of the period		\$	—

Six-Year Trend Information

Fiscal Year Funding	Annual Pension Cost (APC)	Percentage of APC Contributed	Net Pension Obligation
9/30/1998	\$ 237,080	100%	\$ —
9/30/1999	248,105	100%	—
9/30/2000	270,523	100%	—
9/30/2001	290,974	100%	—
9/30/2002	309,225	100%	—
9/30/2003	328,493	100%	—
9/30/2004	323,595	100%	—

Additional supplementary three-year trend information may be found on page 57.

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 1200 N. Interstate Highway 35, Austin, Texas 78701.

NOTE 8 LONG-TERM DEBT:

The following is a summary of bonds payable of the City for the year ended September 30, 2004:

		<u>Governmental</u>
\$1,600,000 General Obligation Refunding Bonds, Series due in annual installments of \$185,000 to \$230,000 through 2010, interest at 3.00% to 3.25%, to be paid from taxes		\$ 1,230,000
\$5,000,000 Certificates of Obligation, Series 2002B, street and drainage improvements, due in annual installments of \$290,000 to \$450,000 through 2017, interest at 3.25% to 4.20% to be paid from taxes and subordinated pledge of the net revenues of Enterprise Fund		4,710,000
\$3,370,000 Certificates of Obligation, Series 1997, municipal complex, park facilities, and water improvements, due in annual installments of \$45,000 to \$450,000 through 2017, interest at 4.6% to 5.75% to be paid from taxes and subordinated pledge of the net revenues of Enterprise Fund		<u>3,060,000</u>
Total Bonds Payable		<u>\$ 9,000,000</u>

Changes in Outstanding Debt-

	Balance October 1, 2003	Issues or Additions	Payments or Expenditures	Balance September 30, 2004	Due Within One Year
<u>Governmental Type Activities</u>					
General Obligation Bonds	\$ 1,415,000	\$ -	\$ 185,000	\$ 1,230,000	\$185,000
Certificates of Obligation	<u>8,115,000</u>	<u>-</u>	<u>345,000</u>	<u>7,770,000</u>	<u>355,000</u>
Total government	<u>\$ 9,530,000</u>	<u>\$ -</u>	<u>\$ 530,000</u>	<u>\$ 9,000,000</u>	<u>\$ 540,000</u>

General Obligation Bonds and Certificates of Obligation-

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

NOTE 8 LONG-TERM DEBT: (CONTINUED)

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

Annual Requirements to Retire Debt Obligations-

The annual aggregate maturities for each bond type for the years subsequent to September 30, 2004, are as follows:

General Obligation Bonds

Year Ending Sept. 30,	Governmental Activities		
	Principal	Interest	Total
2005	\$ 185,000	\$ 37,475	\$ 222,475
2006	195,000	31,925	226,925
2007	200,000	26,075	226,075
2008	205,000	20,075	225,075
2009	215,000	13,925	228,925
2010	230,000	7,475	237,475
Total	<u>\$ 1,230,000</u>	<u>\$ 136,950</u>	<u>\$ 1,366,950</u>

Certificates of Obligation

Year Ending Sept. 30,	Governmental Activities		
	Principal	Interest	Total
2005	\$ 355,000	\$ 344,358	\$ 699,358
2006	365,000	330,943	695,943
2007	375,000	317,118	692,118
2008	385,000	302,823	687,823
2009	395,000	288,113	683,113
2010-2014	3,315,000	1,120,315	4,435,315
2015-2017	2,580,000	257,928	2,837,928
Total	<u>\$ 7,770,000</u>	<u>\$ 2,961,598</u>	<u>\$ 10,731,598</u>

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

NOTE 9 RAW WATER SUPPLY CONTRACT:

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

<u>Contract Years</u>	<u>Annual Average Daily Amounts</u>
1978 through 1984	1.0 MGD
1985 through 1989	2.0 MGD
1990 through 1994	3.0 MGD
1995 through 1999	4.0 MGD
2000 through 2020	5.0 MGD

NOTE 10 WATER SYSTEM SERVICE CONTRACT:

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

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

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, 2004, the City paid approximately \$102,556 into the interest and sinking fund. The annual principal and interest payments after the refunding applicable to the TRA's bonds through maturity are in the following amounts:

NOTE 10 WATER SYSTEM SERVICE CONTRACT: (CONTINUED)

<u>Calendar Year</u>	<u>Amount Per Year</u>
2005	\$ 75,560
2006	73,760
2007	76,960
2008	74,848
2009	77,735
2010	75,320
2011	72,730
Total	\$ 526,913

NOTE 11 ENERGY AND POWER CONTRACT:

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

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

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

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

NOTE 11 ENERGY AND POWER CONTRACT: (CONTINUED)

During the year ended September 30, 1999, the Agency entered into an agreement with Entergy Power Marketing Corp. and Entergy Power, Inc. to sell its excess system capacity. In addition, the Agency has agreed to enter into a Requirements Power Supply Agreement with Entergy which allows the Agency to purchase its delivered power and energy supply at a fixed price, sufficient to service the retail loads and normal load growth of the cities it currently serves through the term of its existing contracts through 2021. The City expects that rate stabilization should enable them to avoid the annual rate increases to customers previously scheduled to occur through 2005.

The Agency was able to rebate to participating cities a portion of their power purchases in 2004. Reflected in the revenues for the Electric, Water and Sewer Fund is an approximate \$789,000 rebate of power costs.

NOTE 12 RELATED PARTY TRANSACTIONS:

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

NOTE 13 LITIGATION:

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

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

The City participates in federally assisted grant programs. These programs are subject to program compliance audits by the grantors or their representatives. The audits of these programs including the year ended September 30, 2004 have not yet been conducted. Accordingly, the City's compliance with applicable grant requirements will be established at some future date. The amount, if any, of expenditures which may be disallowed by the granting agencies cannot be determined at this time although the City expects such amounts, if any, to be immaterial.

NOTE 15 RISK MANAGEMENT:

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

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

NOTE 16 SANITATION DEPARTMENT CONTRACT:

The City has contracted with Santek Environmental, Inc. for a two-year period to operate its sanitation department which expires in 2005. The City continues to perform all billing and administrative procedures, but all employees and equipment for the sanitation department have been eliminated.

NOTE 17 GOLF COURSE LEASE AGREEMENT:

The City has entered into an agreement to lease the municipal golf course for a five year period to Mill Ridge Golf Club, L.C. which expires in 2005. Under the terms of the lease, the City will receive the greater of 2% of gross receipts or \$3,000 per quarter in rent. During the year ended September 30, 2004 the City received \$12,000 under this agreement.

NOTE 18 RECLASSIFICATION:

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

REQUIRED SUPPLEMENTARY INFORMATION

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

Actuarial Valuation Date	(1) Actuarial Value of Assets **	(2) Actuarial Accrued Liability (AAL) Unit Credit *	(3) Unfunded AAL (UAAL)	(4) Funded Ratio (1)/(2)	(5) Annual Covered Payroll	(6) Unfunded Actuarial Accrued Liability As a Percentage of Covered Payroll
12/31/2001	\$ 6,255,814	\$ 8,087,430	\$ 1,831,616	77.35%	\$ 1,936,169	94.60%
12/31/2002	7,091,154	8,973,790	1,882,636	79.02%	2,050,614	91.81%
12/31/2003	7,403,316	9,417,231	2,013,915	78.61%	2,055,715	97.97%

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

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

**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, 2004

	Budgeted Amounts GAAP Basis			Actual	Variance with Final Budget Positive (Negative)
	Original	Revisions	Final		
	\$	\$	\$		
REVENUES					
Miscellaneous	\$ 30,000	\$ -	\$ 30,000	\$ 25,601	\$ (4,399)
Total Revenues	<u>30,000</u>	<u>-</u>	<u>30,000</u>	<u>25,601</u>	<u>(4,399)</u>
EXPENDITURES					
Debt service:					
Principal retirement	530,000	-	530,000	530,000	-
Interest	400,800	-	400,800	400,800	-
Total Expenditures	<u>930,800</u>	<u>-</u>	<u>930,800</u>	<u>930,800</u>	<u>-</u>
Excess (deficiency) of revenues over expenditures	(900,800)	-	(900,800)	(905,199)	(4,399)
OTHER FINANCING SOURCES					
Transfers in	930,800	-	930,800	907,577	(23,223)
Total other financing sources	<u>930,800</u>	<u>-</u>	<u>930,800</u>	<u>907,577</u>	<u>(23,223)</u>
Excess (deficiency) of revenues and other financing sources over expenditures and other uses	\$ 30,000	\$ -	\$ 30,000	2,378	(27,622)
Fund balances at beginning of year				68,957	-
Fund balance at end of year				<u>\$ 71,335</u>	<u>\$ (27,622)</u>

