

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

**FISCAL YEAR  
OCTOBER 1, 2004 - SEPTEMBER 30, 2005  
ISSUED BY: FINANCE DEPARTMENT  
MARILYN SUTTON**

**CITY OF LIVINGSTON, TEXAS**  
**COMPREHENSIVE ANNUAL FINANCIAL REPORT**  
**SEPTEMBER 30, 2005**

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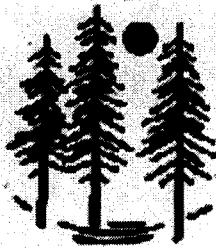
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# City of Livingston, Texas

200 West Church Street, Livingston, Texas 77351-3281  
Telephone: (936) 327-1311 Fax: (936) 327-7608  
[www.cityoflivingston-tx.com](http://www.cityoflivingston-tx.com)

November 16, 2005

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, 2005 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

Marilyn Sutton, City Manager

Irene Nicks, City Secretary

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

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

#### Services Provided

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

#### Accounting Systems and Budgetary Control

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

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

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

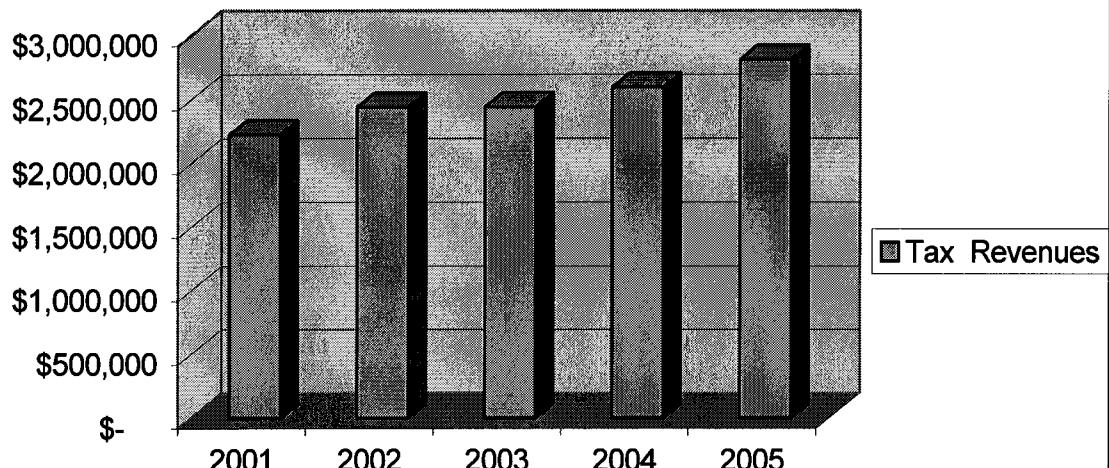
All internal control evaluations occur within the above framework. We believe that the City's internal accounting controls adequately safeguard assets and provide reasonable assurance of proper recording of financial transactions.

In accordance with the State Laws of Texas, the City has formally established budgetary accounting control for its operating funds. Budgetary control is maintained at the 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

While 2005 was a challenging year for the community with Hurricane Rita's arrival, during fiscal year 2004-2005 Livingston and Polk County continued to see positive economic conditions and experienced significant growth. Sales tax receipts, a major indicator of the economic condition of the area, increased from \$2,325,000 in 2003-2004 to \$2,544,000 an increase of \$219,000 or 9.4%, due, in great part 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 approximately \$17,000,000 from \$212,000,000 to \$229,000,000 or approximately, 8.0%. Electric kWh sales increased from 78,477,670 kWh in 2003-2004 fiscal year to 81,073,978 kWh, an increase of 3.3%. Water usage also increased over last year by approximately 4.1%. Total water pumped during the fiscal year 2004-2005 totaled 639,102,000 gallons, up from 613,699,000 gallons in fiscal year 2003-2004. The Texas Department of Criminal Justice Polunsky Unit, located on FM 350 South, continued as the City's leading water and wastewater user consuming 214,696,000 gallons of water, or 42% of the City's total annual water consumption, and generating \$338,000 in annual water revenue and \$264,000 in annual sewer revenue.

The Livingston-Polk County area continues to draw a great deal of interest from major retail companies looking to relocate or expand into new areas. Tractor Supply has recently completed negotiations for a site located on US 190 just west of Long King Creek with construction of a new 30,000 square foot building to open in 2006. Renovation of an existing retail strip shopping center located at US 59 and US 190 was completed during the past year with several new tenants including the UPS Store and Little Caesar's Pizza opening in 2005. Plans are for a Radio Shack and Hibbett Sports to open during 2006. The construction of the new HEB fueling station and renovation of the HEB grocery store are also continuing at this location.

### Future Economic Outlook

Additional local development projects along Highway 190, such as First National Bank of Livingston's new corporate office headquarters and an insurance company office are under construction with announcements of additional major retail projects expected in early, 2006.

Construction is also continuing along the US 59 bypass with a Hampton Inn suite-hotel scheduled to open in January, 2006 and Memorial Medical Center's \$30,000,000 5-story tower hospital facility expansion project currently underway. Several new medical office buildings have opened in the past year in the medical campus subdivision located on the US 59 bypass including a new pediatric clinic, mental health and mental retardation clinic, and internal medicine clinic. Plans have also been submitted for a new 14,000 square foot medical office building located in West Park subdivision just south of the hospital on the US 59 bypass.

Corplan, a private detention facility developer, is completing construction on the 500 bed detention facility located on FM 350 South adjacent to the existing Texas Department of Corrections Polunsky Unit. This facility, which will create 150 new jobs, is scheduled to open early in 2006. The City has entered into an interlocal agreement with Polk County to provide water and wastewater services to the facility, with anticipated annual revenues to the City of \$60,000 to \$75,000, based on usage projections from the developer.

Recently plans have been submitted for a new 36-unit multi-family residential apartment complex to be located on SH 146 South and the Polk County Habitat for Humanity organization is developing plans for several new homes in the proposed "Cochran's Crossing" subdivision located south of West Street between Beatty Street and Bluebird Street. This is a cooperative public/private revitalization/development project which will provide much-needed affordable single and multi-family housing for the community.

To better handle the continued growth in the building industry in the community and the increasing complexity of codes, regulation, and laws, the City has established a Community Development office. In addition, the City has hired a Coordinator 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 duties associated with development in the community. The first year of operation of this office has been extremely successful in providing builders, developers, tradesmen, and others needing any kind of building permit, a one-stop shopping service that is much more efficient and user friendly for the public.

In 2005, the City of Livingston's Main Street program was launched with the hiring of a Main Street Coordinator and the formation of the Advisory Board and organizational committees to begin the evaluation and planning process for redeveloping the historical downtown district. The City, Chamber of Commerce, Merchants Guild and the Main Street Board are working together to determine short-term and long-term goals to both expand existing business and attract new business and promote the downtown area as a destination site for visitors to the community.

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 and State 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

In late 2005, the City conducted a Community Survey to gain citizen input on services and facilities provided by the municipal government and community needs. With more than 350 residents completing the survey, the data analysis and survey results will be available in early 2006 for the City Council to review and consider in planning for the future. With input from the citizen survey, as well as departmental supervisory staff, the City Council will develop a new 5 year strategic plan for the community for the years 2006-2010. Clearly, one of the main issues confronting the City of Livingston in 2006 will be planning and managing the growth which the community is continuing to experience.

In mid-2006, the City will begin major improvements to the Livingston Municipal Airport. The project includes the rehabilitation and marking of the runway and taxiway, the reconstruction of the apron, installation of a new rotating beacon and precision approach path indicator, as well as relocation of the aviation fueling station. The project is being funded through a federal airport improvement grant which will provide 90% of the funding, with the City providing the remaining 10%. This project, which will be the first major renovation of the airport since 1993, will maintain it as an economic development tool that is important for the continuing growth of the community.

New technologies will be considered in the electric and water systems with the implementation of a trial radio frequency meter installation program and automated meter reading equipment. This will greatly improve the capabilities of the utility customer service department.

The City will also focus in the upcoming year on a greater emphasis on code enforcement issues and violations of nuisance ordinances. These will include the removal of numerous dilapidated buildings, abandoned and junked vehicles, and overgrown lots in various parts of the City. Additionally, the City Council will consider new ordinances to regulate signs and billboards in the community as well as addressing other beautification issues in the upcoming year.

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.

#### Financial Policies

The overall strategy of the City related to cash deposits and investments is to expose the City to a minimum amount of credit risk and market risk. All bank balances of deposits as of the balance sheet date are entirely insured and collateralized with securities held by the City's agent in the City's name. The City had no investments in 2005.

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, 2005, 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, 2004. The Certificate of Achievement is a prestigious national award recognizing conformance with the highest standards for preparation of state and local government financial reports.

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

A Certificate of Achievement is valid for a period of one year only. The City of Livingston has received a Certificate of Achievement for the last seventeen consecutive years (fiscal years ended 1989-2001). We believe our current report continues to conform to the Certificate of Achievement program requirements, and we are submitting it to GFOA.

#### Acknowledgement

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

Respectfully submitted,



**Marilyn Sutton**  
**City Manager and Chief Financial Officer**

**CITY OF LIVINGSTON, TEXAS**

**September 30, 2005**

**PRINCIPAL OFFICIALS**

**City Council**

Mayor

Ben R. Ogletree, Jr.

Mayor Pro-tem

Gene Bush

Alderman

Clarke Evans

Alderman

Ray Hill

Alderman

Ray Luna

Alderwoman

Judy Cochran

**Administration**

City Manager

Marilyn Sutton

City Secretary

Irene Nicks

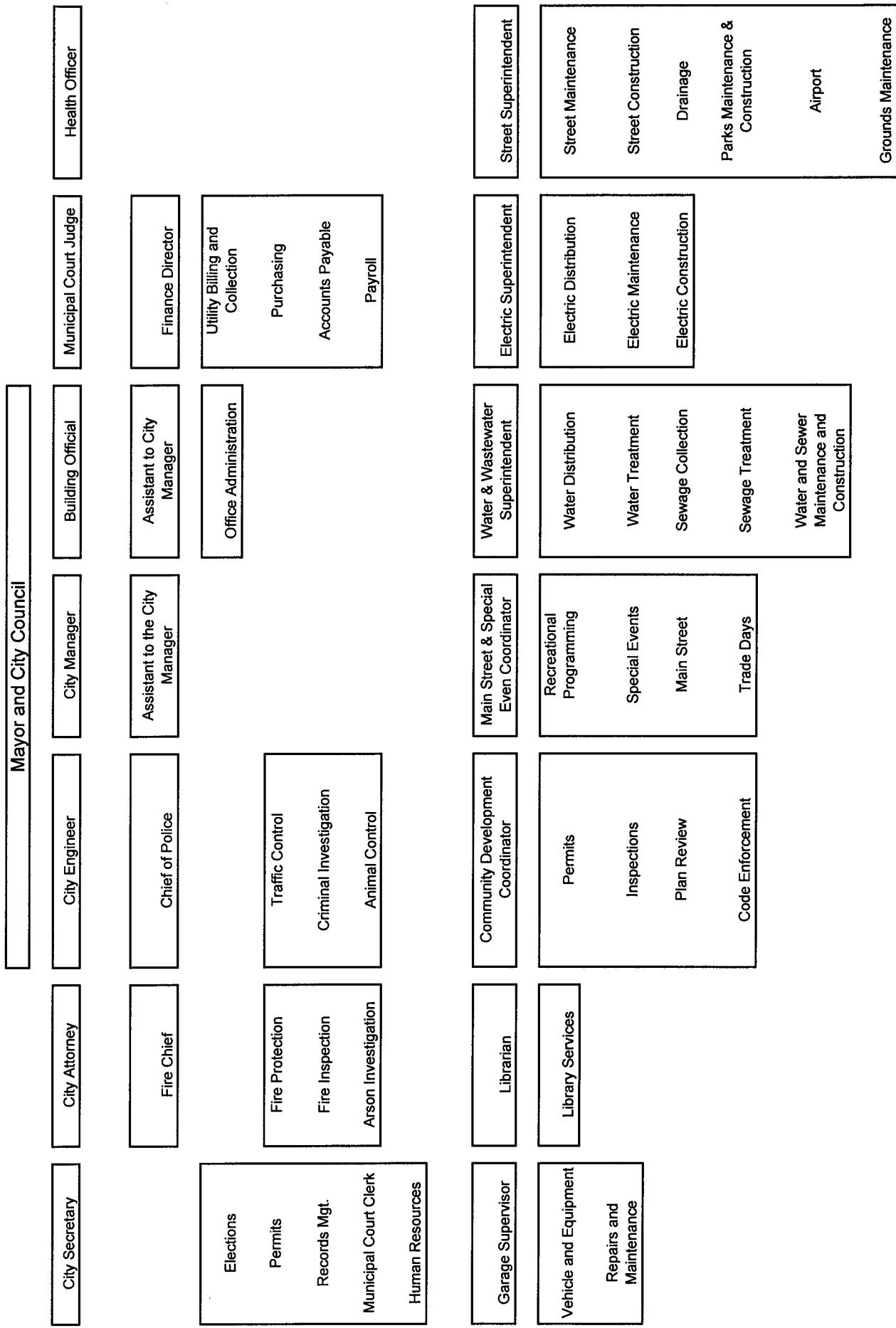
**Form of Government**

Council - Manager

General Law City

# CITY OF LIVINGSTON, TEXAS

## ORGANIZATIONAL CHART



**INSERT  
CERTIFICATE OF ACHIEVEMENT**

## **FINANCIAL SECTION**



**INDEPENDENT AUDITOR'S REPORT**

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

We have audited the accompanying financial statements of the governmental activities, business type activities, major fund, and remaining fund information, which collectively comprise the basic financial statements of the City of Livingston, Texas, as of and for the year ended September 30, 2005, 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, 2005, 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 4-12 and 26-27, 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, 2005

## CITY OF LIVINGSTON, TEXAS

### MANAGEMENT'S DISCUSSION AND ANALYSIS

SEPTEMBER 30, 2005

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, 2005. Please read it in conjunction with the accompanying transmittal letter and the accompanying basic financial statements.

#### FINANCIAL HIGHLIGHTS

- The City's net assets of governmental activities decreased by \$151,000 or 4.1 percent as a result of this year's operations. Net assets of the City's business type activities increased by \$682,000 as a result of this year's operations, which are essentially the same results as the previous year.
- The City's total net assets increased by \$531,000 or 3.0 percent during the current fiscal year. The increase is primarily the result of operations mentioned above.
- Total cost of all the City's programs remained virtually unchanged with a decrease of \$31,000 or less than 1 percent. No new programs were added during the current fiscal year.
- As of September 30, 2005, the City of Livingston's governmental funds reported combined ending fund balances of \$843,000, a decrease of \$1,144,000 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 \$420,000 or approximately 10.5 percent of total general fund expenditures.
- The City's total bonded debt decreased by \$540,000 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, 2005**

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 and proprietary - utilize different accounting approaches.