CITY OF LIVINGSTON, TEXAS
BUDGETARY COMPARISON SCHEDULE
STREET AND CAPITAL PROJECTS FUND
FOR THE YEAR ENDED SEPTEMBER 30, 2004

	Budgeted Amounts GAAP Basis			Actual	Variance with Final Budget Positive (Negative)
	Original	Revisions	Final		
EXPENDITURES					
Capital outlay:					
Streets	2,500,000	(500,000)	2,000,000	1,954,388	45,612
Total Expenditures	2,500,000	(500,000)	2,000,000	1,954,388	45,612
Excess (deficiency) of revenues over expenditures	<u>\$ (2,500,000)</u>	<u>\$ 500,000</u>	<u>\$ (2,000,000)</u>	<u>(1,954,388)</u>	<u>45,612</u>
Fund balance at beginning of year				3,221,395	
Fund balance at end of year				<u>\$ 1,267,007</u>	

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INDIVIDUAL FUND FINANCIAL STATEMENTS AND SCHEDULES

GENERAL FUND

CITY OF LIVINGSTON, TEXAS
GENERAL FUND - COMPARATIVE BALANCE SHEET
SEPTEMBER 30, 2004 AND 2003

ASSETS

	<u>2004</u>	<u>2003</u>
Cash	\$ 827,874	\$ 864,300
Receivables:		
Returned checks receivable	2,064	1,941
Paving accounts receivable	6,035	7,923
Delinquent taxes receivable (net)	-	2,101
 Total Assets	 \$ 835,973	 \$ 876,265

LIABILITIES AND FUND BALANCES

LIABILITIES

Accounts payable	\$ 187,002	\$ 135,453
Deferred revenue	-	-
 Total Liabilities	 187,002	 135,453

FUND BALANCES

Reserve for library memorials	13,243	212
Unreserved	635,728	740,600
 Total Fund Balances	 648,971	 740,812
 Total Liabilities and Fund Balances	 \$ 835,973	 \$ 876,265

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, 2004
WITH COMPARATIVE ACTUAL TOTALS FOR 2003

	Budgeted Amounts GAAP Basis				Variance With Final Budget Positive (Negative)	2003 Actual
	Original	Revisions	Final	Actual		
REVENUES						
Taxes:						
Property taxes	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 64
Sales taxes	2,175,000	65,000	2,240,000	2,324,945	84,945	2,199,629
Franchise taxes	125,000	15,000	140,000	136,563	(3,437)	124,949
Hotel/Motel taxes	120,000	10,000	130,000	134,374	4,374	116,991
Licenses and permits	60,000	21,000	81,000	68,620	(12,380)	70,903
Charges for service	1,006,100	58,750	1,064,850	1,054,801	(10,049)	978,312
Fines and forfeitures	196,000	(2,000)	194,000	174,479	(19,521)	167,862
Miscellaneous	206,600	638,885	845,485	764,631	(80,854)	225,156
Total Revenues	<u>3,888,700</u>	<u>806,635</u>	<u>4,695,335</u>	<u>4,658,413</u>	<u>(36,922)</u>	<u>3,883,866</u>
EXPENDITURES						
Administrative	235,615	8,735	244,350	251,405	(7,055)	335,176
Sanitation	496,200	(200)	496,000	508,272	(12,272)	489,056
Fire	302,450	10,650	313,100	273,847	39,253	309,087
Police	1,092,000	(3,200)	1,088,800	1,084,599	4,201	1,055,415
Paving and street	557,345	450,175	1,007,520	963,848	43,672	333,779
Parks and recreation	614,415	(5,265)	609,150	647,341	(38,191)	685,545
Library	240,500	(13,300)	227,200	230,581	(3,381)	228,237
Garage	132,275	(2,775)	129,500	129,975	(475)	152,792
Total Expenditures	<u>3,670,800</u>	<u>444,820</u>	<u>4,115,620</u>	<u>4,089,868</u>	<u>25,752</u>	<u>3,589,087</u>
Excess (deficiency) of revenues over expenditures	<u>217,900</u>	<u>361,815</u>	<u>579,715</u>	<u>568,545</u>	<u>(11,170)</u>	<u>294,779</u>
OTHER FINANCING SOURCES (USES)						
Transfers in	300,000	-	300,000	247,191	(52,809)	455,955
Transfers out	(686,327)	-	(686,327)	(907,577)	(221,250)	(481,622)
Total other financing sources (uses)	<u>(386,327)</u>	<u>-</u>	<u>(386,327)</u>	<u>(660,386)</u>	<u>(274,059)</u>	<u>(25,667)</u>
Excess (deficiency) of revenues and other financing sources over expenditures and other uses	<u>\$ (168,427)</u>	<u>\$ 361,815</u>	<u>\$ 193,388</u>	<u>\$ (91,841)</u>	<u>\$ (285,229)</u>	<u>269,112</u>
Fund balances at beginning of year				<u>740,812</u>		<u>471,700</u>
Fund balances at end of year				<u>\$ 648,971</u>		<u>\$ 740,812</u>

CITY OF LIVINGSTON, TEXAS
GENERAL FUND
SCHEDULE OF EXPENDITURES-BUDGET (GAAP BASIS) AND ACTUAL
FOR THE YEAR ENDED SEPTEMBER 30, 2004
WITH COMPARATIVE ACTUAL TOTALS FOR 2003

	Budgeted Amounts GAAP Basis				Variance With Final Budget Positive (Negative)	2003 Actual
	Original	Revisions	Final	Actual		
ADMINISTRATIVE DEPARTMENT						
Salaries	\$ 22,000	\$ -	\$ 22,000	\$ 22,382	\$ (382)	\$ 20,662
Social Security	2,090	(40)	2,050	2,088	(38)	1,988
Retirement	35,000	-	35,000	34,768	232	34,017
Employee insurance	25,500	(4,000)	21,500	21,544	(44)	20,358
Insurance and bonds	8,775	1,025	9,800	9,813	(13)	8,348
Legal and professional	35,000	-	35,000	47,346	(12,346)	29,653
Auditing and accounting	4,000	1,700	5,700	5,667	33	3,000
Supplies	15,000	2,500	17,500	16,502	998	15,698
Repairs-building and grounds	15,000	-	15,000	10,554	4,446	9,598
Equipment repairs and maintenance	5,500	(500)	5,000	1,407	3,593	4,302
Gas and oil	1,050	150	1,200	1,368	(168)	1,055
Utility/telephone	5,200	-	5,200	4,624	576	5,025
Dues and subscriptions	4,000	2,500	6,500	7,509	(1,009)	4,286
Building demolitions	5,000	-	5,000	-	5,000	-
Transportation and contingency	45,000	5,000	50,000	51,858	(1,858)	46,674
Bond Issue costs	-	-	-	-	-	90,607
Postage and miscellaneous	2,500	400	2,900	6,751	(3,851)	31,528
Capital expenditures	230,615	8,735	239,350	244,181	(4,831)	326,799
	5,000	(15,000)	5,000	7,224	(2,224)	8,377
Total Administrative	235,615	(6,265)	244,350	251,405	(7,055)	335,176
SANITATION DEPARTMENT						
Supplies	35,000	-	35,000	47,012	(12,012)	32,221
Refuse disposal/landfills	461,200	(200)	461,000	461,260	(260)	456,835
Total Sanitation	496,200	(200)	496,000	508,272	(12,272)	489,056

CITY OF LIVINGSTON, TEXAS
GENERAL FUND
SCHEDULE OF EXPENDITURES-BUDGET (GAAP BASIS) AND ACTUAL
FOR THE YEAR ENDED SEPTEMBER 30, 2004
WITH COMPARATIVE ACTUAL TOTALS FOR 2003

	Budgeted Amounts GAAP Basis				Variance With Final Budget Positive (Negative)	2003 Actual
	Original	Revisions	Final	Actual		
FIRE DEPARTMENT						
Salaries	102,000	(4,000)	98,000	86,649	11,351	96,407
Salaries, administration	22,000	-	22,000	21,276	724	20,625
Social Security	7,200	(100)	7,100	6,511	589	6,889
Retirement	11,000	-	11,000	10,447	553	10,610
Employee insurance	14,100	(2,600)	11,500	12,019	(519)	12,976
Insurance and bonds	26,550	(1,550)	25,000	23,402	1,598	23,227
Recruitment costs	1,400	(400)	1,000	150	850	101
Supplies	25,000	-	25,000	18,213	6,787	27,773
Repairs-building and grounds	3,000	-	3,000	917	2,083	1,912
Equipment repairs and maintenance	20,000	-	20,000	19,426	574	19,106
Gas and oil	4,500	1,800	6,300	6,563	(263)	4,987
Utility/telephone	8,500	(500)	8,000	7,904	96	8,008
Dues and subscriptions	1,500	-	1,500	1,345	155	1,234
Transportation and contingency	15,000	2,000	17,000	15,576	1,424	19,506
Maintenance contribution	22,500	-	22,500	21,135	1,365	19,967
Postage and miscellaneous	3,200	-	3,200	2,898	302	2,665
	287,450	(5,350)	282,100	254,431	27,669	275,993
Capital expenditures	15,000	16,000	31,000	19,416	11,584	33,094
Total Fire	302,450	10,650	313,100	273,847	39,253	309,087
POLICE DEPARTMENT						
Salaries	640,000	(5,000)	635,000	629,045	5,955	624,070
Salaries, administration	22,000	-	22,000	21,276	724	20,625
Social Security	50,650	(150)	50,500	50,158	342	49,721
Retirement	93,000	(7,000)	86,000	85,973	27	86,272
Employee insurance	97,750	(14,750)	83,000	83,840	(840)	85,446
Uniforms	3,500	50	3,550	2,924	626	3,526
Insurance and bonds	43,000	(3,000)	40,000	40,078	(78)	45,936
Supplies	21,000	-	21,000	18,168	2,832	21,250
Repairs-building and grounds	12,500	-	12,500	9,065	3,435	11,162
Equipment repairs and maintenance	17,500	5,500	23,000	21,578	1,422	18,561
Gas and oil	22,500	1,500	24,000	28,044	(4,044)	21,759
Utility/telephone	7,200	-	7,200	6,106	1,094	7,284
Dues and subscriptions	500	150	650	723	(73)	462
Transportation and contingency	15,000	2,500	17,500	16,350	1,150	17,676
Postage and miscellaneous	12,900	10,000	22,900	21,045	1,855	9,059
	1,059,000	(10,200)	1,048,800	1,034,373	14,427	1,022,809
Capital expenditures	33,000	7,000	40,000	50,226	(10,226)	32,606
Total Police	1,092,000	(3,200)	1,088,800	1,084,599	4,201	1,055,415

CITY OF LIVINGSTON, TEXAS
GENERAL FUND
SCHEDULE OF EXPENDITURES-BUDGET (GAAP BASIS) AND ACTUAL
FOR THE YEAR ENDED SEPTEMBER 30, 2004
WITH COMPARATIVE ACTUAL TOTALS FOR 2003

	Budgeted Amounts GAAP Basis				Variance With Final Budget Positive (Negative)	2003 Actual
	Original	Revisions	Final	Actual		
PAVING AND STREET DEPARTMENT						
Salaries	175,000	5,000	180,000	182,085	(2,085)	158,635
Salaries, administration	22,000	-	22,000	21,275	725	20,624
Social Security	15,075	275	15,350	15,506	(156)	13,656
Retirement	26,500	650	27,150	27,707	(557)	24,123
Employee insurance	33,600	(3,500)	30,100	30,061	39	24,515
Uniforms	3,100	-	3,100	2,819	281	2,532
Insurance and bonds	24,150	(2,650)	21,500	24,084	(2,584)	27,532
Supplies	20,000	(6,000)	14,000	15,670	(1,670)	14,706
Equipment repairs and maintenance	30,000	(5,000)	25,000	23,954	1,046	23,334
Gas and oil	14,000	3,500	17,500	21,440	(3,940)	15,056
Transit system	4,620	-	4,620	4,620	-	4,620
Transportation and contingency	1,800	200	2,000	1,797	203	4,446
	369,845	(7,525)	362,320	371,018		
Capital expenditures	187,500	457,700	645,200	592,830	(8,698)	333,779
	<u>557,345</u>	<u>450,175</u>	<u>1,007,520</u>	<u>963,848</u>	<u>52,370</u>	<u>333,779</u>
	<u>43,672</u>					
PARKS AND RECREATION DEPARTMENT						
Salaries	260,000	(60,000)	200,000	197,108	2,892	237,519
Salaries, administration	44,000	-	44,000	42,552	1,448	43,569
Social Security	23,275	(4,925)	18,350	18,234	116	19,018
Retirement	30,600	(9,250)	21,350	21,609	(259)	26,716
Employee insurance	45,150	(17,100)	28,050	26,482	1,568	31,514
Uniforms	4,660	(660)	4,000	3,447	553	4,114
Insurance and bonds	19,330	570	19,900	18,120	1,780	19,005
Advertising, hotel tax	53,500	91,500	145,000	144,931	69	134,640
Supplies	36,000	(2,500)	33,500	41,843	(8,343)	35,507
Repairs-building and grounds	7,000	6,000	13,000	22,542	(9,542)	23,800
Equipment repairs and maintenance	16,100	(3,100)	13,000	11,370	1,630	11,212
Gas and oil	25,600	11,750	37,350	37,980	(630)	26,325
Utility/telephone	9,650	50	9,700	8,880	820	9,596
Dues and subscriptions	750	-	750	703	47	706
Transportation and contingency	2,500	(500)	2,000	2,751	(751)	1,736
Programming costs	10,000	-	10,000	5,124	4,876	6,938
Postage and miscellaneous	6,300	(2,600)	3,700	2,909	791	4,119
	594,415	9,235	603,650	606,585	(2,935)	636,034
Capital expenditures	20,000	(14,500)	5,500	40,756	(35,256)	49,511
	<u>614,415</u>	<u>(5,265)</u>	<u>609,150</u>	<u>647,341</u>	<u>(38,191)</u>	<u>685,545</u>

CITY OF LIVINGSTON, TEXAS
GENERAL FUND
SCHEDULE OF EXPENDITURES-BUDGET (GAAP BASIS) AND ACTUAL
FOR THE YEAR ENDED SEPTEMBER 30, 2004
WITH COMPARATIVE ACTUAL TOTALS FOR 2003

	Budgeted Amounts GAAP Basis				Variance With Final Budget Positive (Negative)	2003 Actual
	Original	Revisions	Final	Actual		
LIBRARY DEPARTMENT						
Salaries	121,500	(6,500)	115,000	114,120	880	110,931
Salaries, administration	22,000	-	22,000	21,275	725	20,625
Social Security	11,000	(500)	10,500	10,307	193	10,006
Retirement	16,000	(500)	15,500	15,539	(39)	15,291
Employee insurance	19,200	(2,700)	16,500	17,179	(679)	16,119
Insurance and bonds	6,600	(500)	6,100	6,082	18	7,628
Supplies	10,000	(2,500)	7,500	6,373	1,127	7,654
Repairs-building and grounds	10,000	500	10,500	8,836	1,664	9,389
Equipment repairs and maintenance	2,500	-	2,500	2,714	(214)	2,761
Utility/telephone	4,700	(200)	4,500	4,070	430	4,420
Dues and subscriptions	2,400	200	2,600	2,867	(267)	2,403
Transportation and contingency	1,000	-	1,000	587	413	2,118
Postage and printing	2,600	(600)	2,000	1,441	559	2,633
	229,500	(13,300)	216,200	211,390	4,810	211,978
Memorial capital	5,000	-	5,000	13,657	(8,657)	10,174
Capital expenditures	6,000	-	6,000	5,534	466	6,085
Total Library	240,500	(13,300)	227,200	230,581	(3,381)	228,237
GARAGE DEPARTMENT						
Salaries	60,500	-	60,500	63,292	(2,792)	58,254
Salaries, administration	22,000	-	22,000	21,275	725	20,608
Social Security	6,325	(125)	6,200	6,419	(219)	5,975
Retirement	8,000	(250)	7,750	7,655	95	7,798
Employee insurance	9,250	(2,400)	6,850	7,618	(768)	8,135
Uniforms	1,100	(100)	1,000	663	337	842
Insurance and bonds	8,150	(850)	7,300	7,383	(83)	7,711
Supplies	7,500	-	7,500	5,150	2,350	7,359
Repairs-building and grounds	1,000	1,000	2,000	961	1,039	5,644
Equipment repairs and maintenance	3,500	-	3,500	4,091	(591)	2,589
Gas and oil	1,650	250	1,900	2,068	(168)	1,684
Utility/telephone	2,300	(300)	2,000	1,969	31	2,072
	131,275	(2,775)	128,500	128,544	(44)	128,671
Capital expenditures	1,000	-	1,000	1,431	(431)	24,121
Total Garage	132,275	(2,775)	129,500	129,975	(475)	152,792
TOTAL GENERAL EXPENDITURES	\$ 3,670,800	\$ 429,820	\$ 4,115,620	\$ 4,089,868	\$ 25,752	\$ 3,589,087