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

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

- **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, 2005

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

**Other Information**

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

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

The City's combined net assets were \$18,450,000 as of September 30, 2005. Analyzing the net assets and net expenses of governmental and business-type activities separately, the business type activities net assets are \$14,888,000. This analysis focuses on the net assets (Table 1) and changes in net assets (Table 2) and significant expenses of the City's governmental and business-type activities.

By far the largest portion of the City's net assets (82.2 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	
	2005	2004	2005	2004	2005	2004
<b>Current and other assets</b>						
assets	\$ 1,235,383	\$ 2,637,997	\$ 3,965,146	\$ 3,829,690	\$ 5,200,529	\$ 6,467,687
Capital assets	<u>11,122,775</u>	<u>10,658,120</u>	<u>12,440,291</u>	<u>11,846,648</u>	<u>23,563,066</u>	<u>22,504,768</u>
Total assets	<u>12,358,158</u>	<u>13,296,117</u>	<u>16,405,437</u>	<u>15,676,338</u>	<u>28,763,595</u>	<u>28,972,455</u>
<b>Long-term debt outstanding</b>						
Other liabilities	8,460,000	9,000,000	400,000	460,000	8,860,000	9,460,000
Total liabilities	<u>336,088</u>	<u>583,018</u>	<u>1,117,388</u>	<u>1,010,277</u>	<u>1,453,476</u>	<u>1,593,295</u>
Total liabilities	<u>8,796,088</u>	<u>9,583,018</u>	<u>1,517,388</u>	<u>1,470,277</u>	<u>10,313,476</u>	<u>11,053,295</u>
<b>Net assets:</b>						
Invested in capital assets, net of related debt	3,129,245	3,321,143	12,040,291	11,846,648	15,169,536	15,167,791
Restricted	74,795	71,335	137,798	189,018	212,593	260,353
Unrestricted	<u>358,030</u>	<u>320,621</u>	<u>2,709,960</u>	<u>2,170,395</u>	<u>3,067,990</u>	<u>2,491,016</u>
Total net assets	<u>\$ 3,562,070</u>	<u>\$ 3,713,099</u>	<u>\$ 14,888,049</u>	<u>\$ 14,206,061</u>	<u>\$ 18,450,119</u>	<u>\$ 17,919,160</u>

City of Livingston, Texas  
Management's Discussion and Analysis (continued)  
September 30, 2005

An additional portion of the City's net assets (1.2%) represents resources that are subject to external restriction on how they may be used. The remaining balance of unrestricted net assets \$3,067,990 may be used to meet the government's ongoing obligations to citizens and creditors.

As of September 30, 2005, 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 \$1,402,614. 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 \$530,959.

**Governmental Activities**

Governmental activities decreased the net assets by \$151,029. Net assets invested in capital assets, net of related debt decreased by \$191,898 or 6% due to depreciation and fewer capital additions in 2005. Unrestricted net assets increased by \$37,409 as a result of operations.

Total revenues for governmental activities decreased from the previous year by \$134,954. General revenues had a net increase of 6.6%. Program revenues increased by 5%, primarily due to increased police department revenues. The City's capital grant revenues declined by \$339,941 which was the primary reason the governmental activities reflected an overall decrease in revenues.

**Business-Type Activities**

Net Assets from business-type activities increased by \$681,988 or 5% from \$14,206,061 to \$14,888,049, accounting for all of the 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, 2005 with comparative totals for year ended September 30, 2004.

City of Livingston, Texas  
 Management's Discussion and Analysis (continued)  
 September 30, 2005

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

	Governmental Activities		Business-Type Activities		Total Primary Government	
	2005	2004	2005	2004	2005	2004
Revenues:						
Program Revenues:						
Charges for Services	\$ 1,477,682	\$ 1,412,259	\$ 10,655,080	\$ 10,312,959	\$ 12,132,762	\$ 11,725,218
Capital Grants & Contributions	64,077	404,018	-	-	64,077	404,018
Operating Grants & Contributions	115,024	168,623	-	-	115,024	168,623
General Revenues:						
Property tax	-	-	-	-	-	-
Sales tax	2,544,289	2,324,945	-	-	2,544,289	2,324,945
Franchise tax	136,979	134,374	-	-	136,979	134,374
Hotel/Motel tax	131,303	136,563	-	-	131,303	136,563
Investment earnings	31,869	43,145	33,324	14,790	65,193	57,935
Miscellaneous	<u>25,266</u>	<u>55,615</u>	-	-	<u>25,266</u>	<u>55,615</u>
<b>Total Revenues</b>	<b><u>4,526,489</u></b>	<b><u>4,679,542</u></b>	<b><u>10,688,404</u></b>	<b><u>10,327,749</u></b>	<b><u>15,214,893</u></b>	<b><u>15,007,291</u></b>
Expenses:						
Administration	429,415	305,279	-	-	429,415	305,279
Sanitation	525,284	508,167	-	-	525,284	508,167
Fire	307,944	290,679	-	-	307,944	290,679
Police	1,201,267	1,132,421	-	-	1,201,267	1,132,421
Paving & Street	921,559	785,259	-	-	921,559	785,259
Parking & Recreation	792,944	778,992	-	-	792,944	778,992
Library	237,031	230,800			237,031	230,800
Garage	139,382	136,813			139,382	136,813
Interest on long-term debt	381,833	400,800			381,833	400,800
Electric, Water, and Sewer	-	-	9,747,275	9,378,300	9,747,275	9,378,300
<b>Total Expenses</b>	<b><u>4,936,659</u></b>	<b><u>4,569,210</u></b>	<b><u>9,747,275</u></b>	<b><u>9,378,300</u></b>	<b><u>14,683,934</u></b>	<b><u>13,947,510</u></b>
Change in net assets before transfers	(410,170)	110,332	941,129	949,449	530,959	1,059,781
Transfers	<u>259,141</u>	<u>247,191</u>	<u>(259,141)</u>	<u>(247,191)</u>	-	-
Increase in net assets	(151,029)	357,523	681,988	702,258	530,959	1,059,781
Net assets - October 1	<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>
Net assets - September 30	<b><u>\$ 3,562,070</u></b>	<b><u>\$ 3,713,099</u></b>	<b><u>\$ 14,888,049</u></b>	<b><u>\$ 14,206,061</u></b>	<b><u>\$ 18,450,119</u></b>	<b><u>\$ 17,919,160</u></b>

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

### **Governmental Funds**

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

At the end of the current fiscal year, the City of Livingston's governmental funds reported combined ending fund balances of \$843,099. Approximately 50% of the total amount (\$420,260) 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 (\$74,795), library improvements (\$5,096) and capital improvements (\$342,948).

In the general fund, the City budgeted for an increase in the fund balance on a GAAP basis of \$229,340. Due to transfers being greater than budgeted and expenses being more than budgeted, the actual fund balance decreased by \$223,615. The debt service fund balance increased by \$3,460 because of higher than budgeted earnings on interest and sinking funds and lower than budgeted transfers. The street and capital projects fund balance decreased by \$924,059 as a result of completion of various street improvement projects.

### **Proprietary Fund**

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

Unrestricted net assets of the proprietary fund were \$2,709,960. Total net assets increased in 2005 by \$681,987.

### **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 \$109,646 or 2.6%. The increase in budgeted revenues was primarily for an increase in sales tax revenues. Budgeted expenditures were increased by \$344,694 or 7.7%. The increased expenditures were primarily for capital improvements added in the latter part of the fiscal year.

City of Livingston, Texas  
 Management's Discussion and Analysis (continued)  
 September 30, 2005

## CAPITAL ASSET AND DEBT ADMINISTRATION

### Capital Assets

At the end of the fiscal year 2005, the City had \$23,163,066 (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 3% (2% increase for governmental activities and a 1% increase in business-type activities (See Table 3).

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

	Governmental Activities		Business-Type Activities		<b>Totals</b> 2005	<b>Totals</b> 2004
	<b>2005</b>	<b>2004</b>	<b>2005</b>	<b>2004</b>		
Land	\$ 283,352	\$ 283,352	\$ 505,880	\$ 505,880	\$ 789,232	\$ 789,232
Buildings and improvements	1,928,184	2,010,399	252,354	257,520	2,180,538	2,267,919
Equipment and fixtures	694,121	678,341	370,557	260,947	1,064,678	939,288
Paving, sidewalks and streets	6,449,898	5,863,202	-	-	6,449,898	5,863,202
Parks development	1,654,865	1,729,596	-	-	1,654,865	1,729,596
Airport improvements	112,355	116,170	-	-	112,355	116,170
Utility systems	-	-	10,911,500	10,822,302	10,911,500	10,822,302
<b>Total</b>	<b>\$ 11,122,775</b>	<b>\$ 10,681,060</b>	<b>\$ 12,040,291</b>	<b>\$ 11,846,649</b>	<b>\$ 23,163,066</b>	<b>\$ 22,527,709</b>

This year's major additions included:

Police patrol car	\$ 42,508
Various street improvements	1,160,784
Street Department vehicle	21,872
Utility System Improvements	313,907
Vehicles for utility departments	93,831
<b>Total</b>	<b>\$ 1,632,902</b>

The City's fiscal year 2006 capital budget calls for it to spend another \$1,541,500 for capital projects, principally for street improvements and enhancements. The street improvements and enhancements are for a variety of projects. To support the 2005-2006 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 7 on pages 42-44 of this report.

City of Livingston, Texas  
 Management's Discussion and Analysis (continued)  
 September 30, 2005

**Debt**

At year-end, the City had \$8,460,000 in bonds outstanding as compared to \$9,000,000 at the end of the prior fiscal year, a decrease of 6% percent - as shown in Table 4.

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

	<b>Governmental Activities</b>		<b>Business-Type Activities</b>		<b>Totals</b>	
	<b>2005</b>	<b>2004</b>	<b>2005</b>	<b>2004</b>	<b>2005</b>	<b>2004</b>
General obligation bonds (backed by the City)	\$ 1,045,000	\$ 1,230,000	\$ -	\$ -	\$ 1,045,000	\$ 1,230,000
Certificates of obligation (backed by the City)	<u>7,415,000</u>	<u>7,770,000</u>	<u>-</u>	<u>-</u>	<u>7,415,000</u>	<u>7,770,000</u>
Totals	<u>\$ 8,460,000</u>	<u>\$ 9,000,000</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 8,460,000</u>	<u>\$ 9,000,000</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 9 on pages 47-48 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 2006 budget, tax rates, and fees that will be charged for the business-type activities. Based on various local economic indicators, including an increase in sales tax collections, ad valorem property assessed values, permits for new construction, and utility connections and revenues, the community continues to experience modest economic growth. With the continuing growth in the business community, as well as new residential growth, the City is anticipating projected increases in revenues from utility fees and sales taxes for the upcoming year. Sales tax revenue accounts for approximately 17% of the City's total annual revenue, while utility fees for sanitation, electric, water and sewer services account for 72% of the City's total revenue. Growth in these two major revenue sources and additional funds from grants and other sources have allowed the City to continue to operate without an ad valorem property tax since 1988. The City does not anticipate levying an ad valorem property tax for the upcoming year.

The City continues to receive inquiries expressing varying degrees of interest from major national retailers regarding locations that are within the City limits. The City expects new commercial construction to remain strong into 2006 with the groundbreaking of a Tractor Supply Company outlet in January, 2006. In addition to commercial expansion projects, the community is experiencing new residential subdivision development, as well as growth in the medical subdivision development with the \$30,000,000 major expansion of the Memorial Medical Center campus which began in the fall. This along with the new federal detention facility

City of Livingston, Texas  
Management's Discussion and Analysis (continued)  
September 30, 2005

located on FM 350 South, which is projected to open in February, 2006 and employ more than 150 people, all reinforce optimism for future growth in the community. The City, through an interlocal agreement with Polk County, will provide water and wastewater services to the facility.

These indicators are taken into account when adopting the General Fund budget for fiscal year 2006. The total 2005-2006 combined budget appropriation is \$5,625,692 for three operating funds. This represents a decrease of \$728,106 or 11.5 percent under the 2004-2005 re-estimated budget.

The General Fund's largest revenue source in fiscal year 2004-2005 is sales tax receipts. Sales tax receipts are projected to be relatively stable in the 2005-2006 fiscal year.

Budgeted expenditures in the General Fund are expected to decline \$56,125 or 1.0 percent from the 2004-2005 re-estimated budget. The City does not expect to add any major programs or initiatives to the 2005 budget.

If these estimates are realized, the City's budgetary General Fund balance is expected to remain unchanged from the re-estimated 2004-2005 budget.

As for the City's business type activities, the City expects the 2006 results will improve in the electric, water and sewer funds. Projections indicate that the electric, water and sewer fund balance will increase by \$709,000. No utility fee rate increases for electric, water or sewer services have been included in the 2005-2006 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.

**BASIC FINANCIAL STATEMENTS**

**GOVERNMENT-WIDE FINANCIAL STATEMENTS**

**CITY OF LIVINGSTON, TEXAS**  
**GOVERNMENT-WIDE STATEMENT OF NET ASSETS**  
**SEPTEMBER 30, 2005**

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	<b>PRIMARY GOVERNMENT</b>		
	<b>Governmental Activities</b>	<b>Business-type Activities</b>	<b>Total</b>
<b>ASSETS</b>			
Cash	\$ 720,777	\$ 654,491	\$ 1,375,268
Certificates of deposit	450,000	2,003,090	2,453,090
Receivables:			
Returned checks receivable	2,375	13,204	15,579
Paving accounts receivable	6,035	-	6,035
Utility accounts receivable	-	1,156,563	1,156,563
Deferred issuance cost (net)	56,196	-	56,196
Restricted assets - cash	-	137,798	137,798
Capital assets (net of accumulated depreciation):			
Land	283,352	505,880	789,232
Buildings and improvements	1,928,184	252,353	2,180,537
Equipment and fixtures	694,121	370,557	1,064,678
Paving, sidewalks and streets	6,449,898	-	6,449,898
Parks development	1,654,865	-	1,654,865
Airport improvements	112,355	-	112,355
Electrical system	-	2,278,323	2,278,323
Water system	-	3,591,220	3,591,220
Sewer system	-	5,041,958	5,041,958
Water service contract rights	<u>-</u>	<u>400,000</u>	<u>400,000</u>
Total Assets	<u>\$ 12,358,158</u>	<u>\$ 16,405,437</u>	<u>\$ 28,763,595</u>

See accompanying notes to financial statements

**CITY OF LIVINGSTON, TEXAS**  
**GOVERNMENT-WIDE STATEMENT OF NET ASSETS**  
**SEPTEMBER 30, 2005**

---

	<b>PRIMARY GOVERNMENT</b>		
	<b>Governmental Activities</b>	<b>Business-type Activities</b>	<b>Total</b>
<b>LIABILITIES</b>			
Accounts payable	\$ 336,088	\$ 812,592	\$ 1,148,680
Meter deposits	-	304,796	304,796
Noncurrent Liabilities:			
Due within one year	560,000	60,000	620,000
Due in more than one year	<u>7,900,000</u>	<u>340,000</u>	<u>8,240,000</u>
Total Liabilities	<u>8,796,088</u>	<u>1,517,388</u>	<u>10,313,476</u>
<b>NET ASSETS</b>			
Invested in capital assets, net of related debt	3,129,245	12,040,291	15,169,536
Restricted for:			
System improvements	-	121,919	121,919
Debt service	74,795	15,879	90,674
Unrestricted	<u>358,030</u>	<u>2,709,960</u>	<u>3,067,990</u>
Total Net Assets	<u>\$ 3,562,070</u>	<u>\$ 14,888,049</u>	<u>\$ 18,450,119</u>