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DEBT SERVICE FUND

CITY OF LIVINGSTON, TEXAS
DEBT SERVICE FUND - COMPARATIVE BALANCE SHEET
SEPTEMBER 30, 2004 AND 2003

ASSETS

	2004	2003
Cash	\$ 71,335	\$ 68,957
Total Assets	<u>\$ 71,335</u>	<u>\$ 68,957</u>

FUND BALANCES

Reserve for debt service	<u>71,335</u>	<u>68,957</u>
Total Fund Balance	<u>\$ 71,335</u>	<u>\$ 68,957</u>

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CITY OF LIVINGSTON, TEXAS
DEBT SERVICE FUND
BUDGETARY COMPARISON SCHEDULE
FOR THE YEAR ENDED SEPTEMBER 30, 2004
WITH COMPARATIVE ACTUAL TOTALS FOR 2003

	Budgeted Amounts GAAP Basis			Actual	Variance with Final Budget Positive (Negative)	2003
	Original	Revisions	Final			
REVENUES						
Miscellaneous	30,000	-	30,000	25,601	(4,399)	43,546
Total Revenues	30,000	-	30,000	25,601	(4,399)	43,546
EXPENDITURES						
Debt service:						
Principal retirement	530,000	-	530,000	530,000	-	240,000
Interest	400,800	-	400,800	400,800	-	379,556
Total Expenditures	930,800	-	930,800	930,800	-	619,556
Excess (deficiency) of revenues over expenditures	(900,800)	-	(900,800)	(905,199)	(4,399)	(576,010)
OTHER FINANCING SOURCES (USES)						
Bonds Issued from refunding debt	\$ -	-	-	\$ -	-	1,600,000
Redemption of refunded bonds	-	-	-	-	-	(1,500,000)
Transfers In	930,800	-	930,800	907,577	(23,223)	481,622
Total other financing sources	930,800	-	930,800	907,577	(23,223)	581,622
Excess (deficiency) of revenues and other financing sources over expenditures and other uses	\$ 30,000	\$ -	\$ 30,000	2,378	(27,622)	5,612
Fund balances at beginning of year				68,957	-	63,345
Fund balance at end of year				\$ 71,335	\$ (27,622)	\$ 68,957

STREETS AND CAPITAL PROJECTS FUND

CITY OF LIVINGSTON, TEXAS
STREETS AND CAPITAL PROJECTS FUND - COMPARATIVE BALANCE SHEET
SEPTEMBER 30, 2004 AND 2003

ASSETS

	2004	2003
Cash	\$ 13,023	\$ 177,988
Certificates of deposit	<u>1,650,000</u>	<u>3,300,000</u>
Total Assets and Other Debits	<u>\$ 1,663,023</u>	<u>\$ 3,477,988</u>

LIABILITIES AND FUND BALANCES

Liabilities:		
Construction contracts payable	<u>396,016</u>	<u>256,593</u>
Total liabilities	<u>396,016</u>	<u>256,593</u>
Fund Balances:		
Reserved for:		
Capital projects	<u>1,267,007</u>	<u>3,221,395</u>
Total Fund Balances	<u>1,267,007</u>	<u>3,221,395</u>
Total Liabilities and Fund Balances	<u>\$ 1,663,023</u>	<u>\$ 3,477,988</u>

CITY OF LIVINGSTON, TEXAS
STREETS AND CAPITAL PROJECTS FUND
BUDGETARY COMPARISON SCHEDULE
FOR THE YEAR ENDED SEPTEMBER 30, 2004
WITH COMPARATIVE ACTUALS FOR 2003

	Budgeted Amounts GAAP Basis			Actual	Variance With Final Budget Positive (Negative)	2003
	Original	Revisions	Final			
EXPENDITURES						
Capital outlay:						
Streets	\$ 2,500,000	\$ (500,000)	\$ 2,000,000	\$ 1,954,388	\$ 45,612	\$ 1,776,084
Other projects						2,521
Total Expenditures	<u>2,500,000</u>	<u>(500,000)</u>	<u>2,000,000</u>	<u>1,954,388</u>	<u>45,612</u>	<u>1,778,605</u>
Excess (deficiency) of revenues over expenditures	<u>(2,500,000)</u>	<u>500,000</u>	<u>(2,000,000)</u>	<u>(1,954,388)</u>	<u>45,612</u>	<u>(1,778,605)</u>
OTHER FINANCING SOURCES						
Bond Issued						5,000,000
Total other financing sources	<u>—</u>	<u>—</u>	<u>—</u>	<u>—</u>	<u>—</u>	<u>5,000,000</u>
Excess of revenues and other financing sources over expenditures and other uses	<u>\$ (2,500,000)</u>	<u>\$ 500,000</u>	<u>\$ (2,000,000)</u>	<u>\$ (1,954,388)</u>	<u>\$ 45,612</u>	<u>\$ 3,221,395</u>
Fund balances at beginning of year				<u>3,221,395</u>		
Fund balances at end of year				<u>\$ 1,267,007</u>	<u>\$ 45,612</u>	<u>\$ 3,221,395</u>

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PROPRIETARY FUND

CITY OF LIVINGSTON, TEXAS
ELECTRIC, WATER AND SEWER FUND
COMPARATIVE STATEMENT OF NET ASSETS
SEPTEMBER 30, 2004 AND 2003

ASSETS	2004	2003
Current assets:		
Cash	\$ 1,125,107	\$ 304,459
Certificates of deposit	1,003,090	1,003,090
Restricted assets		
Cash in bank, water and sewer system improvements	119,537	116,097
Cash in bank, reserve fund	69,481	71,959
Receivables:		
Returned checks receivable	10,512	8,831
Utility accounts receivable	<u>1,041,963</u>	<u>1,121,625</u>
 Total Current Assets	 <u>3,369,690</u>	 <u>2,626,061</u>
 Capital assets:		
Land	505,880	505,880
Building and improvements	359,522	359,522
Equipment and fixtures	1,327,071	1,314,740
Electrical system	3,146,830	3,057,802
Water system	4,844,909	4,778,634
Sewer system	<u>6,637,746</u>	<u>6,565,136</u>
 Less accumulated depreciation	 <u>(4,975,310)</u>	 <u>(4,695,852)</u>
 Net property, plant and equipment	 <u>11,846,648</u>	 <u>11,885,862</u>
 Other assets:		
Water service contract rights	<u>460,000</u>	<u>520,000</u>
 Total Other Assets	 <u>460,000</u>	 <u>520,000</u>
 Total Assets	 <u>\$ 15,676,338</u>	 <u>\$ 15,031,923</u>

LIABILITIES	2004	2003
Current liabilities:		
Accounts payable	\$ 716,039	\$ 705,912
Meter deposits	294,238	302,208
Contracts payable-Trinity River Authority	60,000	60,000
Total current liabilities	<u>1,070,277</u>	<u>1,068,120</u>
Noncurrent liabilities:		
Contracts payable-Trinity River Authority	400,000	460,000
Total noncurrent liabilities	<u>400,000</u>	<u>460,000</u>
Total liabilities	<u>1,470,277</u>	<u>1,528,120</u>
NET ASSETS		
Invested in capital assets (net of related debt)	11,846,648	11,885,862
Restricted for water and sewer system improvements	119,537	153,574
Restricted for Trinity River Authority contracts payable	69,481	71,959
Unrestricted	<u>2,170,395</u>	<u>1,392,408</u>
Total net assets	<u>\$ 14,206,061</u>	<u>\$ 13,503,803</u>

CITY OF LIVINGSTON, TEXAS
COMPARATIVE STATEMENT OF REVENUES, EXPENSES AND CHANGES
IN FUND NET ASSETS
ELECTRIC, WATER, AND SEWER FUND
FOR THE YEARS ENDED SEPTEMBER 30, 2004 AND 2003