See accompanying notes to financial statements

**CITY OF LIVINGSTON, TEXAS**  
**GOVERNMENT-WIDE STATEMENT OF ACTIVITIES**  
**FOR THE YEAR ENDED SEPTEMBER 30, 2005**

	<b>FUNCTIONS/PROGRAMS</b>	<b>Program Revenues</b>		
		<b>Expenses</b>	<b>Charges for Services</b>	<b>Capital Grants and Contributions</b>
Governmental activities:				
Administrative	\$ 429,415	\$ 78,386	\$ -	\$ 6,149
Sanitation	525,284	716,199	-	-
Fire	307,944	-	-	29,981
Police	1,201,267	238,120	-	55,170
Paving and street	921,559	25,756	64,077	-
Parks and recreation	792,944	401,882	-	-
Library	237,031	17,339	-	23,724
Garage	139,382	-	-	-
Interest on long-term debt	381,833	-	-	-
Total governmental activities	<u>4,936,659</u>	<u>1,477,682</u>	<u>64,077</u>	<u>115,024</u>
Business-type activities:				
Electric, water and sewer	<u>9,747,275</u>	<u>10,655,080</u>	<u>-</u>	<u>-</u>
Total business-type activities	<u>9,747,275</u>	<u>10,655,080</u>	<u>-</u>	<u>-</u>
Total primary government	<u>\$ 14,683,934</u>	<u>\$ 12,132,762</u>	<u>\$ 64,077</u>	<u>\$ 115,024</u>
General revenues:				
Taxes				
Sales taxes				
Franchise taxes				
Hotel/Motel taxes				
Unrestricted investment earnings				
Miscellaneous				
Transfers				
Total general revenues and transfers				
Change in net assets				
Net assets-beginning				
Net assets-ending				

See accompanying notes to financial statements

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

<b>Governmental Activities</b>	<b>Business-Type Activities</b>	<b>Total</b>
\$ (344,880)	\$ -	\$ (344,880)
190,915	-	190,915
(277,963)	-	(277,963)
(907,977)	-	(907,977)
(831,726)	-	(831,726)
(391,062)	-	(391,062)
(195,968)	-	(195,968)
(139,382)	-	(139,382)
(381,833)	-	(381,833)
<u>(3,279,876)</u>	<u>-</u>	<u>(3,279,876)</u>
<u>-</u>	<u>907,805</u>	<u>907,805</u>
<u>-</u>	<u>907,805</u>	<u>907,805</u>
<u>(3,279,876)</u>	<u>907,805</u>	<u>(2,372,071)</u>
2,544,289	-	2,544,289
136,979	-	136,979
131,303	-	131,303
31,869	33,324	65,193
25,266	-	25,266
259,141	(259,141)	-
<u>3,128,847</u>	<u>(225,817)</u>	<u>2,903,030</u>
<u>(151,029)</u>	<u>681,988</u>	<u>530,959</u>
<u>3,713,099</u>	<u>14,206,061</u>	<u>17,919,160</u>
<u>\$ 3,562,070</u>	<u>\$ 14,888,049</u>	<u>\$ 18,450,119</u>

See accompanying notes to financial statements

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**BASIC FINANCIAL STATEMENTS**

**FUND FINANCIAL STATEMENTS**

**CITY OF LIVINGSTON, TEXAS**  
**GOVERNMENTAL FUNDS**  
**BALANCE SHEET**  
**SEPTEMBER 30, 2005**

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	<b>General</b>	<b>Debt Service</b>
<b>ASSETS AND OTHER DEBITS</b>		
Cash	\$ 629,512	\$ 74,795
Certificates of deposit	-	-
Receivables:		
Returned checks receivable	2,375	-
Paving accounts receivable	6,035	-
 Total Assets and Other Debits	 <u>\$ 637,922</u>	 <u>\$ 74,795</u>
<b>LIABILITIES</b>		
Accounts payable	212,566	-
Construction contracts payable	-	-
 Total Liabilities	 <u>212,566</u>	 <u>-</u>
<b>FUND BALANCES</b>		
Reserved for:		
Library Memorials	5,096	-
Debt Service	-	74,795
Capital Projects	-	-
Unreserved	<u>420,260</u>	<u>-</u>
 Total Fund Balances	 <u>425,356</u>	 <u>74,795</u>
 Total Liabilities and Fund Balances	 <u>\$ 637,922</u>	 <u>\$ 74,795</u>

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

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

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

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

Net assets of governmental activities

<b>Streets and Capital Projects</b>	<b>Total Governmental Funds</b>
\$ 16,470	\$ 720,777
<u>450,000</u>	<u>450,000</u>
-	2,375
-	<u>6,035</u>
<u>\$ 466,470</u>	<u>\$ 1,179,187</u>
-	212,566
<u>123,522</u>	<u>123,522</u>
<u>123,522</u>	336,088
-	5,096
-	74,795
342,948	342,948
-	<u>420,260</u>
<u>342,948</u>	843,099
<u>\$ 466,470</u>	
	11,122,775
	56,196
	<u>(8,460,000)</u>
	\$ 3,562,070

See accompanying notes to financial statements

**CITY OF LIVINGSTON, TEXAS**  
**GOVERNMENTAL FUNDS**  
**STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES**  
**FOR THE YEAR ENDED SEPTEMBER 30, 2005**

---

	<b>General</b>	<b>Debt Service</b>
<b>REVENUES</b>		
Taxes:		
Sales taxes	\$ 2,544,289	\$ -
Franchise taxes	136,979	-
Hotel/Motel taxes	131,303	-
Licenses and permits	78,387	-
Charges for service	962,644	-
Fines and forfeitures	220,754	-
Miscellaneous	438,940	6,047
<b>Total Revenues</b>	<b>4,513,296</b>	<b>6,047</b>
<b>EXPENDITURES</b>		
Current:		
Administrative	381,312	-
Sanitation	525,099	-
Fire	290,596	-
Police	1,222,758	-
Paving and street	578,207	-
Parks and recreation	685,484	-
Library	242,879	-
Garage	132,278	-
Debt service:		
Principal retirement	-	540,000
Interest	-	381,833
Capital outlay:		
Streets	-	-
<b>Total Expenditures</b>	<b>4,058,613</b>	<b>921,833</b>
Excess (deficiency) of revenues over expenditures	454,683	(915,786)
<b>OTHER FINANCING SOURCES (USES)</b>		
Transfers in	259,141	919,246
Transfers out	(937,439)	-
<b>Total other financing sources (uses)</b>	<b>(678,298)</b>	<b>919,246</b>
Net change in fund balances	(223,615)	3,460
Fund Balances - beginning	648,971	71,335
<b>Fund Balances - ending</b>	<b>\$ 425,356</b>	<b>\$ 74,795</b>

See accompanying notes to financial statements

<b>Streets and Capital Projects</b>	<b>Total Governmental Funds</b>
\$ -	\$ 2,544,289
-	136,979
-	131,303
-	78,387
-	962,644
-	220,754
-	444,987
<hr/>	<hr/>
-	4,519,343
<hr/>	<hr/>
-	381,312
-	525,099
-	290,596
-	1,222,758
-	578,207
-	685,484
-	242,879
-	132,278
<hr/>	<hr/>
-	540,000
-	381,833
<hr/>	<hr/>
942,252	942,252
<hr/>	<hr/>
942,252	5,922,698
<hr/>	<hr/>
(942,252)	(1,403,355)
<hr/>	<hr/>
18,193	1,196,580
-	(937,439)
<hr/>	<hr/>
18,193	259,141
<hr/>	<hr/>
(924,059)	(1,144,214)
<hr/>	<hr/>
1,267,007	1,987,313
<hr/>	<hr/>
\$ 342,948	\$ 843,099

See accompanying notes to financial statements

**CITY OF LIVINGSTON, TEXAS**  
**RECONCILIATION OF THE STATEMENT OF REVENUES,**  
**EXPENDITURES, AND CHANGES IN FUND BALANCES OF GOVERNMENTAL FUNDS**  
**TO THE STATEMENT OF ACTIVITIES**  
**FOR THE YEAR ENDED SEPTEMBER 30, 2005**

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

Net changes in fund balances - total governmental funds \$ (1,144,214)

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.

441,715

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.

551,470

Changes in net assets of governmental activities \$ (151,029)

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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, 2005**

	<b>Budgeted Amounts GAAP Basis</b>		
	<b>Original</b>	<b>Revisions</b>	<b>Final</b>
<b>REVENUES</b>			
Taxes:			
Sales taxes	\$ 2,400,000	\$ 100,000	\$ 2,500,000
Franchise taxes	140,000	(5,000)	135,000
Hotel/Motel taxes	130,000	8,000	138,000
Licenses and permits	61,000	7,000	68,000
Charges for service	1,012,850	(21,450)	991,400
Fines and forfeitures	226,000	5,000	231,000
Miscellaneous	207,130	16,096	223,226
Total Revenues	<u>4,176,980</u>	<u>109,646</u>	<u>4,286,626</u>
<b>EXPENDITURES</b>			
Current:			
Administrative	372,680	22,070	394,750
Sanitation	517,000	13,000	530,000
Fire	387,980	(89,430)	298,550
Police	1,281,600	(72,650)	1,208,950
Paving and street	783,224	(177,779)	605,445
Parks and recreation	731,420	(19,725)	711,695
Library	263,835	(19,310)	244,525
Garage	138,920	(870)	138,050
Total Expenditures	<u>4,476,659</u>	<u>(344,694)</u>	<u>4,131,965</u>
Excess (deficiency) of revenues over expenditures	<u>(299,679)</u>	<u>454,340</u>	<u>154,661</u>
<b>OTHER FINANCING SOURCES (USES)</b>			
Transfers in	757,899	-	757,899
Transfers out	(683,220)	-	(683,220)
Total other financing sources and (uses)	<u>74,679</u>	<u>-</u>	<u>74,679</u>
Excess (deficiency) of revenues and other financing sources over expenditures and other uses	<u>\$ (225,000)</u>	<u>\$ 454,340</u>	<u>\$ 229,340</u>
Fund balances at beginning of year			
Fund balance at end of year			

See accompanying notes to financial statements

<u>Actual</u>	<b>Variance with Final Budget Positive (Negative)</b>
\$ 2,544,289	\$ 44,289
136,979	1,979
131,303	(6,697)
78,387	10,387
962,644	(28,756)
220,754	(10,246)
<u>438,940</u>	<u>215,714</u>
<u>4,513,296</u>	<u>226,670</u>
381,312	13,438
525,099	4,901
290,596	7,954
1,222,758	(13,808)
578,207	27,238
685,484	26,211
242,879	1,646
132,278	5,772
<u>4,058,613</u>	<u>73,352</u>
<u>454,683</u>	<u>300,022</u>
259,141	(498,758)
(937,439)	(254,219)
<u>(678,298)</u>	<u>(752,977)</u>
(223,615)	<u>\$ (452,955)</u>
<u>648,971</u>	
<u>\$ 425,356</u>	

See accompanying notes to financial statements

**CITY OF LIVINGSTON, TEXAS**  
**STATEMENT OF NET ASSETS PROPRIETARY FUNDS**  
**SEPTEMBER 30, 2005**

---

**Business-Type Activities - Enterprise Fund**

	<b>Electric</b>
	<b>Water and</b>
	<b>Sewer</b>
<b>ASSETS</b>	
Current assets:	
Cash	\$ 654,491
Certificates of deposit	2,003,090
Restricted assets	
Cash in bank, water and sewer system improvements	121,919
Cash in bank, reserve fund	15,879
Receivables:	
Returned checks receivable	13,204
Utility accounts receivable	<u>1,156,563</u>
Total Current Assets	<u>3,965,146</u>
Capital assets:	
Land	505,880
Building and improvements	361,566
Equipment and fixtures	1,443,819
Electrical system	3,263,209
Water system	4,963,017
Sewer system	<u>6,717,165</u>
	17,254,656
Less accumulated depreciation	<u>(5,214,365)</u>
Net capital assets	<u>12,040,291</u>
Other assets:	
Water service contract rights	<u>400,000</u>
Total Other Assets	<u>400,000</u>
Total Assets	<u>\$ 16,405,437</u>

See accompanying notes to financial statements

**CITY OF LIVINGSTON, TEXAS**  
**STATEMENT OF NET ASSETS PROPRIETARY FUNDS**  
**SEPTEMBER 30, 2005**

---

**Business-Type Activities - Enterprise Fund**

**Electric  
Water and  
Sewer**

---

**LIABILITIES**

Current liabilities:

Accounts payable	\$ 812,592
Meter deposits	304,796
Contracts payable - Trinity River Authority	60,000
Total current liabilities	<u>1,177,388</u>

---

Noncurrent liabilities:

Contracts payable - Trinity River Authority	340,000
Total noncurrent liabilities	<u>340,000</u>
Total Liabilities	<u>1,517,388</u>

---

**NET ASSETS**

Invested in capital assets (net of related debt)	12,040,291
Restricted for water and sewer system improvements	121,919
Restricted for Trinity River Authority contracts payable	15,879
Unrestricted	<u>2,709,960</u>
Total Net Assets	<u>\$ 14,888,049</u>

**CITY OF LIVINGSTON, TEXAS**  
**STATEMENT OF REVENUES, EXPENSES AND CHANGES IN FUND NET ASSETS**  
**PROPRIETARY FUND**  
**FOR THE YEAR ENDED SEPTEMBER 30, 2005**

---

**Business-Type Activities - Enterprise Fund**

**Electric  
Water and  
Sewer**

---

**Operating revenues**

Charges for sales and services:	
Electricity sales	\$ 6,825,538
Water sales	1,536,581
Sewer service charges	1,117,264
Penalties, utilities	108,572
Water tapping fees	20,793
Sewer tapping fees	14,350
Recoveries, electrical	829,849
Recoveries, water	92,813
Revenue, night lights	67,200
Service fees	42,120
Total Operating Revenues	<u>10,655,080</u>

**Operating expenses**

Light and Power Department	7,537,965
Water Department	1,465,415
Sewer Department	393,881
Uncollectible accounts	68,001
Depreciation	282,013
Total Operating Expenses	<u>9,747,275</u>

Operating Income	907,805
------------------	---------

**Non-operating revenues:**

Interest income	<u>33,324</u>
-----------------	---------------

Income Before Transfers	941,129
-------------------------	---------

Transfers Out	<u>(259,141)</u>
---------------	------------------

Change in net assets	681,988
----------------------	---------

Total net assets - beginning	<u>14,206,061</u>
------------------------------	-------------------

Total net assets - ending	<u>\$ 14,888,049</u>
---------------------------	----------------------

**CITY OF LIVINGSTON, TEXAS**  
**STATEMENT OF CASH FLOWS**  
**PROPRIETARY FUND**  
**FOR THE YEAR ENDED SEPTEMBER 30, 2005**

---

**Business-Type Activities - Enterprise Fund**

	<b>Electric Water and Sewer</b>
Cash flows from operating activities:	
Cash received from customers	\$ 10,472,479
Cash payments to suppliers for goods and services	(7,483,477)
Cash payments to employees for services	<u>(1,809,366)</u>
Net cash provided by operating activities	<u>1,179,636</u>
Cash flows from noncapital financing activities:	
Transfers to other funds	<u>(259,141)</u>
Net cash used for noncapital financing activities	<u>(259,141)</u>
Cash flows from capital and related financing activities:	
Acquisition of capital assets	<u>(475,655)</u>
Net cash used for capital and related financing activities	<u>(475,655)</u>
Cash flows from investing activities:	
Purchase of certificate of deposit	(1,000,000)
Interest on cash and investments	<u>33,324</u>
Net cash used for investing activities	<u>(966,676)</u>
NET CHANGE IN CASH AND CASH EQUIVALENTS	<u>(521,836)</u>
CASH AND CASH EQUIVALENTS AT BEGINNING OF YEAR	<u>1,314,125</u>
CASH AND CASH EQUIVALENTS AT END OF YEAR	<u>\$ 792,289</u>

(Continued)

**CITY OF LIVINGSTON, TEXAS**  
**STATEMENT OF CASH FLOWS**  
**PROPRIETARY FUND**  
**FOR THE YEAR ENDED SEPTEMBER 30, 2005**

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**Business-Type Activities - Enterprise Fund**

	<b>Electric Water and Sewer</b>
Reconciliation of income from operations to net cash provided by operating activities:	
Income from operations	\$ 907,805
Adjustments to reconcile operating net income to net cash provided by operating activities:	
Depreciation	282,012
Change in operating assets and liabilities:	
Returned checks receivable	(2,692)
Utility accounts receivable	(114,600)
Accounts payable	96,553
Meter deposits	<u>10,558</u>
Total adjustments	<u>271,831</u>
Net cash provided by operating activities	<u>\$ 1,179,636</u>
Reconciliation of total cash and cash investments:	
Unrestricted	\$ 654,491
Restricted	
Cash in bank, water and sewer system improvements	121,919
Cash in bank, reserve fund	<u>15,879</u>
Total cash and cash equivalents	<u>\$ 792,289</u>

(Concluded)

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

**CITY OF LIVINGSTON, TEXAS**  
**NOTES TO BASIC FINANCIAL STATEMENTS**  
**SEPTEMBER 30, 2005**

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

The following notes are organized to provide explanations, including required disclosures, of the City's financial activities for the fiscal year ended September 30, 2005.

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

**Financial Reporting Entity**

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

**Basis of Presentation**

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

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

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

### Fund Financial Statements

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

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

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

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

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

### Proprietary Fund

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

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

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

### Measurement Focus/Basis of Accounting

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

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

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

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

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

### Capital Assets

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

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

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

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

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

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

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

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

The budget was amended September 1, 2005 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, 2005.

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, 2005:

<u>Fund</u>	<u>Transfer In</u>	<u>Transfer Out</u>
General Fund	\$ 259,141	\$ 937,439
Debt Service Fund	919,246	-
Capital Projects Fund	18,193	-
Electric, Water and Sewer Fund	-	<u>259,141</u>
Total	<u>\$ 1,196,580</u>	<u>\$ 1,196,580</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, 2005 for all Funds were \$3,966,156.

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	\$ 629,512	\$ 861,075	\$ 861,075	\$ -	\$ -
Debt Service Fund	74,795	74,795	74,795	-	-
Capital Projects Fund	16,470	16,470	16,470	-	-
Enterprise Fund	<u>792,289</u>	<u>797,220</u>	<u>797,220</u>	<u>-</u>	<u>-</u>
	<u>1,513,066</u>	<u>1,749,560</u>	<u>1,749,560</u>	<u>-</u>	<u>-</u>
Non-pooled Certificates of Deposit					
Capital Projects Fund	450,000	450,000	450,000	-	-
Enterprise Fund	<u>2,003,090</u>	<u>2,003,090</u>	<u>2,003,090</u>	<u>-</u>	<u>-</u>
	<u>2,453,090</u>	<u>2,453,090</u>	<u>2,453,090</u>	<u>-</u>	<u>-</u>
Total Deposits	<u>\$ 3,966,156</u>	<u>\$ 4,202,650</u>	<u>\$ 4,202,650</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, 2005 the City had no investments other than certificates of deposit.

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

**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, 2005.

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 2005, but the Mayor and Council are evaluating the need to begin assessing taxes in the future.

**NOTE 6 DETAIL OF COMBINED ITEMS:**

The detail of items combined in the reconciliation of the statement of revenues, expenditures, and changes in fund balances of governmental funds to the statement of activities are as follows for the year ended September 30, 2005:

Governmental funds capital outlays	\$ 1,442,014
Governmental funds depreciation expense	<u>(1,000,299)</u>
Amount by which capital outlays exceeded depreciation	<u>\$ 441,715</u>
Repayment of principal of long-term debt	\$ 540,000
Amortization of bond issue costs	<u>11,470</u>
Total repayment of bonds and issue costs	<u>\$ 551,470</u>

**NOTE 7 CAPITAL ASSETS:**

Capital asset activity for the year ended September 30, 2005 was as follows:

	Balance October 1, 2004	Additions	Retirements/ Adjustments	Balance September 30, 2005
Governmental Activities:				
Capital assets not being depreciated				
Land	\$ 283,352	\$ -	\$ -	\$ 283,352
Capital assets being depreciated				
Building and Improvements	2,983,835	18,242	370	3,001,707
Equipment and Fixtures	3,200,015	238,630	213,066	3,225,579
Paving, Sidewalks and Streets	11,019,402	1,160,784	-	12,180,186
Parks Development	3,098,736	17,357	-	3,116,093
Airport Improvements	555,906	7,001	-	562,907
Total capital assets being depreciated	\$ 20,857,894	\$ 1,442,014	\$ 213,436	\$ 22,086,472
Less accumulated depreciation for:				
Buildings and Improvements	(973,436)	(100,457)	370	(1,073,523)
Equipment and Fixtures	(2,521,674)	(222,850)	213,066	(2,531,458)
Paving, Sidewalks and Streets	(5,156,200)	(574,088)	-	(5,730,288)
Parks Development	(1,369,140)	(92,088)	-	(1,461,228)
Airport Improvements	(439,736)	(10,816)	-	(450,552)
Total accumulated depreciation	<u>(10,460,186)</u>	<u>(1,000,299)</u>	<u>213,436</u>	<u>(11,247,049)</u>
Total capital assets being depreciated, net	<u>10,397,708</u>	<u>441,715</u>	<u>-</u>	<u>10,839,423</u>
Governmental activities capital assets, net	<u>\$ 10,681,060</u>	<u>\$ 441,715</u>	<u>\$ -</u>	<u>\$ 11,122,775</u>

**NOTE 7 CAPITAL ASSETS: (CONTINUED)**

	<u>Balance October 1, 2004</u>	<u>Additions</u>	<u>Retirements/ Adjustments</u>	<u>Balance September 30, 2005</u>
<b>Business-type Activities:</b>				
Capital assets not being depreciated				
Land	<u>\$ 505,880</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 505,880</u>
Capital assets being depreciated				
Building and Improvements	<u>359,522</u>	<u>2,044</u>	<u>-</u>	<u>361,566</u>
Equipment and Fixtures	<u>1,327,071</u>	<u>159,705</u>	<u>42,957</u>	<u>1,443,819</u>
Electrical System	<u>3,146,830</u>	<u>116,379</u>	<u>-</u>	<u>3,263,209</u>
Water System	<u>4,844,909</u>	<u>118,108</u>	<u>-</u>	<u>4,963,017</u>
Sewer System	<u>6,637,746</u>	<u>79,419</u>	<u>-</u>	<u>6,717,165</u>
Total capital assets being depreciated	<u>16,316,078</u>	<u>475,655</u>	<u>42,957</u>	<u>16,748,776</u>
Less accumulated depreciation for:				
Building and Improvements	<u>(102,002)</u>	<u>(7,210)</u>	<u>-</u>	<u>(109,212)</u>
Equipment and Fixtures	<u>(1,066,123)</u>	<u>(50,096)</u>	<u>42,957</u>	<u>(1,073,262)</u>
Electrical System	<u>(936,811)</u>	<u>(48,075)</u>	<u>-</u>	<u>(984,886)</u>
Water System	<u>(1,298,239)</u>	<u>(73,559)</u>	<u>-</u>	<u>(1,371,798)</u>
Sewer System	<u>(1,572,134)</u>	<u>(103,073)</u>	<u>-</u>	<u>(1,675,207)</u>
Total accumulated depreciation	<u>(4,975,309)</u>	<u>(282,013)</u>	<u>42,957</u>	<u>(5,214,365)</u>
Total capital assets being depreciated, net	<u>11,340,769</u>	<u>193,642</u>	<u>-</u>	<u>11,534,411</u>
Business-type activities capital assets, net	<u>\$ 11,846,649</u>	<u>\$ 193,642</u>	<u>\$ -</u>	<u>\$ 12,040,291</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 2005, net interest costs were not capitalized because interest expenditures related to constructed assets net of related interest revenue were not material.

**NOTE 7 CAPITAL ASSETS: (CONTINUED)**

Depreciation expense was charged as direct expense to programs of the primary government as follows:	
Governmental Activities	
Administrative	\$ 50,828
Sanitation	185
Fire	35,581
Police	100,318
Paving and street	613,054
Parks and recreation	173,664
Library	19,135
Garage	7,534
Governmental Activities	<u>\$ 1,000,299</u>
Business-type activities	
Electric, Water and Sewer	<u>\$ 282,013</u>

The City has active construction projects as of September 30, 2005. Total accumulated commitments for ongoing capital projects are composed of the following:

Street improvements	\$ <u>330,000</u>
---------------------	-------------------

**NOTE 8 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 801 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 8 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, 2004 valuation is effective for rates beginning January 2006). For fiscal year 2005, the City's annual pension cost of \$359,799 was equal to the City's required and actual contributions.

**Schedule of Actuarial Liabilities and Funding Progress**

Actuarial Valuation Date	12/31/04
Actuarial Value of Assets	\$7,810,369
Actuarial Accrued Liability	9,864,088
Percentage Funded	79.2%
Unfunded (Over-funded) Actuarial Accrued Liability (UAAL)	2,053,719
Annual Covered Payroll	2,219,407
UAAL as a percentage of covered payroll	92.5%

**NOTE 8 PENSION PLAN: (CONTINUED)**

Net Pension Obligation (NPO) at the Beginning of the Period	\$	<u> </u>
Annual Pension Cost:		
Annual Required Contribution (ARC)	\$	359,799
Interest on NPO		<u> </u>
Adjustment to the ARC		<u> </u>
		359,799
Contributions Made		<u>(359,799)</u>
Increase in NPO		<u> </u>
		<u> </u>
NPO at the end of the period	\$	<u> </u>

## Six Year Trend Information

<u>Fiscal Year Funding</u>	<u>Annual Pension Cost (APC)</u>	<u>Percentage of APC Contributed</u>	<u>Net Pension Obligation</u>
9/30/2000	\$ 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%	-
9/30/2005	359,799	100%	-

Additional supplementary three-year trend information may be found on page 54.

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

**NOTE 9 LONG-TERM DEBT:**

The following is a summary of bonds payable of the City for the year ended September 30, 2005:

	<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	\$ 1,045,000
\$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	4,415,000
\$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>3,000,000</u>
<b>Total Bonds Payable</b>	<b><u>\$ 8,460,000</u></b>

**Changes in Outstanding Debt-**

	<u>Balance October 1, 2004</u>	<u>Issues or Additions</u>	<u>Payments or Expenditures</u>	<u>Balance September 30, 2005</u>	<u>Due Within One Year</u>
<b><u>Governmental Type Activities</u></b>					
General Obligation Bonds	\$ 1,230,000	\$ -	\$ 185,000	\$ 1,045,000	\$ 195,000
Certificates of Obligation	<u>7,770,000</u>	<u>-</u>	<u>355,000</u>	<u>7,415,000</u>	<u>365,000</u>
<b>Total government</b>	<b><u>\$ 9,000,000</u></b>	<b><u>\$ -</u></b>	<b><u>\$ 540,000</u></b>	<b><u>\$ 8,460,000</u></b>	<b><u>\$ 560,000</u></b>

**General Obligation Bonds and Certificates of Obligation-**

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

**NOTE 9 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, 2005, are as follows:

**General Obligation Bonds**

Year Ending Sept. 30,	Governmental Activities		
	Principal	Interest	Total
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>\$ 1,045,000</u>	<u>\$ 99,475</u>	<u>\$ 1,144,475</u>

**Certificates of Obligation**

Year Ending Sept. 30,	Governmental Activities		
	Principal	Interest	Total
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	405,000	273,020	678,020
2011-2015	3,730,000	973,615	4,703,615
2016-2017	1,760,000	131,611	1,891,611
Total	<u>\$ 7,415,000</u>	<u>\$ 2,617,243</u>	<u>\$ 10,032,243</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 10 RAW WATER SUPPLY CONTRACT:**

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

## **NOTE 11 WATER SYSTEM SERVICE CONTRACT:**

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

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

Under terms of the contract, the City is to pay to TRA amounts equal to the operation and maintenance expenses of the system plus the amounts necessary for the debt service payments on the TRA's bonds. All such payments shall constitute reasonable and necessary operating expenses of the City's combined waterworks and sanitary sewer systems. During the fiscal year ended September 30, 2005, the City paid approximately \$73,551 into the interest and sinking fund. The annual principal and interest payments after the refunding applicable to the TRA's bonds through maturity are in the following amounts:

<u>Calendar Year</u>	<u>Amount Per Year</u>
2006	\$ 73,760
2007	76,960
2008	74,848
2009	77,735
2010	75,320
2011	72,730
<b>Total</b>	<b>\$ 451,353</b>

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

<u>Business Type Activities</u>	<u>Balance October 1, 2004</u>	<u>Issues or Additions</u>	<u>Payments or Expenditures</u>	<u>Balance September 30, 2005</u>	<u>Due Within One Year</u>
Contracts payable	\$ 460,000	\$ -	\$ 60,000	\$ 400,000	\$ 60,000
Total business	<u>\$ 460,000</u>	<u>\$ -</u>	<u>\$ 60,000</u>	<u>\$ 400,000</u>	<u>\$ 60,000</u>

## **NOTE 12 ENERGY AND POWER CONTRACT:**

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

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

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

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

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

The Agency was able to rebate to participating cities a portion of their power purchases in 2005. Reflected in the revenues for the Electric, Water and Sewer Fund is an approximate \$830,000 rebate of power costs.