Business-Type Activities - Enterprise Fund

	2004	2003
<u>Operating revenues:</u>		
Charges for sales and services:		
Electricity sales	\$ 6,566,505	\$ 6,501,135
Water sales	1,511,548	1,515,587
Sewer service charges	1,080,740	1,050,653
Penalties, utilities	118,369	120,618
Water tapping fees	10,850	8,600
Sewer tapping fees	10,450	5,900
Recoveries, electrical	789,196	632,588
Recoveries, water	115,335	49,676
Revenue, night lights	65,579	66,688
Service fees	44,386	29,558
Total Operating Revenues	<u>10,312,958</u>	<u>9,981,003</u>
<u>Operating expenses:</u>		
Light and Power Department	7,220,031	7,077,947
Water Department	1,440,698	1,678,680
Sewer Department	366,328	369,602
Uncollectible accounts	71,784	76,508
Depreciation	279,458	275,776
Transfers Trinity River Authority	-	468,741
Total Operating Expenses	<u>9,378,299</u>	<u>9,947,254</u>
Operating Income	934,659	33,749
<u>Non-operating revenues:</u>		
Interest income	<u>14,790</u>	<u>21,190</u>
Income Before Transfers	949,449	54,939
Transfers Out	<u>(247,191)</u>	<u>(455,955)</u>
Change in net assets	702,258	(401,016)
Total net assets - beginning	<u>13,503,803</u>	<u>13,904,819</u>
Total net assets - ending	<u>\$ 14,206,061</u>	<u>\$ 13,503,803</u>

CITY OF LIVINGSTON, TEXAS
COMPARATIVE STATEMENT OF CASH FLOWS
ELECTRIC, WATER, AND SEWER FUND
FOR THE YEARS ENDED SEPTEMBER 30, 2004 AND 2003

Business-Type Activities - Enterprise Fund

	2004	2003
Cash flows from operating activities:		
Cash received from customers	\$ 10,320,836	\$ 9,923,695
Cash payments to suppliers for goods and services	(7,852,146)	(8,283,596)
Cash payments to employees for services	(1,174,435)	(1,198,523)
Net cash provided by operating activities	<u>1,294,255</u>	<u>441,576</u>
Cash flows from noncapital financing activities:		
Transfers to other funds	(247,191)	(455,955)
Net cash used for noncapital financing activities	<u>(247,191)</u>	<u>(455,955)</u>
Cash flows from capital and related financing activities:		
Acquisition of capital assets	(240,244)	(304,032)
Net cash used for capital and related financing activities	<u>(240,244)</u>	<u>(304,032)</u>
Cash flows from investing activities:		
Interest on cash and investments	<u>14,790</u>	<u>21,190</u>
Net cash provided by investing activities	<u>14,790</u>	<u>21,190</u>
NET CHANGE IN CASH AND CASH EQUIVALENTS	821,610	(297,221)
CASH AND CASH EQUIVALENTS AT BEGINNING OF YEAR	492,515	789,736
CASH AND CASH EQUIVALENTS AT END OF YEAR	<u>\$ 1,314,125</u>	<u>\$ 492,515</u>

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CITY OF LIVINGSTON, TEXAS
STATEMENT OF CASH FLOWS
ELECTRIC, WATER, AND SEWER FUNDS
FOR THE YEARS ENDED SEPTEMBER 30, 2004 AND 2003

Business-Type Activities - Enterprise Fund

	2004	2003
Reconciliation of income from operations to net cash provided by operating activities:		
Income from operations	\$ 934,659	\$ 33,749
Adjustments to reconcile operating net income to net cash provided by operating activities:		
Depreciation	279,458	275,776
Change in operating assets and liabilities:		
Returned checks receivable	(1,681)	(1,876)
Utility accounts receivable	79,662	21,076
Accounts payable	10,127	111,416
Meter deposits	<u>(7,970)</u>	<u>1,435</u>
Total adjustments	<u>359,596</u>	<u>407,827</u>
Net cash provided by operating activities	<u>\$ 1,294,255</u>	<u>\$ 441,576</u>
Reconciliation of total cash and cash investments		
Unrestricted	\$ 1,125,107	\$ 304,459
Restricted		
Cash in bank, water and sewer system improvements	119,537	116,097
Cash in bank, reserve fund	<u>69,481</u>	<u>71,959</u>
Total cash and cash equivalents	<u>\$ 1,314,125</u>	<u>\$ 492,515</u>

ENTERPRISE FUND

**CITY OF LIVINGSTON, TEXAS
ENTERPRISE FUND**

**SCHEDULE OF EXPENSES BY DEPARTMENT - COMPARED TO BUDGET
FOR THE YEAR ENDED SEPTEMBER 30, 2004**

WITH COMPARATIVE ACTUAL AMOUNTS FOR THE YEAR ENDED SEPTEMBER 30, 2003

	2004				2003	
	Original Budget	Revisions	Final	Actual	Variance	Actual
LIGHT AND POWER DEPARTMENT						
Salaries	\$ 435,000	\$ -	\$ 435,000	\$ 425,099	\$ 9,901	\$ 432,690
Salaries, administration	22,000	-	22,000	21,275	725	20,489
Social Security	35,900	(900)	35,000	34,097	903	34,611
Retirement	65,100	1,900	67,000	66,574	426	68,225
Employee insurance	63,000	(13,000)	50,000	49,902	98	59,051
Uniform rental	4,400	(400)	4,000	3,335	665	4,056
Insurance and bonds	18,000	(1,150)	16,850	20,692	(3,842)	17,055
Legal and professional	2,500	-	2,500	2,375	125	779
Engineering	2,500	1,000	3,500	2,943	557	599
Supplies	50,000	(5,000)	45,000	27,939	17,061	46,197
Repairs-building and grounds and equipment	15,000	-	15,000	19,597	(4,597)	12,983
Gas and oil	8,500	2,500	11,000	12,522	(1,522)	9,320
Utility/telephone	4,400	-	4,400	3,879	521	4,394
Dues and subscriptions	5,000	-	5,000	420	4,580	5,870
Power purchase	6,420,000	55,000	6,475,000	6,491,116	(16,116)	6,333,920
Transportation and contingency	7,500	5,000	12,500	15,030	(2,530)	6,842
Utility billing	10,000	-	10,000	8,448	1,552	8,188
Postage and miscellaneous	11,500	(1,500)	10,000	9,121	879	9,678
Auditing and accounting	4,000	1,667	5,667	5,667	-	3,000
Total Light and Power	7,184,300	45,117	7,229,417	7,220,031	9,386	7,077,947
WATER DEPARTMENT						
Salaries	270,000	(5,000)	265,000	254,579	10,421	265,937
Salaries - administration	22,000	-	22,000	21,276	724	20,789
Social Security	22,350	(700)	21,650	21,052	598	21,865
Retirement	39,500	1,300	40,800	40,732	68	41,985
Employee insurance	50,100	(50)	50,050	47,687	2,363	40,411
Uniform rental	4,300	(800)	3,500	2,958	542	3,727
Insurance and bonds	18,000	(1,500)	16,500	16,626	(126)	16,858
Legal and professional	6,000	(3,500)	2,500	-	2,500	3,241
Supplies	65,500	-	65,500	39,087	26,413	70,967
Repairs-building and grounds	5,000	-	5,000	6,429	(1,429)	5,018
Repairs-equipment	20,000	5,000	25,000	17,276	7,724	28,091
Gas and oil	6,500	1,000	7,500	8,198	(698)	6,252
Engineering	4,000	1,000	5,000	4,953	47	2,782
Dues and subscriptions	3,500	-	3,500	3,107	393	3,363
Water-TRA	58,400	-	58,400	58,400	-	58,400
Operations and maintenance-TRA	722,010	37,990	760,000	759,863	137	762,097
Transportation and contingency	13,725	(625)	13,100	12,901	199	11,321
Utility billing	10,000	-	10,000	8,185	1,815	8,189
Postage and printing	10,000	1,000	11,000	9,166	1,834	9,686
TRA-debt service	81,760	20,790	102,550	102,556	(6)	294,701
Auditing and accounting	4,000	1,667	5,667	5,667	-	3,000
Total Water	1,436,645	57,572	1,494,217	1,440,698	53,519	1,678,680