## **NOTE 13 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 14 LITIGATION:**

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

**NOTE 15 COMMITMENTS AND CONTINGENT LIABILITIES:**Grants

The City participates in federally assisted grant programs. These programs are subject to program compliance audits by the grantors or their representatives. The audits of these programs including the year ended September 30, 2005 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 16 RISK MANAGEMENT:**

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

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

**NOTE 17 SANITATION DEPARTMENT CONTRACT:**

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

**NOTE 18 GOLF COURSE LEASE AGREEMENT:**

The City entered into an agreement to lease the municipal golf course for a five year period to Mill Ridge Golf Club, L.C. which expired in 2005, and was renewed for one year through 2006 on the same terms. 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, 2005 the City received \$12,000 under this agreement.

**NOTE 19 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**

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<b>Actuarial Valuation Date</b>	<b>(1) Actuarial Value of Assets **</b>	<b>(2) Actuarial Accrued Liability (AAL) Unit Credit *</b>	<b>(3) Unfunded AAL (UAAL)</b>	<b>(4) Funded Ratio (1)/(2)</b>	<b>(5) Annual Covered Payroll</b>	<b>(6) Unfunded Actuarial Accrued Liability As a Percentage of Covered Payroll</b>
12/31/2002	\$ 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%
12/31/2004	7,810,369	9,864,088	2,053,719	79.18%	2,219,407	92.53%

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

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

**OTHER SUPPLEMENTARY INFORMATION**

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

**CITY OF LIVINGSTON, TEXAS**  
**BUDGETARY COMPARISON SCHEDULE**  
**DEBT SERVICE FUND**  
**FOR THE YEAR ENDED SEPTEMBER 30, 2005**

	<b>Budgeted Amounts GAAP Basis</b>		
	<b>Original</b>	<b>Revisions</b>	<b>Final</b>
<b>REVENUES</b>			
Miscellaneous	\$ -	\$ -	\$ -
Total Revenues	<u>-</u>	<u>-</u>	<u>-</u>
<b>EXPENDITURES</b>			
Debt service:			
Principal retirement	540,000	-	540,000
Interest	381,833	-	381,833
Total Expenditures	<u>921,833</u>	<u>-</u>	<u>921,833</u>
Excess (deficiency) of revenues over expenditures	<u>(921,833)</u>	<u>-</u>	<u>(921,833)</u>
<b>OTHER FINANCING SOURCES</b>			
Transfers in	921,833	-	921,833
Total other financing sources	<u>921,833</u>	<u>-</u>	<u>921,833</u>
Excess (deficiency) of revenues and other financing sources over expenditures and other uses	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>
Fund balances at beginning of year			
Fund balance at end of year			

<u>Actual</u>	<b>Variance with Final Budget Positive (Negative)</b>
\$ 6,047	\$ 6,047
<u>6,047</u>	<u>6,047</u>
540,000	-
<u>381,833</u>	<u>-</u>
<u>921,833</u>	<u>-</u>
<u>(915,786)</u>	<u>6,047</u>
919,246	(2,587)
<u>919,246</u>	<u>(2,587)</u>
3,460	\$ 3,460
<u>71,335</u>	
\$ 74,795	

**CITY OF LIVINGSTON, TEXAS**  
**BUDGETARY COMPARISON SCHEDULE**  
**STREET AND CAPITAL PROJECTS FUND**  
**FOR THE YEAR ENDED SEPTEMBER 30, 2005**

	<b>Budgeted Amounts GAAP Basis</b>		
	<b>Original</b>	<b>Revisions</b>	<b>Final</b>
<b><u>EXPENDITURES</u></b>			
Capital outlay:			
Streets	\$ 1,328,946	\$ (28,946)	\$ 1,300,000
Total Expenditures	<u>1,328,946</u>	<u>(28,946)</u>	<u>1,300,000</u>
Excess (deficiency) of revenues over expenditures	<u>\$ (1,328,946)</u>	<u>\$ 28,946</u>	<u>\$ (1,300,000)</u>
<b><u>OTHER FINANCING SOURCES</u></b>			
Transfers in	-	-	-
Total other financing sources	-	-	-
Excess (deficiency) of revenues and other financing sources over expenditures and other uses	<u>\$ (1,328,946)</u>	<u>\$ 28,946</u>	<u>\$ (1,300,000)</u>
Fund balance at beginning of year			
Fund balance at end of year			

<u>Actual</u>	<b>Variance with Final Budget Positive (Negative)</b>
<u>\$ 942,252</u>	<u>\$ 357,748</u>
<u>942,252</u>	<u>357,748</u>
<u>(942,252)</u>	<u>357,748</u>
<u>18,193</u>	<u>18,193</u>
<u>18,193</u>	<u>18,193</u>
<u>(924,059)</u>	<u>\$ 375,941</u>
	<u>1,267,007</u>
<u>\$ 342,948</u>	

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

## **GENERAL FUND**

**CITY OF LIVINGSTON, TEXAS**  
**GENERAL FUND - COMPARATIVE BALANCE SHEET**  
**SEPTEMBER 30, 2005 AND 2004**

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**ASSETS**

	<b>2005</b>	<b>2004</b>
Cash	\$ 629,512	\$ 827,874
Receivables:		
Returned checks receivable	2,375	2,064
Paving accounts receivable	<u>6,035</u>	<u>6,035</u>
Total Assets	<u>\$ 637,922</u>	<u>\$ 835,973</u>

**LIABILITIES AND FUND BALANCES**

**LIABILITIES**

Accounts payable	\$ 212,566	\$ 187,002
Total Liabilities	<u>212,566</u>	<u>187,002</u>

**FUND BALANCES**

Reserve for library memorials	5,096	13,243
Unreserved	<u>420,260</u>	<u>635,728</u>
Total Fund Balances	<u>425,356</u>	<u>648,971</u>
Total Liabilities and Fund Balances	<u>\$ 637,922</u>	<u>\$ 835,973</u>

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**CITY OF LIVINGSTON, TEXAS**  
**GENERAL FUND - SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN**  
**FUND BALANCES - BUDGET (GAAP BASIS) AND ACTUAL**  
**FOR THE YEAR ENDED SEPTEMBER 30, 2005**  
**WITH COMPARATIVE ACTUAL TOTALS FOR 2004**

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	<b>Budgeted Amounts GAAP Basis</b>			<b>Actual</b>
	<b>Original</b>	<b>Revisions</b>	<b>Final</b>	
<b>REVENUES</b>				
Taxes:				
Sales taxes	\$ 2,400,000	\$ 100,000	\$ 2,500,000	\$ 2,544,289
Franchise taxes	140,000	(5,000)	135,000	136,979
Hotel/Motel taxes	130,000	8,000	138,000	131,303
Licenses and permits	61,000	7,000	68,000	78,387
Charges for service	1,012,850	(21,450)	991,400	962,644
Fines and forfeitures	226,000	5,000	231,000	220,754
Miscellaneous	207,130	16,096	223,226	438,940
<b>Total Revenues</b>	<b>4,176,980</b>	<b>109,646</b>	<b>4,286,626</b>	<b>4,513,296</b>
<b>EXPENDITURES</b>				
Administrative	372,680	22,070	394,750	381,312
Sanitation	517,000	13,000	530,000	525,099
Fire	387,980	(89,430)	298,550	290,596
Police	1,281,600	(72,650)	1,208,950	1,222,758
Paving and street	783,224	(177,779)	605,445	578,207
Parks and recreation	731,420	(19,725)	711,695	685,484
Library	263,835	(19,310)	244,525	242,879
Garage	138,920	(870)	138,050	132,278
<b>Total Expenditures</b>	<b>4,476,659</b>	<b>(344,694)</b>	<b>4,131,965</b>	<b>4,058,613</b>
Excess (deficiency) of revenues over expenditures	<u>(299,679)</u>	<u>454,340</u>	<u>154,661</u>	<u>454,683</u>
<b>OTHER FINANCING SOURCES (USES)</b>				
Transfers in	757,899	-	757,899	259,141
Transfers out	(683,220)	-	(683,220)	(937,439)
<b>Total other financing sources (uses)</b>	<b>74,679</b>	<b>-</b>	<b>74,679</b>	<b>(678,298)</b>
Excess (deficiency) of revenues and other financing sources over expenditures and other uses	<u>\$ (225,000)</u>	<u>\$ 454,340</u>	<u>\$ 229,340</u>	<u>\$ (223,615)</u>
Fund balances at beginning of year				648,971
Fund balances at end of year				<u>\$ 425,356</u>

<b>Variance With Final Budget Positive (Negative)</b>	<b>2004 Actual</b>
\$ 44,289	\$ 2,324,945
1,979	136,563
(6,697)	134,374
10,387	68,620
(28,756)	1,054,801
(10,246)	174,479
215,714	764,631
<u>226,670</u>	<u>4,658,413</u>
13,438	251,405
4,901	508,272
7,954	273,847
(13,808)	1,084,599
27,238	963,848
26,211	647,341
1,646	230,581
5,772	129,975
<u>73,352</u>	<u>4,089,868</u>
<u>300,022</u>	<u>568,545</u>
(498,758)	247,191
(254,219)	(907,577)
<u>(752,977)</u>	<u>(660,386)</u>
\$ (452,955)	\$ (91,841)
	<u>740,812</u>
	<u>\$ 648,971</u>

**CITY OF LIVINGSTON, TEXAS**  
**GENERAL FUND**  
**SCHEDULE OF EXPENDITURES-BUDGET (GAAP BASIS) AND ACTUAL**  
**FOR THE YEAR ENDED SEPTEMBER 30, 2005**  
**WITH COMPARATIVE ACTUAL TOTALS FOR 2004**

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	<b>Budgeted Amounts GAAP Basis</b>				<b>Actual</b>
	<b>Original</b>	<b>Revisions</b>	<b>Final</b>	<b>Actual</b>	
<b>ADMINISTRATIVE DEPARTMENT</b>					
Salaries	\$ 93,600	\$ 4,400	\$ 98,000	\$ 100,134	
Social Security	7,500	350	7,850	8,026	
Retirement	47,500	1,500	49,000	44,676	
Employee insurance	37,000	(2,000)	35,000	30,178	
Insurance and bonds	10,780	(2,180)	8,600	8,572	
Legal and professional	35,000	3,000	38,000	38,469	
Auditing and accounting	3,000	900	3,900	3,867	
Supplies	20,000	-	20,000	22,324	
Repairs-building and grounds	15,000	1,000	16,000	14,566	
Equipment repairs and maintenance	5,000	500	5,500	6,330	
Gas and oil	2,000	(500)	1,500	2,009	
Utility/telephone	5,500	(400)	5,100	6,050	
Dues and subscriptions	7,000	1,500	8,500	7,993	
Building demolitions	5,000	(5,000)	-	-	
Transportation and contingency	55,000	15,000	70,000	66,619	
Postage and miscellaneous	3,800	4,000	7,800	7,549	
Capital expenditures	352,680	22,070	374,750	367,362	
	<u>20,000</u>	<u>(15,000)</u>	<u>20,000</u>	<u>13,950</u>	
Total Administrative	<u>372,680</u>	<u>7,070</u>	<u>394,750</u>	<u>381,312</u>	
<b>SANITATION DEPARTMENT</b>					
Supplies	40,000	10,000	50,000	47,971	
Refuse disposal/landfills	<u>477,000</u>	<u>3,000</u>	<u>480,000</u>	<u>477,128</u>	
Total Sanitation	<u>\$ 517,000</u>	<u>\$ 13,000</u>	<u>\$ 530,000</u>	<u>\$ 525,099</u>	

<b>Variance With Final Budget Positive (Negative)</b>	<b>2004 Actual</b>
\$ (2,134)	\$ 22,382
(176)	2,088
4,324	34,768
4,822	21,544
28	9,813
(469)	47,346
33	5,667
(2,324)	16,502
1,434	10,554
(830)	1,407
(509)	1,368
(950)	4,624
507	7,509
-	-
3,381	51,858
251	6,751
7,388	244,181
6,050	7,224
<u>13,438</u>	<u>251,405</u>
2,029	47,012
2,872	461,260
\$ 4,901	\$ 508,272

**CITY OF LIVINGSTON, TEXAS**  
**GENERAL FUND**  
**SCHEDULE OF EXPENDITURES-BUDGET (GAAP BASIS) AND ACTUAL**  
**FOR THE YEAR ENDED SEPTEMBER 30, 2005**  
**WITH COMPARATIVE ACTUAL TOTALS FOR 2004**

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	<b>Budgeted Amounts GAAP Basis</b>			
	<b>Original</b>	<b>Revisions</b>	<b>Final</b>	<b>Actual</b>
<b>FIRE DEPARTMENT</b>				
Salaries	\$ 106,000	\$ (6,000)	\$ 100,000	\$ 105,688
Salaries, administration	22,500	(3,750)	18,750	19,956
Social Security	7,150	(150)	7,000	7,010
Retirement	11,500	(500)	11,000	10,720
Employee insurance	16,300	(1,800)	14,500	13,665
Insurance and bonds	27,500	(2,500)	25,000	25,346
Recruitment costs	1,800	(800)	1,000	-
Supplies	25,000	(5,000)	20,000	19,054
Repairs-building and grounds	3,000	-	3,000	2,125
Equipment repairs and maintenance	20,000	(5,000)	15,000	11,896
Gas and oil	6,930	1,070	8,000	9,827
Utility/telephone	8,500	-	8,500	8,530
Dues and subscriptions	1,500	1,000	2,500	1,490
Transportation and contingency	17,000	-	17,000	11,160
Maintenance contribution	25,000	(500)	24,500	23,007
Postage and miscellaneous	3,300	(500)	2,800	2,888
	<u>302,980</u>	<u>(24,430)</u>	<u>278,550</u>	<u>272,362</u>
Capital expenditures	<u>85,000</u>	<u>(65,000)</u>	<u>20,000</u>	<u>18,234</u>
<b>Total Fire</b>	<b><u>387,980</u></b>	<b><u>(89,430)</u></b>	<b><u>298,550</u></b>	<b><u>290,596</u></b>
<b>POLICE DEPARTMENT</b>				
Salaries	685,000	(25,000)	660,000	658,964
Salaries, administration	22,500	(3,750)	18,750	19,955
Social Security	54,500	(2,500)	52,000	52,336
Retirement	103,000	(10,000)	93,000	96,757
Employee insurance	111,000	(19,500)	91,500	91,404
Uniforms	4,500	(1,500)	3,000	2,841
Insurance and bonds	44,000	(3,000)	41,000	43,356
Supplies	23,000	(3,000)	20,000	24,163
Repairs-building and grounds	12,500	(2,500)	10,000	6,621
Equipment repairs and maintenance	20,000	-	20,000	23,757
Gas and oil	26,400	6,600	33,000	40,850
Utility/telephone	7,500	-	7,500	7,870
Dues and subscriptions	700	-	700	373
Transportation and contingency	19,000	500	19,500	20,146
Postage and miscellaneous	<u>24,500</u>	<u>(9,000)</u>	<u>15,500</u>	<u>11,506</u>
	<u>1,158,100</u>	<u>(72,650)</u>	<u>1,085,450</u>	<u>1,100,899</u>
Capital expenditures	<u>123,500</u>	<u>-</u>	<u>123,500</u>	<u>121,859</u>
<b>Total Police</b>	<b><u>\$ 1,281,600</u></b>	<b><u>\$ (72,650)</u></b>	<b><u>\$ 1,208,950</u></b>	<b><u>\$ 1,222,758</u></b>

<b>Variance With Final Budget Positive (Negative)</b>	<b>2004 Actual</b>
\$ (5,688)	\$ 86,649
(1,206)	21,276
(10)	6,511
280	10,447
835	12,019
(346)	23,402
1,000	150
946	18,213
875	917
3,104	19,426
(1,827)	6,563
(30)	7,904
1,010	1,345
5,840	15,576
1,493	21,135
(88)	2,898
<hr/>	<hr/>
6,188	254,431
1,766	<hr/> 19,416
<hr/>	<hr/>
7,954	273,847
<hr/>	<hr/>
1,036	629,045
(1,205)	21,276
(336)	50,158
(3,757)	85,973
96	83,840
159	2,924
(2,356)	40,078
(4,163)	18,168
3,379	9,065
(3,757)	21,578
(7,850)	28,044
(370)	6,106
327	723
(646)	16,350
3,994	<hr/> 21,045
<hr/>	<hr/>
(15,449)	1,034,373
1,641	<hr/> 50,226
<hr/>	<hr/>
\$ (13,808)	\$ 1,084,599

**CITY OF LIVINGSTON, TEXAS**  
**GENERAL FUND**  
**SCHEDULE OF EXPENDITURES-BUDGET (GAAP BASIS) AND ACTUAL**  
**FOR THE YEAR ENDED SEPTEMBER 30, 2005**  
**WITH COMPARATIVE ACTUAL TOTALS FOR 2004**

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	<b>Budgeted Amounts GAAP Basis</b>			<b>Actual</b>
	<b>Original</b>	<b>Revisions</b>	<b>Final</b>	
<b>PAVING AND STREET DEPARTMENT</b>				
Salaries	\$ 190,000	\$ -	\$ 190,000	\$ 188,177
Salaries, administration	22,500	(3,750)	18,750	19,955
Social Security	16,250	(250)	16,000	15,861
Retirement	28,100	675	28,775	29,336
Employee insurance	36,000	(3,000)	33,000	31,093
Uniforms	3,400	(200)	3,200	2,806
Insurance and bonds	23,650	(2,150)	21,500	21,331
Supplies	16,200	15,000	31,200	28,937
Equipment repairs and maintenance	25,000	7,000	32,000	38,384
Gas and oil	19,250	4,750	24,000	26,303
Transit system	4,620	-	4,620	4,620
Transportation and contingency	2,200	200	2,400	2,884
	<u>387,170</u>	<u>18,275</u>	<u>405,445</u>	<u>409,687</u>
Capital expenditures	<u>396,054</u>	<u>(196,054)</u>	<u>200,000</u>	<u>168,520</u>
<b>Total Paving and Street</b>	<b><u>783,224</u></b>	<b><u>(177,779)</u></b>	<b><u>605,445</u></b>	<b><u>578,207</u></b>
<b>PARKS AND RECREATION DEPARTMENT</b>				
Salaries	214,000	(5,000)	209,000	202,234
Salaries, administration	45,000	(7,500)	37,500	39,910
Social Security	19,825	(1,125)	18,700	18,387
Retirement	20,550	2,875	23,425	24,396
Employee insurance	31,000	(2,000)	29,000	28,029
Uniforms	4,400	(50)	4,350	3,850
Insurance and bonds	20,460	(1,610)	18,850	19,243
Advertising, hotel tax	100,000	-	100,000	108,006
Supplies	36,500	(500)	36,000	33,053
Repairs-building and grounds	15,000	33,500	48,500	40,142
Equipment repairs and maintenance	15,000	1,000	16,000	10,461
Gas and oil	41,485	165	41,650	33,209
Utility/telephone	9,850	1,420	11,270	23,762
Dues and subscriptions	750	-	750	236
Transportation and contingency	2,500	1,500	4,000	4,729
Programming costs	10,000	(5,000)	5,000	5,222
Postage and miscellaneous	5,100	7,600	12,700	16,103
	<u>591,420</u>	<u>25,275</u>	<u>616,695</u>	<u>610,972</u>
Capital expenditures	<u>140,000</u>	<u>(45,000)</u>	<u>95,000</u>	<u>74,512</u>
<b>Total Parks and Recreation</b>	<b><u>\$ 731,420</u></b>	<b><u>\$ (19,725)</u></b>	<b><u>\$ 711,695</u></b>	<b><u>\$ 685,484</u></b>

<b>Variance With Final Budget Positive (Negative)</b>	<b>2004 Actual</b>
\$ 1,823	\$ 182,085
(1,205)	21,275
139	15,506
(561)	27,707
1,907	30,061
394	2,819
169	24,084
2,263	15,670
(6,384)	23,954
(2,303)	21,440
	4,620
(484)	1,797
(4,242)	371,018
31,480	592,830
27,238	963,848
6,766	197,108
(2,410)	42,552
313	18,234
(971)	21,609
971	26,482
500	3,447
(393)	18,120
(8,006)	144,931
2,947	41,843
8,358	22,542
5,539	11,370
8,441	37,980
(12,492)	8,880
514	703
(729)	2,751
(222)	5,124
(3,403)	2,909
5,723	606,585
20,488	40,756
\$ 26,211	\$ 647,341

**CITY OF LIVINGSTON, TEXAS**  
**GENERAL FUND**  
**SCHEDULE OF EXPENDITURES-BUDGET (GAAP BASIS) AND ACTUAL**  
**FOR THE YEAR ENDED SEPTEMBER 30, 2005**  
**WITH COMPARATIVE ACTUAL TOTALS FOR 2004**

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	<b>Budgeted Amounts GAAP Basis</b>			<b>Actual</b>
	<b>Original</b>	<b>Revisions</b>	<b>Final</b>	
<b>LIBRARY DEPARTMENT</b>				
Salaries	\$ 120,000	\$ 1,100	\$ 121,100	\$ 120,885
Salaries, administration	22,500	(3,750)	18,750	19,955
Social Security	10,900	(200)	10,700	10,714
Retirement	16,525	(25)	16,500	16,382
Employee insurance	20,500	(1,775)	18,725	18,714
Insurance and bonds	6,710	(160)	6,550	6,536
Supplies	8,000	-	8,000	7,972
Repairs-building and grounds	25,000	(15,000)	10,000	5,506
Equipment repairs and maintenance	2,500	1,000	3,500	2,025
Utility/telephone	4,700	-	4,700	4,080
Dues and subscriptions	2,700	-	2,700	2,402
Transportation and contingency	1,500	-	1,500	1,260
Postage and printing	2,300	(500)	1,800	1,465
	243,835	(19,310)	224,525	217,896
Memorial capital	5,000	-	5,000	15,635
Capital expenditures	15,000	-	15,000	9,348
<b>Total Library</b>	<b>263,835</b>	<b>(19,310)</b>	<b>244,525</b>	<b>242,879</b>
<b>GARAGE DEPARTMENT</b>				
Salaries	61,000	2,500	63,500	60,021
Salaries, administration	22,500	(3,750)	18,750	19,955
Social Security	6,400	(400)	6,000	6,057
Retirement	8,000	300	8,300	8,419
Employee insurance	11,000	(3,500)	7,500	6,990
Uniforms	1,100	(100)	1,000	799
Insurance and bonds	8,030	3,270	11,300	11,874
Supplies	8,000	(500)	7,500	5,778
Repairs-building and grounds	3,500	(1,000)	2,500	702
Equipment repairs and maintenance	3,500	1,500	5,000	4,927
Gas and oil	2,090	410	2,500	3,134
Utility/telephone	2,300	400	2,700	3,192
	137,420	(870)	136,550	131,848
Capital expenditures	1,500	-	1,500	430
<b>Total Garage</b>	<b>138,920</b>	<b>(870)</b>	<b>138,050</b>	<b>132,278</b>
<b>TOTAL GENERAL EXPENDITURES</b>	<b>\$ 4,476,659</b>	<b>\$ (359,694)</b>	<b>\$ 4,131,965</b>	<b>\$ 4,058,613</b>

<b>Variance With Final Budget Positive (Negative)</b>	<b>2004 Actual</b>
\$ 215	\$ 114,120
(1,205)	21,275
(14)	10,307
118	15,539
11	17,179
14	6,082
28	6,373
4,494	8,836
1,475	2,714
620	4,070
298	2,867
240	587
335	1,441
<hr/>	<hr/>
6,629	211,390
<hr/>	<hr/>
(10,635)	13,657
<u>5,652</u>	<u>5,534</u>
<hr/>	<hr/>
<b>1,646</b>	<b>230,581</b>
<hr/>	<hr/>
3,479	63,292
(1,205)	21,275
(57)	6,419
(119)	7,655
510	7,618
201	663
(574)	7,383
1,722	5,150
1,798	961
73	4,091
(634)	2,068
(492)	1,969
<hr/>	<hr/>
4,702	128,544
<u>1,070</u>	<u>1,431</u>
<hr/>	<hr/>
<b>5,772</b>	<b>129,975</b>
<hr/>	<hr/>
<b>\$ 73,352</b>	<b>\$ 4,089,868</b>

## **DEBT SERVICE FUND**

**CITY OF LIVINGSTON, TEXAS**  
**DEBT SERVICE FUND - COMPARATIVE BALANCE SHEET**  
**SEPTEMBER 30, 2005 AND 2004**

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**ASSETS**

	<b>2005</b>	<b>2004</b>
Cash	\$ 74,795	\$ 71,335
Total Assets	<u>\$ 74,795</u>	<u>\$ 71,335</u>

**FUND BALANCES**

Reserve for debt service	\$ 74,795	\$ 71,335
Total Fund Balance	<u>\$ 74,795</u>	<u>\$ 71,335</u>

**CITY OF LIVINGSTON, TEXAS**  
**DEBT SERVICE FUND**  
**BUDGETARY COMPARISON SCHEDULE**  
**FOR THE YEAR ENDED SEPTEMBER 30, 2005**  
**WITH COMPARATIVE ACTUAL TOTALS FOR 2004**

	<b>Budgeted Amounts GAAP Basis</b>		
	<b>Original</b>	<b>Revisions</b>	<b>Final</b>
<b>REVENUES</b>			
Miscellaneous	\$ -	\$ -	\$ -
Total Revenues	- -	- -	- -
<b>EXPENDITURES</b>			
Debt service:			
Principal retirement	540,000	-	540,000
Interest	381,833	-	381,833
Total Expenditures	921,833	-	921,833
Excess (deficiency) of revenues over expenditures	(921,833)	-	(921,833)
<b>OTHER FINANCING SOURCES (USES)</b>			
Bonds Issued from refunding debt	-	-	-
Redemption of refunded bonds	-	-	-
Transfers in	921,833	-	921,833
Total other financing sources	921,833	-	921,833
Excess (deficiency) of revenues and other financing sources over expenditures and other uses	\$ -	\$ -	\$ -
Fund balances at beginning of year			
Fund balance at end of year			

Actual	Variance with Final Budget Positive (Negative)	2004
\$ 6,047	\$ 6,047	\$ 25,601
<u>6,047</u>	<u>6,047</u>	<u>25,601</u>
540,000	-	530,000
381,833	-	400,800
<u>921,833</u>	<u>-</u>	<u>930,800</u>
(915,786)	6,047	(905,199)
-	-	-
919,246	(2,587)	907,577
<u>919,246</u>	<u>(2,587)</u>	<u>907,577</u>
3,460	3,460	2,378
<u>71,335</u>	<u>-</u>	<u>68,957</u>
<u>\$ 74,795</u>	<u>\$ 3,460</u>	<u>\$ 71,335</u>

## **STREETS AND CAPITAL PROJECTS FUND**

**CITY OF LIVINGSTON, TEXAS**  
**STREETS AND CAPITAL PROJECTS FUND - COMPARATIVE BALANCE SHEET**  
**SEPTEMBER 30, 2005 AND 2004**

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**ASSETS**

	<b>2005</b>	<b>2004</b>
Cash	\$ 16,470	\$ 13,023
Certificates of deposit	<u>450,000</u>	<u>1,650,000</u>
Total Assets and Other Debits	<u>\$ 466,470</u>	<u>\$ 1,663,023</u>

**LIABILITIES AND FUND BALANCES**

Liabilities:

Construction contracts payable	<u>123,522</u>	<u>396,016</u>
Total liabilities	<u>123,522</u>	<u>396,016</u>

Fund Balances:

Reserved for:		
Capital projects	<u>342,948</u>	<u>1,267,007</u>
Total Fund Balances	<u>342,948</u>	<u>1,267,007</u>
Total Liabilities and Fund Balances	<u>\$ 466,470</u>	<u>\$ 1,663,023</u>

**CITY OF LIVINGSTON, TEXAS**  
**STREETS AND CAPITAL PROJECTS FUND**  
**BUDGETARY COMPARISON SCHEDULE**  
**FOR THE YEAR ENDED SEPTEMBER 30, 2005**  
**WITH COMPARATIVE ACTUALS FOR 2004**

---

	<b>Budgeted Amounts GAAP Basis</b>		
	<b>Original</b>	<b>Revisions</b>	<b>Final</b>
<b>EXPENDITURES</b>			
Capital outlay:			
Streets	\$ 1,328,946	\$ (28,946)	\$ 1,300,000
Other projects	-	-	-
Total Expenditures	<u>1,328,946</u>	<u>(28,946)</u>	<u>1,300,000</u>
Excess (deficiency) of revenues over expenditures	<u>(1,328,946)</u>	<u>28,946</u>	<u>(1,300,000)</u>
<b>OTHER FINANCING SOURCES</b>			
Transfers in	-	-	-
Total other financing sources	-	-	-
Excess of revenues and other financing sources over expenditures and other uses	<u>\$ (1,328,946)</u>	<u>\$ 28,946</u>	<u>\$ (1,300,000)</u>
Fund balances at beginning of year			
Fund balances at end of year			

<b>Actual</b>	<b>Variance With Final Budget Positive (Negative)</b>	<b>2004</b>
\$ 942,252	\$ 357,748	\$ 1,954,388
<u>-</u>	<u>-</u>	<u>-</u>
<u>942,252</u>	<u>357,748</u>	<u>1,954,388</u>
<u>(942,252)</u>	<u>357,748</u>	<u>(1,954,388)</u>
<u>18,193</u>	<u>18,193</u>	<u>-</u>
<u>18,193</u>	<u>18,193</u>	<u>-</u>
\$ (924,059)	\$ 375,941	\$ (1,954,388)
<u>1,267,007</u>	<u>-</u>	<u>3,221,395</u>
<u>\$ 342,948</u>	<u>\$ 375,941</u>	<u>\$ 1,267,007</u>

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## **PROPRIETARY FUND**

**CITY OF LIVINGSTON, TEXAS**  
**COMPARATIVE STATEMENT OF NET ASSETS**  
**ELECTRIC, WATER AND SEWER FUND**  
**SEPTEMBER 30, 2005 AND 2004**