**CITY OF LIVINGSTON, TEXAS
ENTERPRISE FUND**

**SCHEDULE OF EXPENSES BY DEPARTMENT - COMPARED TO BUDGET
FOR THE YEAR ENDED SEPTEMBER 30, 2004**

WITH COMPARATIVE ACTUAL AMOUNTS FOR THE YEAR ENDED SEPTEMBER 30, 2003

	2004				2003	
	Original Budget	Revisions	Final	Actual	Variance	Actual
SEWER DEPARTMENT						
Salaries	125,000	10,000	135,000	126,968	8,032	128,433
Salaries, administration	22,000	-	22,000	21,276	724	20,460
Social Security	11,250	550	11,800	11,290	510	11,344
Retirement	17,000	(1,500)	15,500	15,560	(60)	15,610
Employee insurance	21,800	(3,800)	18,000	17,069	931	16,623
Uniform rental	1,500	(400)	1,100	1,170	(70)	854
Insurance and bonds	6,825	(1,025)	5,800	5,887	(87)	6,331
Lab fees-engineering	10,000	(2,500)	7,500	6,850	650	8,001
Supplies	25,000	2,500	27,500	27,080	420	27,661
Chemicals	17,000	8,000	25,000	27,343	(2,343)	21,432
Legal/professional	1,500	-	1,500	610	890	1,177
Repairs-equipment	35,000	(10,000)	25,000	22,546	2,454	32,670
Repairs-building and grounds	2,500	(500)	2,000	224	1,776	1,130
Gas and oil	9,500	1,500	11,000	11,495	(495)	9,203
Dues and subscriptions	14,000	(1,000)	13,000	12,075	925	12,110
Transportation and contingency	46,000	14,000	60,000	51,081	8,919	48,302
Utilities and telephone	8,300	300	8,600	7,804	796	8,261
Total Sewer	<u>374,175</u>	<u>16,125</u>	<u>390,300</u>	<u>366,328</u>	<u>23,972</u>	<u>369,602</u>
TOTAL ENTERPRISE FUND DEPARTMENT EXPENDITURES	<u>\$ 8,995,120</u>	<u>\$ 118,814</u>	<u>\$ 9,113,934</u>	<u>\$ 9,027,057</u>	<u>\$ 86,877</u>	<u>\$ 9,126,229</u>

STATISTICAL SECTION

MULTI-YEAR AND OTHER FINANCIAL AND DEMOGRAPHIC INFORMATION

TABLE I

CITY OF LIVINGSTON, TEXAS
GOVERNMENTAL FUND TYPES - EXPENDITURES BY FUNCTION
GENERAL FUND
Last Ten Fiscal Years

Fiscal Year	Administrative	Sanitation	Fire	Police	Paving and Street	Parks and Recreation	Library	Garage	Total
1994-95	\$ 149,335	\$ 413,395	\$ 207,237	\$ 815,203	\$ 623,708	\$ 373,272	\$ 281,516	\$ 93,742	\$ 2,957,408
1995-96	191,172	388,895	232,722	727,752	507,497	380,093	260,259	103,620	2,792,010
1996-97	235,916	406,760	348,188	754,343	499,346	372,469	217,549	107,676	2,942,247
1997-98	231,376	415,322	237,263	912,467	611,547	698,218	198,162	105,701	3,410,056
1998-99	211,259	394,160	273,657	858,558	561,299	895,893	211,570	112,136	3,518,532
1999-00	185,542	427,658	317,288	925,680	568,984	767,938	196,052	114,547	3,503,689
2000-01	185,567	460,487	279,783	923,481	689,612	1,005,060	251,299	123,676	3,918,965
2001-02	219,570	481,974	290,064	1,009,301	629,290	603,608	210,043	122,338	3,566,188
2002-03	335,176	489,056	309,087	1,055,415	333,779	685,545	228,237	152,792	3,589,087
2003-04	251,405	508,272	273,847	1,084,599	963,848	647,341	230,581	129,975	4,089,868

CITY OF LIVINGSTON, TEXAS
GOVERNMENTAL FUND TYPES - REVENUES BY SOURCE
GENERAL FUND
Last Ten Fiscal Years

TABLE II

Fiscal Year	Taxes	Penalties and Interest-Taxes	Corporation Court	Licenses and Permits	Revenue Sharing Recoveries-Miscellaneous and Memorials					
						Sanitation	Paving Assessments	Green Fees	Interest Income	Total
1994-95	\$ 1,760,553	\$ 1,099	\$ 62,756	\$ 29,673	\$ 198,996	\$ 385,084	\$ -	\$ 89,423	\$ 12,080	\$ 2,539,664
1995-96	1,846,584	879	67,907	29,817	244,406	402,181	-	88,500	20,577	2,700,851
1996-97	1,884,897	177	94,154	38,587	163,660	411,199	-	89,068	17,007	2,698,749
1997-98	2,032,178	137	164,329	105,532	267,437 (1)	424,587	25,209	77,625	28,256	3,125,290
1998-99	2,094,859	98	103,441	98,402	326,361 (2)	430,400	7,844	26,236	12,405	3,100,046
1999-00	2,253,955	148	130,154	65,372	467,334	496,638	3,532	12,000	8,298	3,437,431
2000-01	2,225,137	79	156,830	61,645	657,527 (3)	544,196	-	12,000	14,307	3,671,721
2001-02	2,439,840	94	152,717	39,422	437,909 (4)	612,865	15,854	12,000	9,520	3,720,221
2002-03	2,441,569	64	167,862	70,903	500,625 (5)	669,434	275	12,000	21,134	3,883,866
2003-04	2,595,882	-	174,479	68,620	1,091,353 (6)	697,919	616	12,000	17,544	4,658,413

(1) Includes a Law Enforcement Block Grant of \$44,670.
 (2) Includes a Law Enforcement Block Grant of \$93,317.
 (3) Includes a Texas Community Block Grant of \$225,234.
 (4) Includes a Law Enforcement Block Grant of \$71,340.
 (5) Includes a Law Enforcement Block Grant of \$59,721.
 (6) Includes a Texas Community Block Grant of \$404,418

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

TABLE III

Fiscal Year	Total Tax Levy	Current Tax Collections	Percent of Levy Collected	Delinquent Tax Collections	Total Tax Collections	Total Collections as Percent of Current Levy	Adjustment	Outstanding Delinquent Taxes	Outstanding Delinquent as a Percent of Total Tax Levy
1994-95	N/A	N/A	N/A	895	895	N/A	(90)	4,251	N/A
1995-96	N/A	N/A	N/A	607	607	N/A	(648)	2,996	N/A
1996-97	N/A	N/A	N/A	118	118	N/A	(116)	2,762	N/A
1997-98	N/A	N/A	N/A	81	81	N/A	(378)	2,303	N/A
1998-99	N/A	N/A	N/A	61	61	N/A	(102)	2,140	N/A
1999-00	N/A	N/A	N/A	15	15	N/A	(103)	2,022	N/A
2000-01	N/A	N/A	N/A	42	42	N/A	(2)	2,101	N/A
2001-02	N/A	N/A	N/A	-	-	N/A	-	2,101	N/A
2002-03	N/A	N/A	N/A	64	64	N/A	64	2,101	N/A
2003-04	N/A	N/A	N/A	-	-	N/A	(2,101)	-	N/A

* City discontinued levying property taxes in fiscal 1989.

TABLE IV

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

Tax Year	Real Property (1)		Personal (1)		Total Property		Ratio of Total Assessed to Total Estimated Actual Value
	Assessed Value	Estimated Actual Value	Assessed Value	Estimated Actual Value	Assessed Value	Estimated Actual Value	
1994	\$ 114,861,745	\$ 114,861,745	\$ 35,875,266	\$ 35,875,266	\$ 150,737,011	\$ 150,737,011	100%
1995	117,567,072	117,567,072	37,783,162	37,783,162	155,350,234	155,350,234	100%
1996	118,034,298	118,034,298	38,380,088	38,380,088	156,414,386	156,414,386	100%
1997	119,445,405	119,445,405	37,740,370	37,740,370	157,185,775	157,185,775	100%
1998	126,456,776	126,456,776	41,871,715	41,871,715	168,328,491	168,328,491	100%
1999	139,390,979	139,390,979	45,102,762	45,102,762	184,493,741	184,493,741	100%
2000	159,938,722	159,938,722	34,434,642	34,434,642	194,373,364	194,373,364	100%
2001	157,870,532	157,870,532	44,505,537	44,505,537	202,376,069	202,376,069	100%
2002	161,310,608	161,310,608	46,660,580	46,660,580	207,971,188	207,971,188	100%
2003	164,961,394	164,961,394	46,719,165	46,719,165	211,680,559	211,680,559	100%