<b>ASSETS</b>	<b>2005</b>	<b>2004</b>
<b>Current assets:</b>		
Cash	\$ 654,491	\$ 1,125,107
Certificates of deposit	2,003,090	1,003,090
Restricted assets		
Cash in bank, water and sewer system improvements	121,919	119,537
Cash in bank, reserve fund	15,879	69,481
Receivables:		
Returned checks receivable	13,204	10,512
Utility accounts receivable	<u>1,156,563</u>	<u>1,041,963</u>
 Total Current Assets	 <u>3,965,146</u>	 <u>3,369,690</u>
 <b>Capital assets:</b>		
Land	505,880	505,880
Building and improvements	361,566	359,522
Equipment and fixtures	1,443,819	1,327,071
Electrical system	3,263,209	3,146,830
Water system	4,963,017	4,844,909
Sewer system	<u>6,717,165</u>	<u>6,637,746</u>
 Less accumulated depreciation	 <u>17,254,656</u>	 <u>16,821,958</u>
 Net property, plant and equipment	 <u>12,040,291</u>	 <u>11,846,648</u>
 <b>Other assets:</b>		
Water service contract rights	<u>400,000</u>	<u>460,000</u>
 Total Other Assets	 <u>400,000</u>	 <u>460,000</u>
 Total Assets	 <u>\$ 16,405,437</u>	 <u>\$ 15,676,338</u>

<b>LIABILITIES</b>	<b>2005</b>	<b>2004</b>
<b>Current liabilities:</b>		
Accounts payable	\$ 812,592	\$ 716,039
Meter deposits	304,796	294,238
Contracts payable-Trinity River Authority	60,000	60,000
Total current liabilities	<u>1,177,388</u>	<u>1,070,277</u>
<b>Noncurrent liabilities:</b>		
Contracts payable-Trinity River Authority	<u>340,000</u>	<u>400,000</u>
Total noncurrent liabilities	<u>340,000</u>	<u>400,000</u>
<b>Total liabilities</b>	<b><u>1,517,388</u></b>	<b><u>1,470,277</u></b>
<b>NET ASSETS</b>		
Invested in capital assets (net of related debt)	12,040,291	11,846,648
Restricted for water and sewer system improvements	121,919	119,537
Restricted for Trinity River Authority contracts payable	15,879	69,481
Unrestricted	<u>2,709,960</u>	<u>2,170,395</u>
<b>Total net assets</b>	<b><u>\$ 14,888,049</u></b>	<b><u>\$ 14,206,061</u></b>

**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, 2005 AND 2004**

---

**Business-Type Activities - Enterprise Fund**

	<b>2005</b>	<b>2004</b>
<b>Operating revenues:</b>		
Charges for sales and services:		
Electricity sales	\$ 6,825,538	\$ 6,566,505
Water sales	1,536,581	1,511,548
Sewer service charges	1,117,264	1,080,740
Penalties, utilities	108,572	118,369
Water tapping fees	20,793	10,850
Sewer tapping fees	14,350	10,450
Recoveries, electrical	829,849	789,196
Recoveries, water	92,813	115,335
Revenue, night lights	67,200	65,579
Service fees	42,120	44,386
Total Operating Revenues	<u>10,655,080</u>	<u>10,312,958</u>
<b>Operating expenses:</b>		
Light and Power Department	7,537,965	7,220,031
Water Department	1,465,415	1,440,698
Sewer Department	393,881	366,328
Uncollectible accounts	68,001	71,784
Depreciation	282,013	279,458
Total Operating Expenses	<u>9,747,275</u>	<u>9,378,299</u>
Operating Income	907,805	934,659
<b>Non-operating revenues:</b>		
Interest income	<u>33,324</u>	<u>14,790</u>
Income Before Transfers	941,129	949,449
Transfers Out	<u>(259,141)</u>	<u>(247,191)</u>
Change in net assets	681,988	702,258
Total net assets - beginning	<u>14,206,061</u>	<u>13,503,803</u>
Total net assets - ending	<u>\$ 14,888,049</u>	<u>\$ 14,206,061</u>

**CITY OF LIVINGSTON, TEXAS**  
**COMPARATIVE STATEMENT OF CASH FLOWS**  
**ELECTRIC, WATER, AND SEWER FUND**  
**FOR THE YEARS ENDED SEPTEMBER 30, 2005 AND 2004**

---

**Business-Type Activities - Enterprise Fund**

	<b>2005</b>	<b>2004</b>
Cash flows from operating activities:		
Cash received from customers	\$ 10,472,479	\$ 10,320,836
Cash payments to suppliers for goods and services	(7,483,477)	(7,852,146)
Cash payments to employees for services	<u>(1,809,366)</u>	<u>(1,174,435)</u>
Net cash provided by operating activities	<u>1,179,636</u>	<u>1,294,255</u>
Cash flows from noncapital financing activities:		
Transfers to other funds	<u>(259,141)</u>	<u>(247,191)</u>
Net cash used for noncapital financing activities	<u>(259,141)</u>	<u>(247,191)</u>
Cash flows from capital and related financing activities:		
Acquisition of capital assets	<u>(475,655)</u>	<u>(240,244)</u>
Net cash used for capital and related financing activities	<u>(475,655)</u>	<u>(240,244)</u>
Cash flows from investing activities:		
Purchase of certificate of deposit	<u>(1,000,000)</u>	-
Interest on cash and investments	<u>33,324</u>	<u>14,790</u>
Net cash (used) provided by investing activities	<u>(966,676)</u>	<u>14,790</u>
NET CHANGE IN CASH AND CASH EQUIVALENTS	<u>(521,836)</u>	<u>821,610</u>
CASH AND CASH EQUIVALENTS AT BEGINNING OF YEAR	<u>1,314,125</u>	<u>492,515</u>
CASH AND CASH EQUIVALENTS AT END OF YEAR	<u>\$ 792,289</u>	<u>\$ 1,314,125</u>

(Continued)

**CITY OF LIVINGSTON, TEXAS**  
**STATEMENT OF CASH FLOWS**  
**ELECTRIC, WATER, AND SEWER FUNDS**  
**FOR THE YEARS ENDED SEPTEMBER 30, 2005 AND 2004**

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**Business-Type Activities - Enterprise Fund**

	<b>2005</b>	<b>2004</b>
Reconciliation of income from operations to net cash provided by operating activities:		
Income from operations	\$ 907,805	\$ 934,659
Adjustments to reconcile operating net income to net cash provided by operating activities:		
Depreciation	282,012	279,458
Change in operating assets and liabilities:		
Returned checks receivable	(2,692)	(1,681)
Utility accounts receivable	(114,600)	79,662
Accounts payable	96,553	10,127
Meter deposits	10,558	(7,970)
Total adjustments	<u>271,831</u>	<u>359,596</u>
Net cash provided by operating activities	<u>\$ 1,179,636</u>	<u>\$ 1,294,255</u>
Reconciliation of total cash and cash investments		
Unrestricted	\$ 654,491	\$ 1,125,107
Restricted		
Cash in bank, water and sewer system improvements	121,919	119,537
Cash in bank, reserve fund	<u>15,879</u>	<u>69,481</u>
Total cash and cash equivalents	<u>\$ 792,289</u>	<u>\$ 1,314,125</u>

(Concluded)

## **ENTERPRISE FUND**

**CITY OF LIVINGSTON, TEXAS  
ENTERPRISE FUND**

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

**FOR THE YEAR ENDED SEPTEMBER 30, 2005**

**WITH COMPARATIVE ACTUAL AMOUNTS FOR THE YEAR ENDED SEPTEMBER 30, 2004**

	<b>2005</b>			
	<b>Original Budget</b>	<b>Revisions</b>	<b>Final</b>	<b>Actual</b>
<b>LIGHT AND POWER DEPARTMENT</b>				
Salaries	\$ 435,000	\$ 15,000	\$ 450,000	\$ 458,115
Salaries, administration	22,500	(3,750)	18,750	19,955
Social Security	35,000	1,000	36,000	36,522
Retirement	66,500	1,000	67,500	70,902
Employee insurance	62,500	(9,500)	53,000	56,986
Uniform rental	4,400	(400)	4,000	4,012
Insurance and bonds	18,535	(35)	18,500	18,301
Legal and professional	2,500	-	2,500	1,694
Engineering	3,000	-	3,000	497
Supplies	50,000	(15,000)	35,000	28,452
Repairs-building and grounds and equipment	16,500	3,000	19,500	19,775
Gas and oil	12,100	2,400	14,500	20,243
Utility/telephone	4,500	(500)	4,000	3,595
Dues and subscriptions	5,000	-	5,000	3,656
Power purchase	6,700,000	-	6,700,000	6,752,711
Transportation and contingency	12,500	1,500	14,000	19,964
Utility billing	11,000	(1,000)	10,000	8,180
Postage and miscellaneous	11,000	(1,500)	9,500	10,538
Auditing and accounting	3,000	900	3,900	3,867
<b>Total Light and Power</b>	<b>7,475,535</b>	<b>(6,885)</b>	<b>7,468,650</b>	<b>7,537,965</b>
<b>WATER DEPARTMENT</b>				
Salaries	275,000	-	275,000	275,246
Salaries - administration	22,500	(3,750)	18,750	19,954
Social Security	22,775	(775)	22,000	22,522
Retirement	42,550	(50)	42,500	41,519
Employee insurance	54,000	(4,000)	50,000	46,528
Uniform rental	3,850	(350)	3,500	3,252
Insurance and bonds	18,150	1,850	20,000	19,990
Legal and professional	3,500	(3,000)	500	775
Supplies	65,500	(25,000)	40,500	34,445
Repairs-building and grounds	6,000	500	6,500	5,835
Repairs-equipment	26,500	(1,500)	25,000	26,447
Gas and oil	8,250	1,250	9,500	10,707
Engineering	5,000	1,000	6,000	5,429
Dues and subscriptions	3,500	-	3,500	3,188
Water-TRA	58,400	-	58,400	58,400
Operations and maintenance-TRA	781,079	-	781,079	781,079
Transportation and contingency	14,500	(200)	14,300	14,604
Utility billing	11,000	(1,000)	10,000	8,180
Postage and printing	12,000	(2,500)	9,500	9,897
TRA-debt service	73,551	-	73,551	73,551
Auditing and accounting	3,000	900	3,900	3,867
<b>Total Water</b>	<b>1,510,605</b>	<b>(36,625)</b>	<b>1,473,980</b>	<b>1,465,415</b>

<b>Variance</b>	<b>2004</b>	
		<b>Actual</b>
\$ (8,115)	\$ 425,099	
(1,205)	21,275	
(522)	34,097	
(3,402)	66,574	
(3,986)	49,902	
(12)	3,335	
199	20,692	
806	2,375	
2,503	2,943	
6,548	27,939	
(275)	19,597	
(5,743)	12,522	
405	3,879	
1,344	420	
(52,711)	6,491,116	
(5,964)	15,030	
1,820	8,448	
(1,038)	9,121	
33	5,667	
<u>(69,315)</u>	<u>7,220,031</u>	
(246)	254,579	
(1,204)	21,276	
(522)	21,052	
981	40,732	
3,472	47,687	
248	2,958	
10	16,626	
(275)	-	
6,055	39,087	
665	6,429	
(1,447)	17,276	
(1,207)	8,198	
571	4,953	
312	3,107	
-	58,400	
-	759,863	
(304)	12,901	
1,820	8,185	
(397)	9,166	
-	102,556	
33	5,667	
<u>8,565</u>	<u>1,440,698</u>	

**CITY OF LIVINGSTON, TEXAS  
ENTERPRISE FUND**

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

**FOR THE YEAR ENDED SEPTEMBER 30, 2005**

**WITH COMPARATIVE ACTUAL AMOUNTS FOR THE YEAR ENDED SEPTEMBER 30, 2004**

	<b>2005</b>			
	<b>Original Budget</b>	<b>Revisions</b>	<b>Final</b>	<b>Actual</b>
<b>SEWER DEPARTMENT</b>				
Salaries	140,000	(20,000)	120,000	111,456
Salaries, administration	22,500	(3,750)	18,750	19,957
Social Security	12,450	(2,750)	9,700	9,983
Retirement	17,500	(500)	17,000	16,692
Employee insurance	21,000	(2,000)	19,000	18,796
Uniform rental	1,200	-	1,200	1,269
Insurance and bonds	6,380	4,720	11,100	11,032
Lab fees-engineering	8,000	1,500	9,500	41,522
Supplies	30,000	(5,000)	25,000	23,304
Chemicals	25,000	-	25,000	19,129
Legal/professional	2,500	(1,500)	1,000	1,270
Repairs-equipment	35,000	(5,000)	30,000	26,178
Repairs-building and grounds	2,500	-	2,500	74
Gas and oil	12,100	1,400	13,500	15,974
Dues and subscriptions	14,000	(1,000)	13,000	12,265
Transportation and contingency	66,000	(1,500)	64,500	56,550
Utilities and telephone	8,800	(300)	8,500	8,430
<b>Total Sewer</b>	<b><u>424,930</u></b>	<b><u>(35,680)</u></b>	<b><u>389,250</u></b>	<b><u>393,881</u></b>
<b>TOTAL ENTERPRISE FUND</b>				
<b>DEPARTMENT EXPENDITURES</b>	<b><u>\$ 9,411,070</u></b>	<b><u>\$ (79,190)</u></b>	<b><u>\$ 9,331,880</u></b>	<b><u>\$ 9,397,261</u></b>

<u>Variance</u>	<u>2004</u>	<u>Actual</u>
8,544	126,968	
(1,207)	21,276	
(283)	11,290	
308	15,560	
204	17,069	
(69)	1,170	
68	5,887	
(32,022)	6,850	
1,696	27,080	
5,871	27,343	
(270)	610	
3,822	22,546	
2,426	224	
(2,474)	11,495	
735	12,075	
7,950	51,081	
70	7,804	
<u>(4,631)</u>	<u>366,328</u>	
<u>\$ (65,381)</u>	<u>\$ 9,027,057</u>	

## **STATISTICAL SECTION**

**MULTI-YEAR AND OTHER FINANCIAL AND DEMOGRAPHIC  
INFORMATION**

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

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<b>Fiscal Year</b>	<b>Administrative</b>	<b>Sanitation</b>	<b>Fire</b>	<b>Police</b>	<b>Paving and Street</b>
1995-96	\$ 191,172	\$ 388,895	\$ 232,722	\$ 727,752	\$ 507,497
1996-97	235,916	406,760	348,188	754,343	499,346
1997-98	231,376	415,322	237,263	912,467	611,547
1998-99	211,259	394,160	273,657	858,558	561,299
1999-00	185,542	427,658	317,288	925,680	568,984
2000-01	185,567	460,487	279,783	923,481	689,612
2001-02	219,570	481,974	290,064	1,009,301	629,290
2002-03	335,176	489,056	309,087	1,055,415	333,779
2003-04	251,405	508,272	273,847	1,084,599	963,848
2004-05	381,312	525,099	290,596	1,222,758	578,207

<b>Parks and Recreation</b>	<b>Library</b>	<b>Garage</b>	<b>Total</b>
\$ 380,093	\$ 260,259	\$ 103,620	\$ 2,792,010
372,469	217,549	107,676	2,942,247
698,218	198,162	105,701	3,410,056
895,893	211,570	112,136	3,518,532
767,938	196,052	114,547	3,503,689
1,005,060	251,299	123,676	3,918,965
603,608	210,043	122,338	3,566,188
685,545	228,237	152,792	3,589,087
647,341	230,581	129,975	4,089,868
685,484	242,879	132,278	4,058,613

**TABLE II**

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

<b>Fiscal Year</b>	<b>Taxes</b>	<b>Penalties and Interest-Taxes</b>	<b>Corporation Court</b>	<b>Licenses and Permits</b>	<b>Revenue Sharing Recoveries-Miscellaneous and Memorials</b>	
					<b>Recoveries-Miscellaneous and Memorials</b>	<b>Revenue Sharing Recoveries-Miscellaneous and Memorials</b>
1995-96	\$ 1,846,584	\$ 879	\$ 67,907	\$ 29,817	\$ 244,406	
1996-97	1,884,897	177	94,154	38,587	163,660	
1997-98	2,032,178	137	164,329	105,532	267,437	(1)
1998-99	2,094,859	98	103,441	98,402	326,361	(2)
1999-00	2,253,955	148	130,154	65,372	467,334	
2000-01	2,225,137	79	156,830	61,645	657,527	(3)
2001-02	2,439,840	94	152,717	39,422	437,909	(4)
2002-03	2,441,569	64	167,862	70,903	500,625	(5)
2003-04	2,595,882	-	174,479	68,620	1,091,353	(6)
2004-05	2,812,571	-	220,754	78,387	647,564	(7)

(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.  
 (7) Includes a Texas Community Block Grant of \$64,077.