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

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	County Education District	Total
1994	.00	1.4448	0.5385	-	1.9833
1995	.00	1.4353	0.5385	-	1.9738
1996	.00	1.4700	0.5385	-	2.0085
1997	.00	1.4700	0.5089	-	1.9789
1998	.00	1.4700	0.5089	-	1.9789
1999	.00	1.4700	0.5550	-	2.0250
2000	.00	1.4900	0.5550	-	2.0450
2001	.00	1.5125	0.5550	-	2.0675
2002	.00	1.5525	0.5550	-	2.1075
2003	.00	1.5525	0.5550	-	2.1075

TAX LEVIES

County Fiscal Year	City General Fund	School District	County	County Education District	Total
1994	-	7,125,068	5,639,408	-	12,764,476
1995	-	7,267,264	6,206,168	-	13,473,432
1996	-	7,564,488	6,655,908	-	14,220,396
1997	-	7,427,105	7,486,725	-	14,913,830
1998	-	7,990,692	7,551,913	-	15,542,605
1999	-	8,521,628	7,872,215	-	16,393,843
2000	-	9,480,087	8,262,508	-	17,742,595
2001	-	10,143,543	8,937,795	-	19,081,338
2002	-	11,460,192	8,938,961	-	20,399,153
2003	-	11,099,615	9,223,803	-	20,323,418

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

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

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

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

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TABLE VI

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	Net Bonded Debt	Ratio of Net Bonded Debt to Assessed Value	Net Bonded Debt Per Capita
1994-95	5,019 (2)	\$ 150,737,011	\$ -	\$ 182,037	\$ -	\$ -	\$ -
1995-96	5,019	155,350,234	-	75,537	-	-	-
1996-97	5,019	156,414,386	-	158,007	-	-	-
1997-98	5,019	157,185,775	-	136,476	-	-	-
1998-99	5,019	168,328,491	-	142,299	-	-	-
1999-00	5,019	184,493,741	-	151,159	-	-	-
2000-01	5,433 (4)	194,373,364	-	60,326	-	-	-
2001-02	5,433	202,376,069	-	63,345	-	-	-
2002-03	5,433	207,971,188	-	68,957	-	-	-
2003-04	5,433	211,680,559	-	71,335	-	-	-

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

(2) U.S. Census 1990

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

(4) U.S. Census 2000

CITY OF LIVINGSTON, TEXAS
COMPUTATION OF LEGAL DEBT MARGIN
September 30, 2004

Assessed value, year 2003	<u>\$ 211,680,559</u>
Debt Limit - Ten Percent of assessed value	21,168,056
Amount of Debt Applicable to Debt Limit:	
General Obligation bonds	1,230,000
Other debt (certificates of obligation)	7,770,000
Total bonded debt	<u>9,000,000</u>
Less: Assets in debt service fund	71,335
Total amount of debt applicable to debt limit	<u>8,928,665</u>
Legal debt margin	<u>\$ 12,239,391</u>

TABLE VIII

CITY OF LIVINGSTON, TEXAS
COMPUTATION OF DIRECT AND OVERLAPPING DEBT
September 30, 2004

	Outstanding Debt	Percentage Applicable to This Governmental Unit	City of Livingston's Share of Debt
City of Livingston	\$ -	100%	\$ -
(1) Livingston Independent School District	11,000,600	20%	2,200,120
(2) County of Polk	7,176,000	13%	<u>932,880</u>
Total direct and overlapping debt			<u>\$ 3,133,000</u>

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

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

CITY OF LIVINGSTON, TEXAS
RATIO OF ANNUAL DEBT SERVICE EXPENDITURES FOR
GENERAL BONDED DEBT TO TOTAL GENERAL EXPENDITURES
Last Ten Fiscal Years

Fiscal Year	Principal	Interest	Service	Expenditures	Ratio
1994-95	\$ 455,000	\$ 265,205	\$ 720,205	\$ 2,957,408	24.35%
1995-96	465,000	234,222	699,222	2,792,010	25.04%
1996-97	495,000	281,524	776,524	2,942,247	26.39%
1997-98	550,000	354,249	904,249	3,410,056	26.52%
1998-99	155,000	315,999	470,999	3,518,532	13.39%
1999-00	165,000	304,029	469,029	3,503,689	13.39%
2000-01	175,000	292,623	467,623	3,918,965	11.93%
2001-02	190,000	282,348	472,348	3,566,188	13.25%
2002-03	1,740,000	379,555	2,119,555	3,589,087	59.06%
2003-04	530,000	400,800	930,800	4,089,868	22.76%

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TABLE X

CITY OF LIVINGSTON, TEXAS
SCHEDULE OF REVENUE BOND COVERAGE
Last Ten Fiscal Years

Fiscal Year	Revenue	Expenses	Net Revenue Available for Debt Service	Payments			Coverage
				Principal	Interest	Total	
1994-95	\$ 9,500,997	\$ 8,407,359	\$ 1,093,638	\$ 60,000	\$ 10,926	\$ 70,926	6.49%
1995-96	9,800,222	8,825,456	974,766	65,000	7,476	72,476	7.44%
1996-97	9,514,145	8,964,294	549,851	65,000	3,738	68,738	12.50%
1997-98	10,210,501	9,540,044	670,457	-	-	-	-
1998-99	9,990,474	8,913,845	1,076,629	-	-	-	-
1999-00	9,173,946	8,530,379	643,567	-	-	-	-
2000-01	9,141,622	8,526,302	615,320	-	-	-	-
2001-02	9,028,927	8,536,139	492,788	-	-	-	-
2002-03	9,981,003	9,947,254	33,749	-	-	-	-
2003-04	10,312,958	9,378,299	934,659	-	-	-	-

CITY OF LIVINGSTON, TEXAS
SCHEDULE OF PROPERTY VALUE, NEW CONSTRUCTION AND
BANK DEPOSITS
Last Ten Fiscal Years

Fiscal Year	Property Value (1)	New Construction (2)	Bank Deposits (3)
1994-95	\$ 150,737,011	\$ 2,402,120	\$ 286,405,343
1995-96	155,350,234	2,685,387	295,104,243
1996-97	156,414,386	5,577,248	319,806,269
1997-98	157,185,775	29,232,177	330,981,945
1998-99	168,328,491	24,490,855	325,326,475
1999-00	184,493,741	12,153,172	323,746,209
2000-01	194,373,364	11,048,163	333,833,223
2001-02	202,376,069	5,116,568	336,534,504
2002-03	207,971,188	12,679,771	407,753,133
2003-04	211,680,559	9,014,210	407,495,224

Above information obtained from the following sources:

- (1) Polk County Assessor/Collector's Office
- (2) Building permits issued by the City of Livingston
- (3) First State Bank of Livingston, First National Bank of Livingston, and People's State Bank of Livingston.

CITY OF LIVINGSTON, TEXAS**TABLE XII
(Pages 120-125)****MISCELLANEOUS STATISTICAL DATA - UNAUDITED**

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

INCORPORATED AREA IN ACRES LAST TEN YEARS

1995	5,331	2000	5,352
1996	5,331	2001	5,440
1997	5,331	2002	5,440
1998	5,346	2003	5,440
1999	5,346	2004	5,451

TRANSPORTATION FACILITIES**Streets**

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

Highways

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

Railways

Union Pacific RR Company

Municipal Airport

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

WATER AND SANITATION FACILITIES**Water Mains**

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

Water Pumpage

Present requirements 1,800,000
gallons per day

Water Storage

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

Sewer Lines

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

MISCELLANEOUS STATISTICAL DATA - UNAUDITED**STREET LIGHTING**

<u>High Pressure Sodium and Mercury Vapor Street Lights</u>	<u>Night Lights</u>
697	453

PERSONNEL

<u>Department</u>	<u>Number of Employees</u>	<u>Employees Statistics</u>	
		<u>Years of Service</u>	<u>Number of Employees</u>
Administrative	9	31	2
Electric	7	20-30	12
Water	8	15-19	7
Sewer	3	10-14	10
Police	22	6-9	10
Street	7	1-5	23
Parks and Recreational	5	Less than (one) 1 year	6
Library	4		
Garage	2		<u>70</u>
Janitorial	0		
Fire	1		
Trade Days	2		
Total	<u>70</u>		

PERSONNEL POLICY PROVISIONS

Cost of Living Salary Adjustment
 Merit System (all employees)
 Vacation (Two weeks after one year)
 (Three weeks after 10 years)
 (Four weeks after 20 years)
 Sick leave (Ten days) with 30 days accrual
 Paid Holidays (Nine)
 Emergency Leave (3)

Earned personal leave days (Two)
 Insurance Benefits - employees and
 dependents (hospitalization and life
 insurance, dental and prescription
 cards)
 Retirement Benefits
 Social Security
 Volunteer Program (MVP)
 Sick Leave Pool

CITY OF LIVINGSTON, TEXAS

TABLE XII
(Pages 120-125)

MISCELLANEOUS STATISTICAL DATA - UNAUDITED

TEN LARGEST TAXPAYERS, 2003 ASSESSED VALUES

<u>(*) Name</u>	<u>Assessed Value</u>	<u>Percent of Total</u>	<u>Type of Business</u>
Wal-Mart Stores	\$ 15,437,016	7.29%	Retail Store
MBF Investments LLC	3,638,130	1.72%	Auto Dealership
Lowe's	3,510,787	1.66%	Retail Store
Livingston Shopping Center, Ltd.	3,061,274	1.45%	Retail Store
Eastex Telephone Corporation	2,467,600	1.17%	Utility
First State Bank	2,284,923	1.08%	Commercial Bank
Bounds Chevrolet/Dodge	2,230,569	1.05%	Auto Dealership
Brookshire Brothers	1,821,547	0.86%	Retail Store
East Texas Asphalt	1,394,110	0.66%	Contractor
First National Bank	<u>1,294,244</u>	<u>0.61%</u>	Commercial Bank
	<u>\$ 37,140,200</u>	<u>17.55%</u>	

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

POLICE PROTECTION

Personnel

One (1) Chief
One (1) Sergeant
Two (2) Corporals
Two (2) Detectives
Six (6) Officers
Five (5) Reserve Officers
Four (4) Telecommunication Operators
Two (2) Relief Telecommunication Operators
One (1) Animal Control
Two (2) School Officers

One (1) Municipal Court Judge
One (1) Secretary/Comm. Spv
One (1) Corporation Clerk
One (1) Records Clerk
One (1) Associate Municipal Court Judge

Equipment

Nine (9) Patrol Units
Four (4) Radars
Radio Communication System
Computer System

Traffic and Criminal Violations

\$193,563 fines collected
2,241 violations

FIRE PROTECTION

Personnel

One (1) Fire Chief
Thirty-seven (37) volunteer firemen
Four (4) radio dispatchers - full time and standby
One (1) secretary
Equipment
Four (4) pumbers (1-1000 GPM; 2-1250 GPM; 1-750 GPM)
One (1) aerial ladder truck (1750 GPM)
Two (2) tankers (3000 gal. capacity)
One (1) Haz-Mat/Command truck
Two (2) rescue boats and equipment
Radio communication system including 50 mobile units,
dispatch module and 6 remotes
"Jaws" of life (3 sets) - set of air bags
Water rescue equipment
Trench rescue equipment
Rope rescue equipment
Thermal imager

Housing

Fire Station constructed in June, 1974, Cost - \$14,500. Remodeled in 1992 at a cost of \$175,000 to include 8-truck bays, two offices, work and classroom. Developing plans to relocate a substation on west side of railroad tracks.

Fire Hall and Training Field located on U.S. 190 West; only modern fire-fighting training facility in 90 mile radius.

5-bay fire substation constructed in 1996 at a cost of \$200,000 located at Feagin and Beatty.

CITY OF LIVINGSTON, TEXAS

MISCELLANEOUS STATISTICAL DATA - UNAUDITED

FIRE PROTECTION (CONTINUED)

<u>Equipment</u>		<u>Total Fire Calls</u>
One (1) utility vehicle	50 gallons Micro Blaze	2002-2003 - 488 fire calls
Two (2) Grass/brush fire trucks	40 self-contained air packs	
One (1) Heavy Rescue	6 generators	<u>Present Projects</u>
1-6 Bottle cascade system-light tower	8 entry saws	Improving hazardous
1-8 Bottle cascade system	Hazardous material equipment	materials response unit
300 gallons AFFF Foam	3 Ventilation saws	Fire safety trailer and
200 gallons Forestry Foam	2 Metal cutoff saws	Fire Clown for Fire
	3 450G PM Float Pumps	Prevention Programs

POPULATION INFORMATION

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

ENTERPRISES AS OF SEPTEMBER 30, 2004

(1) Entex Incorporated	Gas Utility	Active Customers 1,396 Inactive Customers 129
(1) Cox Communications	Television Cable	Customers 1,209
(1) Livingston Telephone Co.	Telephone System	Access Lines - 4,463
(1) Telcom Supply	Television Cable	Customers 401
City of Livingston	Electric & Water Systems	Electric Customers 3,238 Water Customers 3,143

(1) Information provided by individual corporate offices

CITY ELECTRIC DEPARTMENT STATISTICS (LAST TEN YEARS)

Year	Number of Customers	KWH Consumed		Total
		Residential	Commercial	
1995	2,992	26,491,720	45,936,861	72,428,581
1996	3,023	27,601,629	47,378,799	74,980,428
1997	3,097	27,731,564	46,934,409	74,665,973
1998	3,174	29,997,586	50,716,635	80,714,221
1999	3,181	27,857,061	46,976,625	74,833,686
2000	3,176	29,645,524	43,117,915	72,763,439
2001	3,170	29,378,803	43,067,743	72,446,546
2002	3,232	28,769,229	48,636,624	77,405,853
2003	3,221	29,146,576	49,115,934	78,262,510
2004	3,238	29,229,573	51,046,854	80,276,427

CITY OF LIVINGSTON, TEXAS

TABLE XII
(Pages 120-125)

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

1994-95	\$ 1,667,637
1995-96	1,754,884
1996-97	1,787,861
1997-98	1,924,875
1998-99	1,977,188
1999-00	2,105,743
2000-01	2,040,731
2001-02	2,189,216
2002-03	2,199,629
2003-04	2,324,945

WATER DEPARTMENT STATISTICS (LAST TEN YEARS)

Year	Gallons Consumed *	Gallons Pumped
1994	364,591,800	423,035,000
1995	381,528,900	492,204,000
1996	422,429,500	569,294,000
1997	449,217,000	540,276,000
1998	466,494,000	584,327,000
1999	452,107,000	531,334,000
2000	546,414,000	593,900,000
2001	489,934,000	602,301,000
2002	468,703,000	580,397,000
2003	479,796,400	613,309,000

* Water consumption at municipally-owned facilities not included.

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

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

Public School Administrative Personnel

Superintendent - One (1)
 Asst. Superintendent - Three (3)
 Principals - Five (5)
 Asst. Principals - Seven (7)
 Counselors - Nine (9)
 Directors of Special Prog./Curriculum - Five (5)

Public School Miscellaneous Data

Teachers - 276 Certified
 77 Aides Para Professional
 201 Auxiliary
 Average Daily Attendance - 4,071 Inclusive

Private

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

* Information provided by Livingston Independent School District Business Office.

CITY OF LIVINGSTON, TEXAS

TABLE XII
(Pages 120-125)

MISCELLANEOUS STATISTICAL DATA - UNAUDITED

CULTURAL AND RECREATIONAL ACTIVITIES

Barney Wiggins Fairgrounds

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

Matthews Park

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

Youth Center - South Washington

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

Murphy Memorial Library

Located 601 West Church Street, Constructed
in 1967. Construction Value \$120,000. Staff-
Professional Librarian, Three (3) Assistants,
One (1) Aide, Janitorial help.
Volumes; 2004 - 23,383

Joe Pedigo City Park

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

ELECTION INFORMATION

* Number of registered voters in County	40,101
* Number voting in last general election	21,030
Number of registered voters in City	3,584
** Number voting in last Municipal election	568
Percentage of voters voting:	
Last general election (County)	52.4%
** Last Municipal election (Municipal)	15.8%

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

** Information provided by City of Livingston.

CITY OF LIVINGSTON, TEXAS
STATISTICAL INFORMATION UPDATE
For the Year Ended September 30, 2004

<u>Name</u>	<u>Title</u>	<u>Amount of Surety Bond</u>
Ben R. Ogletree, Jr.	Mayor	\$ 25,000
Bill Watson	Mayor Pro-tem	25,000
Gene Bush	Alderman	25,000
Ray Hill	Alderman	25,000
Clarke Evans	Alderman	25,000
Sam Gordon	City Manager	25,000
Marilyn Sutton	City Secretary	25,000

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