**TABLE II**

<b>Sanitation</b>	<b>Paving Assessments</b>	<b>Green Fees</b>	<b>Interest Income</b>	<b>Total</b>
\$ 402,181	\$ -	\$ 88,500	\$ 20,577	\$ 2,700,851
411,199	-	89,068	17,007	2,698,749
424,587	25,209	77,625	28,256	3,125,290
430,400	7,844	26,236	12,405	3,100,046
496,638	3,532	12,000	8,298	3,437,431
544,196	-	12,000	14,307	3,671,721
612,865	15,854	12,000	9,520	3,720,221
669,434	275	12,000	21,134	3,883,866
697,919	616	12,000	17,544	4,658,413
716,199	-	12,000	25,821	4,513,296

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

<b>Fiscal Year</b>	<b>Total Tax Levy</b>	<b>Current Tax Collections</b>	<b>Percent of Levy Collected</b>	<b>Delinquent Tax Collections</b>	<b>Total Tax Collections</b>
1995-96	N/A	N/A	N/A	607	607
1996-97	N/A	N/A	N/A	118	118
1997-98	N/A	N/A	N/A	81	81
1998-99	N/A	N/A	N/A	61	61
1999-00	N/A	N/A	N/A	15	15
2000-01	N/A	N/A	N/A	42	42
2001-02	N/A	N/A	N/A	-	-
2002-03	N/A	N/A	N/A	64	64
2003-04	N/A	N/A	N/A	-	-
2004-05	N/A	N/A	N/A	-	-

\* City discontinued levying property taxes in fiscal 1989.

**TABLE III**

Total Collections as Percent of Current Levy	Adjustment	Outstanding Delinquent Taxes	Outstanding Delinquent as a Percent of Total Tax Levy
N/A	(648)	2,996	N/A
N/A	(116)	2,762	N/A
N/A	(378)	2,303	N/A
N/A	(102)	2,140	N/A
N/A	(103)	2,022	N/A
N/A	(2)	2,101	N/A
N/A	-	2,101	N/A
N/A	64	2,101	N/A
N/A	(2,101)	-	N/A
N/A	-	-	N/A

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

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<b>Tax Year</b>	<b>Real Property (1)</b>		<b>Personal (1)</b> <b>Assessed Value</b>
	<b>Assessed Value</b>	<b>Estimated Actual Value</b>	
1995	\$ 117,567,072	\$ 117,567,072	\$ 37,783,162
1996	118,034,298	118,034,298	38,380,088
1997	119,445,405	119,445,405	37,740,370
1998	126,456,776	126,456,776	41,871,715
1999	139,390,979	139,390,979	45,102,762
2000	159,938,722	159,938,722	34,434,642
2001	157,870,532	157,870,532	44,505,537
2002	161,310,608	161,310,608	46,660,580
2003	164,961,394	164,961,394	46,719,165
2004	181,381,433	181,381,433	48,106,813

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

**TABLE IV**

<b>Personal Estimated Actual Value</b>	<b>Total Property</b>		<b>Ratio of Total Assessed to Total Estimated Actual Value</b>
	<b>Assessed Value</b>	<b>Estimated Actual Value</b>	
\$ 37,783,162	\$ 155,350,234	\$ 155,350,234	100%
38,380,088	156,414,386	156,414,386	100%
37,740,370	157,185,775	157,185,775	100%
41,871,715	168,328,491	168,328,491	100%
45,102,762	184,493,741	184,493,741	100%
34,434,642	194,373,364	194,373,364	100%
44,505,537	202,376,069	202,376,069	100%
46,660,580	207,971,188	207,971,188	100%
46,719,165	211,680,559	211,680,559	100%
48,106,813	229,488,246	229,488,246	100%

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

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

<b>County Fiscal Year</b>	<b>City General Fund</b>	<b>School District</b>	<b>County</b>	<b>Total</b>
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
2004	.00	1.5525	0.5550	2.1075

<b>County Fiscal Year</b>	<b>City General Fund</b>	<b>School District</b>	<b>County</b>	<b>Total</b>
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
2004	-	11,597,686	9,886,492	21,484,178

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

---

<b>Fiscal Year</b>	<b>Population</b>	<b>Assessed Value (1)</b>	<b>Gross Bonded Debt (3)</b>	<b>Less: Debt Service Fund</b>
1995-96	5,019 (2)	\$ 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
2004-05	5,433	229,488,246	-	74,795

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

(2) U.S. Census 1990

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

(4) U.S. Census 2000

TABLE VI

**CITY OF LIVINGSTON, TEXAS**  
**COMPUTATION OF LEGAL DEBT MARGIN**  
**September 30, 2005**

---

Assessed value, year 2004	<u>\$ 229,488,246</u>
Debt Limit - Ten Percent of assessed value	22,948,825
Amount of Debt Applicable to Debt Limit:	
General Obligation bonds	1,045,000
Other debt (certificates of obligation)	<u>7,415,000</u>
Total bonded debt	<u>8,460,000</u>
Less: Assets in debt service fund	74,795
Total amount of debt applicable to debt limit	<u>8,385,205</u>
Legal debt margin	<u>\$ 14,563,620</u>

**TABLE VIII**

**CITY OF LIVINGSTON, TEXAS**  
**COMPUTATION OF DIRECT AND OVERLAPPING DEBT**  
**September 30, 2005**

---

	<u>Outstanding Debt</u>	<u>Percentage Applicable to This Governmental Unit</u>	<u>City of Livingston's Share of Debt</u>
City of Livingston	\$ -	100%	\$ -
(1) Livingston Independent School District	7,200,000	20%	1,440,000
(2) County of Polk	660,927	13%	<u>85,921</u>
Total direct and overlapping debt			<u>\$ 1,525,921</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**

<b>Fiscal Year</b>	<b>Principal</b>	<b>Interest</b>	<b>Service</b>	<b>Expenditures</b>	<b>Ratio</b>
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%
2004-05	540,000	381,833	921,833	4,058,613	22.71%

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

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<b>Fiscal Year</b>	<b>Revenue</b>	<b>Expenses</b>	<b>Net Revenue Available for Debt Service</b>
1995-96	\$ 9,800,222	\$ 8,825,456	\$ 974,766
1996-97	9,514,145	8,964,294	549,851
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	9,378,299	602,704
2003-04	10,312,958	9,378,299	934,659
2004-05	10,655,080	9,747,275	907,805

**TABLE X**

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

---

<b>Fiscal Year</b>	<b>Property Value (1)</b>	<b>New Construction (2)</b>	<b>Bank Deposits (3)</b>
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
2004-05	229,488,246	11,939,127	422,855,992

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 115-120)****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**

1996	5,331	2001	5,440
1997	5,331	2002	5,440
1998	5,346	2003	5,440
1999	5,346	2004	5,451
2000	5,352	2005	5,456

**TRANSPORTATION FACILITIES****Streets**

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

**Highways**

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

**Railways**

Union Pacific RR Company

**Municipal Airport**

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

**WATER AND SANITATION FACILITIES****Water Mains**

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

**Water Pumpage**

Present requirements 1,800,000  
gallons per day

**Water Storage**

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

**Sewer Lines**

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

**MISCELLANEOUS STATISTICAL DATA - UNAUDITED****STREET LIGHTING**

High Pressure Sodium and <u>Mercury Vapor Street Lights</u>	<u>Night Lights</u>
703	466

**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	3
Electric	8	20-30	12
Water	7	15-19	6
Sewer	3	10-14	8
Police	23	6-9	8
Street	6	1-5	24
Parks and Recreational	6	Less than (one) 1 year	<u>11</u>
Library	4		
Garage	2		
Janitorial	0		
Fire	1		
Trade Days	3		
Total	<u>72</u>		

**PERSONNEL POLICY PROVISIONS**

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

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

**CITY OF LIVINGSTON, TEXAS**

**TABLE XII**  
**(Pages 115-120)**

**MISCELLANEOUS STATISTICAL DATA - UNAUDITED**

**TEN LARGEST TAXPAYERS, 2005 ASSESSED VALUES**

(*) <u>Name</u>	<u>Assessed Value</u>	<u>Percent of Total</u>	<u>Type of Business</u>
Lowe's	\$ 16,879,131	7.36%	Retail Store
Wal-Mart Stores	16,714,587	7.28%	Retail Store
MBF Investments LLC	3,107,543	1.35%	Auto Dealership
Livingston Shopping Center, Ltd.	3,061,274	1.33%	Retail Store
Eastex Telephone Corporation	2,517,090	1.10%	Utility
First State Bank	2,207,541	0.96%	Commercial Bank
Bounds Chevrolet/Dodge	1,997,458	0.87%	Auto Dealership
Brookshire Brothers	1,747,807	0.76%	Retail Store
Windham & Sons	1,508,120	0.66%	Contractor
First National Bank	1,324,594	0.58%	Commercial Bank
	<b>\$ 51,065,145</b>	<b>22.25%</b>	

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

**POLICE PROTECTION**

<u>Personnel</u>	<u>Equipment</u>
One (1) Chief	One (1) Municipal Court Judge
One (1) Sergeant	One (1) Secretary/Comm. Spv
Two (2) Corporals	One (1) Corporation Clerk
Two (2) Detectives	One (1) Records Clerk
Seven (7) Officers	One (1) Associate Municipal
Five (5) Reserve Officers	Court Judge
Four (4) Telecommunication Operators	
Two (2) Relief Telecommunication Operators	
One (1) Animal Control Officer	
Two (2) School Officers	
	<b>Traffic and Criminal Violations</b>
	\$202,850 fines collected
	2,761 violations

**FIRE PROTECTION**

<u>Personnel</u>	<u>Housing</u>
One (1) Fire Chief	Fire Station constructed in June, 1974, Cost -
Thirty-seven (37) volunteer firemen	\$14,500. Remodeled in 1992 at a cost of
Four (4) radio dispatchers - full time and standby	\$175,000 to include 8-truck bays, two offices,
One (1) secretary	work and classroom. Developing plans to
<u>Equipment</u>	relocate a substation on west side of railroad
Four (4) pumper (1-1000 GPM; 2-1250 GPM; 1-750 GPM)	tracks.
One (1) aerial ladder truck (1750 GPM)	Fire Hall and Training Field located on U.S.
Two (2) tankers (3000 gal. capacity)	190 West; only modern fire-fighting training
One (1) Haz-Mat truck	facility in 90 mile radius.
Two (2) rescue boats and equipment	5-bay fire substation constructed in 1996 at a
One (1) Command Post-32' self-contained	cost of \$200,000 located at Feagin and Beatty.
Radio communication system including 50 mobile units,	
dispatch module and 6 remotes	
"Jaws" of life (3 sets with 1 set of air bags)	
Water rescue equipment	
Trench rescue equipment	
Rope rescue equipment	

**CITY OF LIVINGSTON, TEXAS**

**TABLE XII**  
**(Pages 115-120)**

**MISCELLANEOUS STATISTICAL DATA - UNAUDITED**

**FIRE PROTECTION (CONTINUED)**

Equipment-Continued

One (1) utility vehicle	50 gallons Micro Blaze
Two (2) Grass/brush fire trucks	40 self-contained air packs
One (1) Heavy Rescue	6 generators
1-6 Bottle cascade system-light tower	8 entry saws
1-8 Bottle cascade system	Hazardous material equipment
300 gallons AFFF Foam	3 Ventilation saws
200 gallons Forestry Foam	2 Metal cutoff saws
One (1) John Deere Gator	3 450 GPM Float Pumps

Total Fire Calls

2004-2005 - 592 fire calls

Present Projects

Adding one additional  
1250 GPM pumper with  
CAFS system

**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, 2005**

	Gas Utility	Active Customers 1,955 Inactive Customers 192
(1) Cox Communications	Television Cable	Customers
(1) Livingston Telephone Co.	Telephone System	Access Lines - 7,776
(1) Telcom Supply	Television Cable	Customers 383
City of Livingston	Electric & Water Systems	Electric Customers 3,264 Water Customers 3,186

(1) Information provided by individual corporate offices

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

Year	Number of Customers	KWH Consumed		Total
		Residential	Commercial	
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
2005	3,278	30,113,643	51,965,355	82,078,998

**CITY OF LIVINGSTON, TEXAS**

**TABLE XII**  
**(Pages 115-120)**

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

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
2004-05	2,544,289

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

<u>Year</u>	<u>Gallons Consumed *</u>	<u>Gallons Pumped</u>
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
2004	481,082,000	615,675,000
2005	516,626,000	644,243,000

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

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

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

**Public School Miscellaneous Data**

Teachers - 260 Certified  
     74 Aides Para Professional  
     185 Auxiliary  
 Average Daily Attendance - 4,098 Inclusive

**Public School Administrative Personnel**

Superintendent - One (1)  
 Asst. Superintendent - Three (3)  
 Principals - Six (6)  
 Asst. Principals - Eight (8)  
 Counselors - Eighteen (18)  
 Directors of Special Prog./Curriculum - Seven (7)  
 Other - 34

**Private**

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

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

**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; 2005 - 24,425

**Joe Pedigo City Park**

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

**ELECTION INFORMATION**

* Number of registered voters in County	41,914
* Number voting in last general election	21,030
Number of registered voters in City	3,709
** Number voting in last Municipal election	606
Percentage of voters voting:	
Last general election (County)	51.0%
** Last Municipal election (Municipal)	16.3%

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

\*\* Information provided by City of Livingston.

**CITY OF LIVINGSTON, TEXAS**  
**STATISTICAL INFORMATION UPDATE**  
**For the Year Ended September 30, 2005**

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

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